

**CRANFIELD UNIVERSITY**

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**MANAGERIAL PERCEPTIONS OF THE PERSONAL  
AND CAREER TRANSITIONS OF REDUNDANT  
EXECUTIVES AND SURVIVORS OF REDUNDANCY**

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**Managerial Perceptions of the Personal and Career  
Transitions of Redundant Executives and Survivors of  
Redundancy**

**Supervisors:                   Professor Shaun Tyson  
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# **Managerial Perceptions of the Personal and Career Transitions of Redundant Executives and Survivors of Redundancy**

## **Abstract**

Although redundancy became widespread in the late 20<sup>th</sup> century, research was lacking on the perceived impact of redundancy and redundancy management policies on the individual. During the 1980s redundancy became more prevalent for managerial populations and outplacement was used increasingly for redundant executives. Survey data gathered in 1990 indicated that, the practical nature of outplacement, and the help in overcoming personal and career transitions, were valued by redundant executives. Redundant executives were dissatisfied with the fact that outplacement did not always secure them a job.

Another survey in 1992 identified the corporate rationale for outplacement policies. Perceived benefits included professional, objective help to facilitate the transition for redundant individuals and a potentially ameliorating effect on the survivors of redundancy. However, a survey in 1994 indicated that companies were more focussed on managing organisational needs than the personal or career transition issues of survivors.

The research suggested that outplacement had become a normative HR policy response which may have been instrumental in setting new parameters for the psychological contracts of redundant executives, such as re-balancing work and non-work life, and reviewing commitment and attachment to a corporate entity. For the survivors of redundancy, a psychological contract based on a looser association appeared to be the corporate offer. As highlighted by the study of the employment deal for graduates in the mid 1990s, against the backdrop of large scale redundancy, companies were quite explicitly offering developmental opportunities rather than a career, even to those destined for senior management levels. These combined data signalled shifts in the employment relationship. This thesis describes and analyses some of the apparent

ambiguities between theory and practice relating to redundancy management, and outcomes at the individual level. It seeks clarification through the development of a model of redundancy management.



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**VOLUME 2**

Copies of the publications for submission

## **Declarations**

### **PhD by Publication (under regulation 39.6)**

- 1. None of the publications contained in this submission for the award of PhD under Regulation 39.6 has been presented for any other academic or professional distinction.**
- 2. Sixteen publications, produced between 1991 and 1998, are contained in this submission. Ten of the publications were written jointly with other authors. In all of these my contribution was as lead or equal co-author at all stages from the original identification of research objectives, the development and application of research methodologies, through to the empirical analysis, interpretation and writing up of results. Nine of the publications are journal articles published in refereed journals, one publication is a research book, two publications are book chapters, one article is published in a practitioner journal and three are conference papers.**



## **Publications submitted**

Tyson, S. & Doherty, N. (1991). Redundant Executive: Personality and the Job Change Experience *Personnel Review*, 20(5), pp. 3-10.

Doherty, N., Tyson, S. & Viney, C. (1993). A Positive Policy ? Corporate Perspectives on Redundancy and Outplacement. *Personnel Review*, 22(7), pp. 45-53.

Doherty, N. & Tyson, S. (1993). *Executive Redundancy and Outplacement* Cranfield Management Research Series. Kogan Page, London.

Horsted, J. & Doherty, N. (1994) Poles Apart ? Integrating BPR and HRM. *The Journal of Corporate Transformation ; Business Change and Re-engineering*. 1(4), pp. 49-56.

Doherty, N. & Horsted, J. (1995). Helping Survivors to Stay on Board. *People Management* 12 Jan, pp. 26-29.

Doherty, N. (1995). *Challenging Organisational Responses to Transition Management : Survivors' Syndrome*. Paper presented at The Association of Management 13th Annual International Conference, Vancouver, August.

Doherty, N. & Horsted, J. (1996). Re-engineering People - The Forgotten Survivors. *Business Change and Re-engineering*. 3(1), pp. 39-46.

Adamson, S., Doherty, N. & Viney, C. (1996). *Thirty Years on - What Have We Learned About Careers ?* Paper presented at the British Academy of Management Conference, Aston University, September.

Doherty, N., Bank, J. & Vinnicombe, S. (1996). Managing Survivors: The Experience of Survivors in BT and the British Financial Services Sector. *The Journal of Managerial Psychology*, 11(7), pp. 51-60.

Doherty, N. (1996a). *Surviving Organisational Change: The Impact on the Psychological Contract*. Paper presented at Changes in the Psychological Contract Workshop, Tilburg University, December.

Doherty, N. (1996b). Surviving in an era of insecurity. *European Journal of Work and Organisational Psychology*, 5(4), pp. 471-78.

Doherty, N., Adamson, S. & Viney, C. (1997). Rhetoric or Reality : Shifts in Graduate Career Management ? *Career Development International*, 2(4), pp. 173-179.

Doherty, N. *Downsizing* (1997). In Tyson, S. (Ed.), *The Practice of Human Resource Strategy*. Pitman Publishing, London.

Viney, C., Adamson, S. & Doherty, N. (1997). Paradoxes of Fast Track Career Management. *Personnel Review*, 26(3), pp. 174-186.

Doherty, N. (1998). The Role of Outplacement in Redundancy Management *Personnel Review, Special Edition on Downsizing*, 27(4), pp. 343-353.

Doherty, N. & Tyson, S. (1998). *La tradition britannique de selection des hauts potentiels*. In Bournois, F. & Roussillon, S (Eds.). *Preparer les dirigeants de demain. Une approche de la gestion des cadres a haute potentiel*. Edition d'Organisation, Paris.

# CHAPTER 1.

## Introduction

This chapter tracks the growing use of redundancy over time and paints the economic and business scenario during which the research programme was conducted. Gaps in existing knowledge bases are highlighted and the research programme presented. An overview of the contribution of the publications and citations of the works is included.

### 1.1. The context of the research programme

This exposition presents publications issued between 1991 and 1998 which were based on leading edge research and data collection over the period 1990 to 1995, on the topic of redundancy management (details of the research programme and publications are provided below). Redundancy has always existed as an option for managing and manipulating the internal organisational labour market. It has been used differentially during different economic conditions as a way of initiating organisational change (Harris, 1987). For blue collar workers redundancy was an enduring fact of life. However, the use of redundancy for managerial and professional populations did not reach a peak until the 1980s when senior level executives were the first targets of major redundancies. The unceasing pressures of the business environment and competition meant that organisational strategies became increasingly focused on competitiveness and profitability. Combined with two major recessions during the 1980s and 1990s, this drove a “lean” and “efficient” business ideology. The result was a stripping out of layers of management alongside large-scale redundancy for all employees in an efficiency drive to address overmanning.

Since the overhead for employee costs is often considerable, managerial redundancy as part of more extensive downsizing strategy was, it was argued, contributing to increased competitiveness and efficiency by reducing this cost (e.g. Hamel & Prahalad, 1994). Despite a lack of objective evidence to support any long-term cost savings (Cameron,

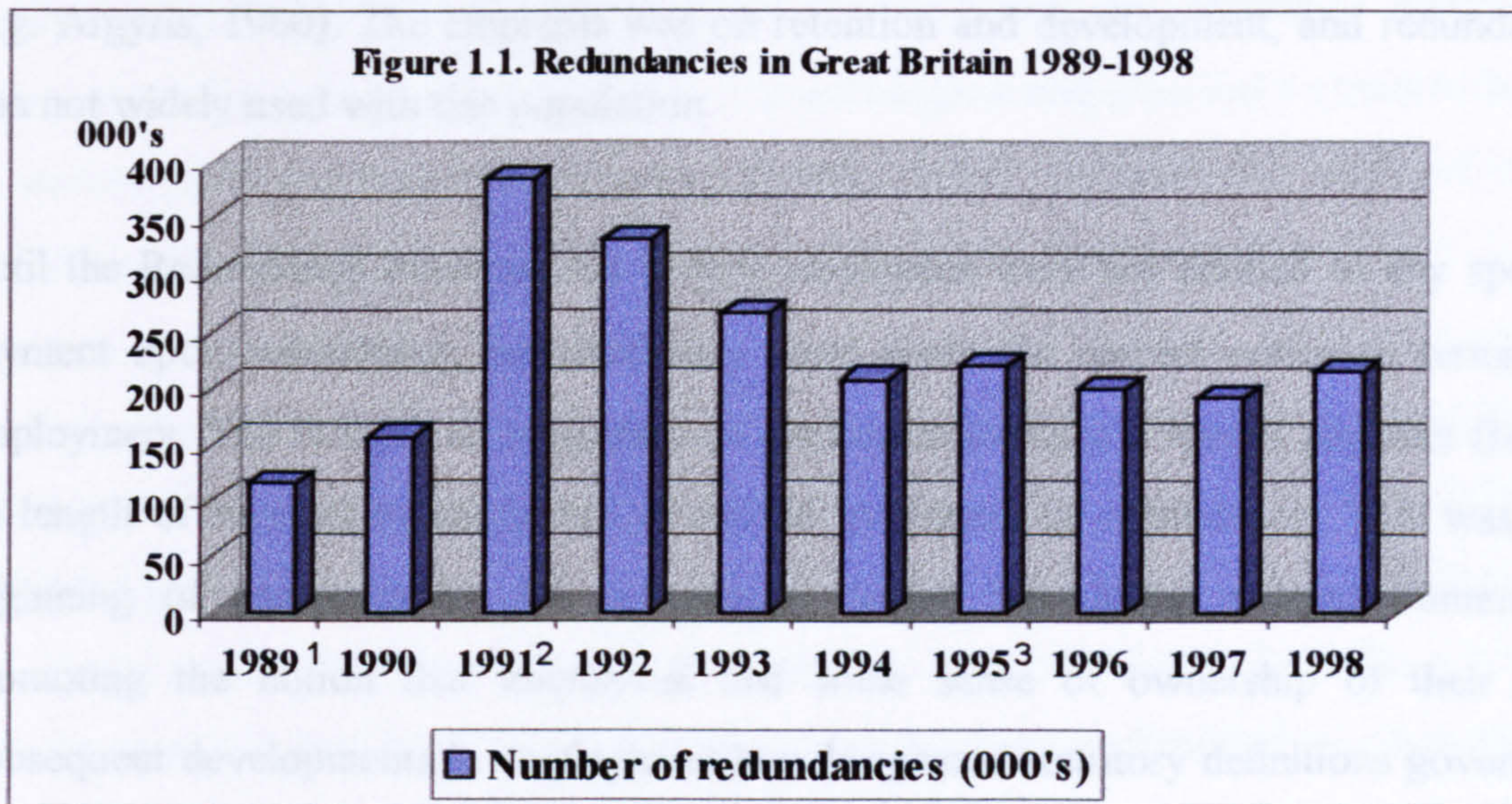


1994 a & b; McKinley, Sanchez & Schick, 1995), redundancy became a widespread phenomenon. During the 1990s, downsizing, re-organisation and delayering were terms that had become synonymous with redundancy in the UK context (Thornhill & Saunders, 1998).

The statistics painted quite a stark picture. The recession during 1980-1982 prompted the first redundancies, which were mainly among senior executives. Following the boom of the 1980s, further recessions in the early and mid 1990s resulted in large-scale redundancies throughout the UK, across all industries and jobs, with over 90% of Britain's largest companies downsizing by the early 1990s (Crace, 1995). The standard mechanism for calculating actual redundancies was, until 1990, based on confirmed redundancies reported by employers, as a statutory requirement (Employment Gazette, 1993). Subsequently, published figures were based on calculations from the Labour Force Survey on a yearly basis until 1995 and then on a quarterly basis (Labour Market Trends, 1999). Despite the different reporting methods, these figures provide an indication of the extent of redundancies in Great Britain. As shown in Figure 1.1, redundancies increased substantially from 1989 to 1991. There was a slight decrease in the number of redundancies in 1992 and 1993 but a consistent pattern was sustained throughout the late 1990s. The research programme was conducted during this phase of widespread redundancy, which contributed to particularly intense organisational change and personal transition for many employees.



**Figure 1.1. Redundancies in Great Britain 1989-1998**



1 Confirmed redundancies 1989 and 1990.

2 From 1991 the figures were based on yearly reports of numbers of people made redundant in the three months prior to interview for the Labour Force Survey.

3 1995 - 1998 averages of quarterly figures are presented.

## 1.2. An historical overview of redundancy management

Prior to the 1980s the employment relationship had traditionally been based on financial reward in return for work effort, productivity and allegiance to the company. Such expectations were stated explicitly in the formal contract of employment. In addition, work and the organisation provided a means of attaining a sense of identity and a sense of security for the individual. This was achieved through the use of intangible rewards such as security of employment embodied in the type and duration of the employment contract and an often, implicit “jobs for life” philosophy. In essence, management sought to ensure that employees identified with the organisation and the organisation promoted and encouraged this identification through its personnel policies and practices which were realised through a series of implicit and explicit contracts (e.g. Torrington & Chapman, 1983). Particularly for managerial positions, security of employment, potential



career prospects and opportunities for development were very powerful mechanisms through which long term commitment to the company was encouraged and sustained (e.g. Argyris, 1960). The emphasis was on retention and development, and redundancy was not widely used with this population.

Until the Redundancy Payment Act (1965) employees were not entitled to any special payment upon redundancy, provided they were given the correct notice to terminate employment. The Act put an obligation on employers to make a special payment (based on length of service) to employees dismissed by reason of redundancy. This was the beginning of compensation for redundancy, which introduced a legal framework promoting the notion that employees had some sense of ownership of their job. Subsequent developments in employment law designated statutory definitions governing redundancy and the promotion of minimum standards for the management of redundancy, including notification and consultation. Redundancy policies based on the principles of the 1972 Code of Practice became common in the UK (Gordon, 1984). Good management practice embodied the ideal that through business planning and manpower planning, organisations should manage their human resource requirements to ensure that the need for redundancy never arose. For example, alternative strategies such as natural wastage, retirement and recruitment freezes, overtime bans or short-time working were recommended (Fowler, 1993; Jay & Patchett, 1999). A number of companies had adhered to this principle, enshrining it in a “no redundancy” policy.

However, many such companies were forced to abandon these policies as unsustainable in the face of business pressures and redundancy strategies became commonplace. In situations, where redundancy was unavoidable, it was recommended that the company applied good practice by using what was termed a “reasonable procedure” such as redundancy of the job and not the person, clear selection criteria and as much warning as possible to employees (Employment Protection (Consolidation) Act, 1978; Employment Rights Act, 1996). Also, professional bodies such as the Institute of Personnel and Development (IPD) (the then IPM) developed recommendations on handling redundancy. These were designed to protect the individual and give advice and guidance

on the management of employees through a redundancy (Hogg, 1988; IPD, 1996). Many threads of these recommendations were evident in good practice principles for managing redundancy and some organisations went well beyond the statutory minimum requirements. For example, the provision of psychological and practical support to help the person through redundancy was endorsed, which formed the basis of the outplacement model (e.g. Eggert, 1991).

By downsizing, restructuring and delayering, many organisations appeared to have broken what had been traditionally considered their side of the employment bargain (e.g. Hallier & Lyon 1996). It was suggested that the impact on the employment relationship was one of creating widespread insecurity (Hartley *et al*, 1991; CAB, 1993). Career issues became a major focus of attention as the downsizing and redundancy translated into the loss of structures and career opportunities in newly re-organised companies. The concept of career and career opportunities, in particular for those destined for senior levels, appeared to have shifted (Herriot, 1992; Inkson & Coe, 1993). This was accompanied by the graduatization of many jobs previously filled by non-graduates (e.g. Scott-Clarke & Byrne, 1995).

Goffee & Scase (1992) in their work on managerial careers, indicated that many companies seemed less concerned for workers' security, reflected in the human resource management strategies, policies and practices. These offered a deal in employment that had clear signals of no security, commitment or continuity from the organisation, for employees in general and for managers in particular. Senior managers, it was suggested, were being managed in a less differentiated manner (e.g. Kanter, 1989) and many managers appeared to be gradually assimilating an expectation of redundancy (Wheatley, 1992). Therefore, at one end of the spectrum, for many senior managers, redundancy signalled an end to their organisational career. At the other end, the environment created by large-scale redundancy meant new rules and different opportunities for high flyers, at the beginning of their career as potential senior managers of the future. The use of redundancy as an organisational strategy required management as a practical problem and as a psychological issue. However, there were a number of gaps in knowledge.



### **1.3. Research gaps on managing redundancy**

In general, Curtis (1989) suggested that most research on organisational change in the past had focused on growth while the dynamics of decline and discontinuity have been largely ignored. The lack of research and theorising about organisational change such as downsizing, delayering and redundancy had meant, at a practical level, many companies attempting to navigate these changes without much guidance. This led them to stick to tried and tested methods of managing change, but standard tactics had a number of associated problems. These often concentrated on control and cost containment with centralised decision making, short-term planning horizons and politicising of the organisational climate. These factors all tended to contribute to a lack of communication, creating low morale, loss of trust and resistance to change, breeding vulnerability and insecurity amongst remaining employees (Conner, 1993). Conner also proposed that due to the speed of change, the effectiveness of previously tried and tested responses have an ever-decreasing shelf-life.

Hartley *et al* (1991) suggested that such changes have led to widespread uncertainty not only at the organisational level, but at individual and societal levels as well. In 1995 Hartley made a further suggestion that *as psychologists we have a role to play in mapping, understanding, and theorising about the change processes and about the impact of uncertainty on organizations, employee – organization linkages and individual well-being*, p27. There was a gap in contemporary data on the implications of large-scale change for employees and on the impact of organisational strategies, policies and practices. It was not until the late 1990s that research on employees' experiences of HRM policies and practices began to surface with publications such as Gratton, Hope-Hailey, Stiles & Truss (1999) and Mabey, Skinner & Clarke (1998).

Previous studies which had considered the impact of redundancy at the individual level, in the UK, focussed on blue-collar populations, tracking the experiences of redundant steelworkers (Harris, 1987; Westergaard, Noble & Walker, 1989). Also, managerial

populations had previously been studied from the perspective of selection for redundancy (Genders, 1971; Williams & Sneath, 1973; Scissons, 1980) and specifically on the role of organisational “fit” relating to personality factors in redundancy (Hartley, 1978, 1980; Huczynski, 1978; Fineman, 1979; Tyson, Barclay & Handyside, 1986). Therefore, much previous research had focussed on reactions to the unemployed state (e.g. Swinburne, 1981) or selection for redundancy and not on the individual experience of redundancy or redundancy management policies as distinct phenomena.

During the late 1980s and early 1990s the outplacement industry, a product of the USA, became well established in the UK as a mechanism for assisting the departure of senior executives following redundancy (Crofts, 1992). The growing popularity of outplacement, as an exiting and career re-orientation tool-kit, resulted in the up-take of outplacement programmes on a large scale. In particular, outplacement was highly valued for executive levels, especially the 40+ year olds who were the first to experience the more extensive use of redundancy. As redundancy became more prevalent and affected all levels of employees, outplacement services such as group counselling for lower level employees were developed to meet these needs.

Research on outplacement as a mechanism for helping people through the redundancy experience had been limited. Some work had been carried out on customer policies and views on the value of outplacement in the UK (Boynton & Thomas, 1991). Also, a survey of severance packages in the UK indicated that 82% of organisations responding had formal severance policies in the event of redundancy and showed that across the US, Canada and UK, outplacement was the benefit most frequently included in severance packages for senior managers (Woodger, 1992; 1993). Although outplacement was being used quite extensively, there was a lack of empirical evidence of the individual experience of outplacement and no data on the use of outplacement as a strategy in the change process including the company rationale for using it as a policy option.

It may seem obvious that people who are made redundant might find the event stressful or difficult to accept. It is perhaps less obvious that the employees who remain in the



organisation after redundancy can also be detrimentally affected. Anecdotal, experimental and survey data in the USA context had indicated that those survivors of redundancy can exhibit a range of responses including shock, anger, anxiety, animosity towards management, guilt and fear. Survivors also showed characteristic behavioural responses such as decreased motivation, decreased morale, increased stress and changes in goals and career aspirations. This has been termed survivors' syndrome (Brockner, 1992; Brockner *et al*, 1987; 1990; 1992; 1993).

Many publications exposed the US context (e.g. Bridges, 1991; Noer, 1993; Cameron, 1994b) and surveys of HR managers and executives in the US identified some of the perceived impacts of survivors' syndrome (Skopp, 1993; Pinola, 1994). These included lack of confidence, job insecurity, lack of trust in the organisation, job related stress and uncertainty about new role expectations. Survivors have to deal with a number of issues including mourning the loss of colleagues, the possibility of more redundancies, a changed work context and greatly reduced career opportunities. Variables including individual coping strategies, the manner in which the organisation deals with the redundancy and the type of help, if any, given to survivors to readjust to the new working environment, had all been shown to have an impact on their reactions, and their ability to establish a new psychological contract that accommodated the change (Brockner & Wiesenfeld, 1993). The USA had led the field in research on survivors' syndrome, however the issues had not been explored in the UK context. There was little empirical data available on the management of change for survivors or on the HRM policies and practices being applied to manage surviving employees through downsizing and large scale redundancy.

These gaps in the study of redundancy management are considered by this exposition which is informed by pioneering research based on one of the most comprehensive and timely series of studies in the UK. By providing data on managerial perceptions this thesis makes a unique contribution to our understanding of the impact at the individual level, of organisational and HRM strategies, policies and practices used to manage redundancy and career.

## **1.4. The programme of studies**

The research programme consisted of a range of studies on which the publications submitted were based. The exposition draws together three key topics within the theme of redundancy management.

1. Executives' perceptions of redundancy and outplacement.
2. Senior management perceptions of surviving redundancy.
3. Senior management perceptions of career expectations for high potential recruits against the backdrop of large-scale redundancy.

### **1.4.1. Executives' perceptions of redundancy and outplacement**

The research presented here was at the leading edge of work in the UK in this field at the time. The research base for the publications on redundancy and outplacement comprised two data sets.

The first data set, collected during 1990, polled redundant executives who had experienced outplacement. A postal survey achieved a response rate of 28.4% (299 usable responses) from a population who had used outplacement programmes provided by a top UK outplacement supplier. Data covered individual experiences of redundancy and outplacement, work-life and career.

A second pool of information was drawn from a survey, in 1992, of senior HR managers. This survey sampled 614 senior HR managers from a population of over 3800 companies drawn from a database held by a top outplacement consultancy (a response rate of 15.8%). The sample included companies from all industry sectors and sizes (including Times Top 100), employing over 3.5 million employees. Respondents provided data on perceptions of outplacement as part of a redundancy management strategy, job loss

policies, the use of outplacement, the perceived impact on the organisation of using outplacement and the impact of redundancy on remaining employees.

The publications contributed to an understanding of executive redundancy and the use of outplacement both as a means of managing exits and as a personal transition mechanism for executive managers (Doherty & Tyson, 1993; Doherty, Tyson & Viney, 1993; Doherty, 1997; Doherty, 1998; Tyson & Doherty, 1991).

#### **1.4.2. Senior management perceptions of surviving redundancy**

The research base for the publications on redundancy and survivors was a pioneering UK survey of 170 personnel and HR specialists from a population of 886 financial service organisations, during 1994 (a response rate of 19.2%). This study provided the first body of evidence on survivors' syndrome from companies in the UK. Collectively, the companies represented, employed over 500,000 staff throughout the UK. Data regarding the types of changes impacting on the industry and the HR strategies, policies and practices used to manage these changes, were collected. This study explored senior managers' perceptions of survivors' syndrome and the impact of organisational strategies used to manage the redundancy situation.

This work added to an understanding of managerial perceptions of the impact of redundancies on remaining employees. It extended knowledge of the types of organisational strategies used to manage survivors, exploring the impact on survivors and their career opportunities (Doherty & Horsted, 1995; Doherty, 1995; Doherty & Horsted, 1996; Doherty, Bank & Vinnicombe, 1996; Doherty, 1996 a, b; Horsted & Doherty, 1994).



### **1.4.3. Senior management perceptions of career expectations for high potential recruits against the backdrop of large-scale redundancy**

A study, in 1995, examined graduate recruitment philosophies. Of a total of 24 of the UK top graduate recruiters approached, 20 were accessed. Data were collected from senior HR / management development personnel, on HR philosophies, strategies, policies and practices. These covered forecasting and labour market requirements, sourcing strategies; design of fast track development programmes; development and performance management; career management and the evaluation of fast track programmes.

This strand of the exposition explored the area of career expectations and opportunities. The publications extended knowledge about the impact of redundancy on individual career trajectories and organisational career opportunities (Adamson, Doherty & Viney, 1996; Doherty, Adamson & Viney, 1997; Doherty & Tyson, 1993; Doherty & Tyson, 1998; Viney, Adamson & Doherty, 1997).

### **1.5. Contribution of the publications and citations of the works**

A synopsis of each of the submitted publications is presented. Below, the key contributions of each publication are highlighted and citations are included to show where other authors have used the material as a basis for further research and theoretical development. Figure 1.2. shows the temporal location of the work.

**Tyson, S. & Doherty, N. (1991). Redundant Executive : Personality and the Job Change Experience. *Personnel Review*, 20(5), pp. 3-10.**

This paper reported on the findings of a study of the personality characteristics of redundant executives who had used an outplacement service and also explored the redundancy and career transition experiences of a sample of such redundant executives. Key findings included an indication that redundant executives tended not to be “organisation men” and were essentially intellectual, creative and entrepreneurial in their style (the N factor of the 16PF). Many had used outplacement as a conduit to a career change pursuing employment in smaller organisations, self-employment or a fulfilling semi-retirement phase.

**Doherty, N., Tyson, S. & Viney, C. (1993). A Positive Policy? Corporate Perspectives on Redundancy and Outplacement. *Personnel Review*, 22(7), pp.45-53.**

Historically, the outplacement industry was developed in the USA and imported to the UK in the 1960's. Survey evidence suggested that trends in the UK were following those of the USA in the increasingly widespread use of outplacement as a mechanism for easing the exit of redundant executives and of helping them re-orient to the job market. The research provided data to corroborate aspects of a study of the use of outplacement in the UK (Boynton & Thomas 1991) which indicated that outplacement was becoming incorporated in the strategy, policy and practice of many UK organisations as good practice in managing redundancy.

**Cited in:**

Mumford, E. (1995). Contracts, Complexity and Contradictions - The Changing Employment Relationship. *Personnel Review*, 24(8), pp. 54-71.

Thornhill, A. & Gibbons, A. (1995). The Positive Management of Redundancy Survivors: Issues and Lessons. *Employee Counselling Today*, 7(3), pp. 5-12.

Thornhill, A., Saunders, M.N.K. & Stead, J. (1997). Downsizing, Delaying - but where's the commitment? The development of a diagnostic tool to help managers survive. *Personnel Review*, 26(1-2), pp. 81-98.

Thornhill, A. & Saunders, M.N.K. (1998). The meanings, consequences and implications of downsizing and redundancy : a review. *Personnel Review*, 27(4.), pp. 271-295.

**Doherty, N. & Tyson, S. (1993). *Executive Redundancy and Outplacement*. Cranfield Management Research Series. Kogan Page, London.**

This research book combined data sets from research projects in the field of executive redundancy and the use of outplacement. These included the study of personality factors in redundancy, the individual experience of redundancy and outplacement for executives and the organisational rationale for the use of outplacement as part of the HRM strategy for redundancy management. The book contextualised the research in the UK. It provided an understanding of the redundancy transition from the individual perspective and the use of outplacement to manage the organisational change issues. Outplacement was assuming a normative status in the UK as a policy approach to managing redundancy. The book explored these issues and extended into a comprehensive discussion of the impact of redundancy on career and the survivors of redundancy.

**Cited in:**

Papalaxendris, N. (1996). Downsizing and outplacement: the role of HRM. *International Journal of HRM*, 7(3). pp. 605-617.

Donnelly, M. & Scholarios, D. (1998). Workers' experiences of redundancy: evidence from Scottish defence-dependent companies. *Personnel Review*, 27(4), pp. 325.



**Horsted, J. & Doherty, N. (1994). Poles Apart ? Integrating BPR and HRM *The Journal of Corporate Transformation ; Business Change and Re-engineering*, 1(4), Spring, pp. 49-56.**

In the 1990s Business Process Re-engineering (BPR) invariably resulted in innovative business transformation, provoking major change that often resulted in redundancy and survivors. This paper highlighted the need to put people issues higher on the change management agenda. A conceptual framework was outlined based on the concept of corporate magnetism, which is akin to the psychological contract, distinguishing organisational change from individual transition. This, the paper argued, facilitates an exploration of the needs of the individuals who leave and those who stay in the company after BPR. Practical interventions were suggested.

**Doherty, N., & Horsted, J. (1995). Helping Survivors to Stay on Board. *People Management*, 12 Jan, pp. 26-29**

This practitioner paper reported the findings of the survivors' syndrome survey, which was the first in the UK to highlight the issue of surviving redundancy. It explored the implications for individuals and organisations for dealing with the aftermath of downsizing and major organisational change. The paper focused on the financial services sector, reporting senior HR managers' perceptions of the impact of major change and the signs and symptoms of survivors' syndrome. Data regarding the types of strategies used to manage these changes indicated a heavy emphasis on organisational change issues with little focus on individual transition issues. Practical implications for managers were examined.

**Cited in:**

Newell, H. & Dopson, S. (1996). Muddle in the Middle - Organizational Restructuring and Middle Management Careers. *Personnel Review*, 25(4), pp. 4-20.

Sparrow, P.R. (1996). Careers and the Psychological Contract: Understanding the European Context. *European Journal of Work and Organisational Psychology*, 5(4), pp. 479-500.

Thornhill, A., Saunders, M.N.K. & Stead, J. (1997). Downsizing, Delaying - but where's the commitment? The development of a diagnostic tool to help managers survive. *Personnel Review*, 26(1-2), pp. 81-98.

Eisenberg, H. (1997). Re-engineering and dumbsizing: Mismanagement of the Knowledge Resource. *Quality Progress*, 30(5), pp. 57-64.

Redman, T. & Mathews, B.P. (1998). Service quality and human resource management - A review and research agenda. *Personnel Review*, 27(1-2), p. 57.

Kinnie, N, Hutchinson, S. & Purcell, J. (1998). Downsizing : is it always lean and mean? *Personnel Review*, 27(4), pp. 296-311.

Sparrow, P. & Cooper, C. L. (1998). New organizational forms: The strategic relevance of future psychological contract scenarios. *Canadian Journal of Administrative Sciences-Revue Canadienne des Sciences de l'Administration*, 15(4), pp. 356-371.

Sahdev, K, Vinnicombe, S. & Tyson, S. (1999). Downsizing and the changing role of HR. *International Journal of Human Resource Management*, 10(5), pp. 906-923.

**Doherty, N., & Horsted, J. (1996). Re-engineering People - The Forgotten Survivors *Business Change and Re-engineering*, 3(1), pp. 39-46.**

The survivors' syndrome survey data was drawn on to explore the technical and business process re-engineering drivers of change. Over 50 % of financial services sector respondents had encountered BPR/ technical changes, yet very few had provided help for survivors. This paper challenged the obliteration philosophy of the time, which tended to focus on process and technological issues to the detriment of the people factors. The importance of re-balancing the psychological contract for survivors was highlighted.

**Cited in:**

Altinkemer, K., Chaturvedi, A. & Kondareddy, S. (1998). Business process reengineering and organizational performance: An exploration of issues. *International Journal of Information Management*, 18(6), pp. 381-392.

**Doherty, N. (1995). *Challenging Organisational Responses to Transition Management : Survivors' Syndrome*. Paper presented at The Association of Management 13th Annual International Conference, Vancouver, August.**

Theoretical aspects of change management were challenged, based on the survivors' syndrome survey data. The narrowness of change models on which many HR interventions were based, highlighted the need for processes and mechanisms to facilitate the re-adjustment of the psychological contract to more closely match employer and employee expectations. As a consequence of downsizing and redundancy, this paper argued that new parameters of the psychological contract were important, highlighting the need for more and better evaluation of change, and a future focus on the contextual nature of major change, through longitudinal research.



**Doherty, N., Bank, J. & Vinnicombe, S. (1996) Managing Survivors : The Experience of Survivors in BT and the British Financial Services Sector. *The Journal of Managerial Psychology. The new psychological work contract ; antecedents and consequences*, 11(7), pp. 51-60.**

The UK context of change in the early 1990s was outlined. The general findings from the survey of financial services, a traditionally secure employment environment, were linked to the specific case of BT, which had also a traditional employment philosophy. The in-depth study researched individual survivors' reactions, confirming the prevalence of survivors' syndrome issues and reactions such as decreased levels of job security and motivation as highlighted by the survey data.

**Cited in :**

Thomas, R. & Dunkerley, D. (1999). Careering Downwards? Middle Managers' Experiences in a Downsized Organisation. *British Journal of Management*, 10(2), pp. 157-169.

Sahdev, K, Vinnicombe, S. & Tyson, S. (1999). Downsizing and the changing role of HR. *International Journal of Human Resource Management*, 10(5), pp. 906-923.

**Doherty, N. (1996 (a)). *Surviving Organisational Change: The Impact on the Psychological Contract*. Paper presented at Changes in the Psychological Contract Workshop, Tilburg University, December.**

This paper examined the impact of downsizing on the psychological contract and career, exploring the theoretical perspectives on managing redundancy which impact on the reactions of individuals. The role of the psychological contract in understanding redundancy was related to research on employment and career options and opportunities. The paper extended theoretical links to include the concept of integrity of individual

functioning as a conceptual framework for facilitating individual transition to help the person achieve agency and action in the post redundancy situation.

**Doherty, N. (1996 (b)). Surviving in an era of insecurity. *European Journal of Work and Organisational Psychology*, 5(4), pp. 471-78.**

An account of the economic forces, which gave rise to organisational restructuring, and of the consequences both for employees leaving and staying was given in this paper. It placed career management in the current context arguing that the loss of organisational commitment, job security and the disappointment of career aspirations were central issues of the time. The paper highlighted the importance of the psychological contract as a conduit to restructuring the employment relationship after redundancy. The role of HR, as mediators and facilitators of the new parameters of the employment relationship was explored.

**Cited in:**

Kidd, J. M. (1998). Emotion: An absent presence in career theory. *Journal of Vocational Behaviour*, 52(3), pp. 275-288.

Hallier, J. (2000). Security Abeyance: Coping with the Erosion of Job Conditions and Treatment. *British Journal of Management*, 11(7), pp. 71-89.

**Doherty, N. *Downsizing* (1997), In Tyson, S. (Ed.), *The Practice of Human Resource Strategy*. Pitman Publishing, London.**

This chapter defined the broader context of change in the UK, considering the impact of downsizing at individual, organisational and societal levels. The challenge to HRM was presented as addressing downsizing as major organisational change. However, despite a sound theoretical basis, empirical evidence suggested that practice has not caught up. The role of the HR function was also explored. Within the change context the future role



of HR appeared to be change managers at the strategic level, and facilitators of the psychological contract at the individual-organisation interface.

**Cited in:**

Thornhill, A. & Saunders, M.N.K. (1998). The meanings, consequences and implications of downsizing and redundancy: a review. *Personnel Review*, 27(4.), pp. 271-295.

Balogun, J. & Hope Hailey, V. (1999). *Exploring Strategic Change*. Prentice Hall, London.

**Adamson, S., Doherty, N. & Viney, C. (1996). *Thirty Years on - What Have We Learned About Careers ?* Paper presented at the British Academy of Management Conference, Aston University, September.**

A theoretical exploration of career in the era of changing organisational structures and economic uncertainty was presented highlighting the impact on many taken for granted assumptions. There appeared to be a tangible shift in policy and practice on career development that altered the parameters of the psychological contract between organisations and their employees, particularly evident among high profile managerial populations. The paper argued for a re-definition of career, to encompass a wider notion of work related experiences, suggesting that this would help a better mutual understanding between companies and their employees within the context of the 1990s and beyond.

**Doherty, N., Adamson, S. & Viney, C. (1997). Rhetoric or Reality : Shifts in Graduate Career Management ? *Career Development International*, 2(4), pp. 173-179**

Graduates have been traditionally regarded as a special cadre of the workforce. Their career development is the training ground for potential senior managers of the future. This paper explored the views of senior HR and career specialists within 20 major, graduate recruiting companies. A combination of factors including business drivers and increasing difficulty in selecting the right calibre of individuals had resulted in shifts in the high potential philosophy. The management of expectations of graduate recruits was apparent, particularly through symbolic representations of the organisation in language, literature, performance expectations and the notion of a partnership between organisation and individual. The paper presented contemporary data on what organisational expectations were being set for graduate populations.

**Viney, C., Adamson, S. & Doherty, N. (1997). Paradoxes of Fast Track Career Management. *Personnel Review*, 26(3), pp. 174-186**

Drawing on the graduate career data, this article tracked the changes since the late 1980s. It explored, in detail, the paradoxes and incongruities between organisational philosophies and practices against the backdrop of a traditional career management philosophy. The paper suggested a new deal for graduates but questioned the extent to which this was being bought into by the new recruits. The need for further in-depth research on graduate perceptions was highlighted.

**Doherty, N. & Tyson, S. (1998). *La tradition britannique de selection des hauts potentiels*. In Bournois, F. & Roussillon, S (Eds.). *Preparer les dirigeants de demain. Une approche de la gestion des cadres a haute potentiel*. Edition d'Organisation, Paris.**

This book chapter was part of an overview of the different approaches in the management of high potential, locating the case of the UK within the European context. The HRM philosophies, strategies, policies and practices for managing high potential in the UK were explored and the traditional methods of management: recruitment, selection, induction, training and development were outlined.

**Doherty, N. (1998). *The Role of Outplacement in Redundancy Management*. *Personnel Review, Special Edition on Downsizing*, 27(4), pp. 343-353.**

As part of a special edition, reviewing the current status of redundancy management as a critical area of HRM in the 1990s, this article reviewed the use of outplacement as a redundancy management technique. Drawing on the history of its development and use as a consultancy driven product and subsequent integration into HRM strategy and policy, links were made between the use of outplacement and the development of HRM as the predominant paradigm of people management in organisations.



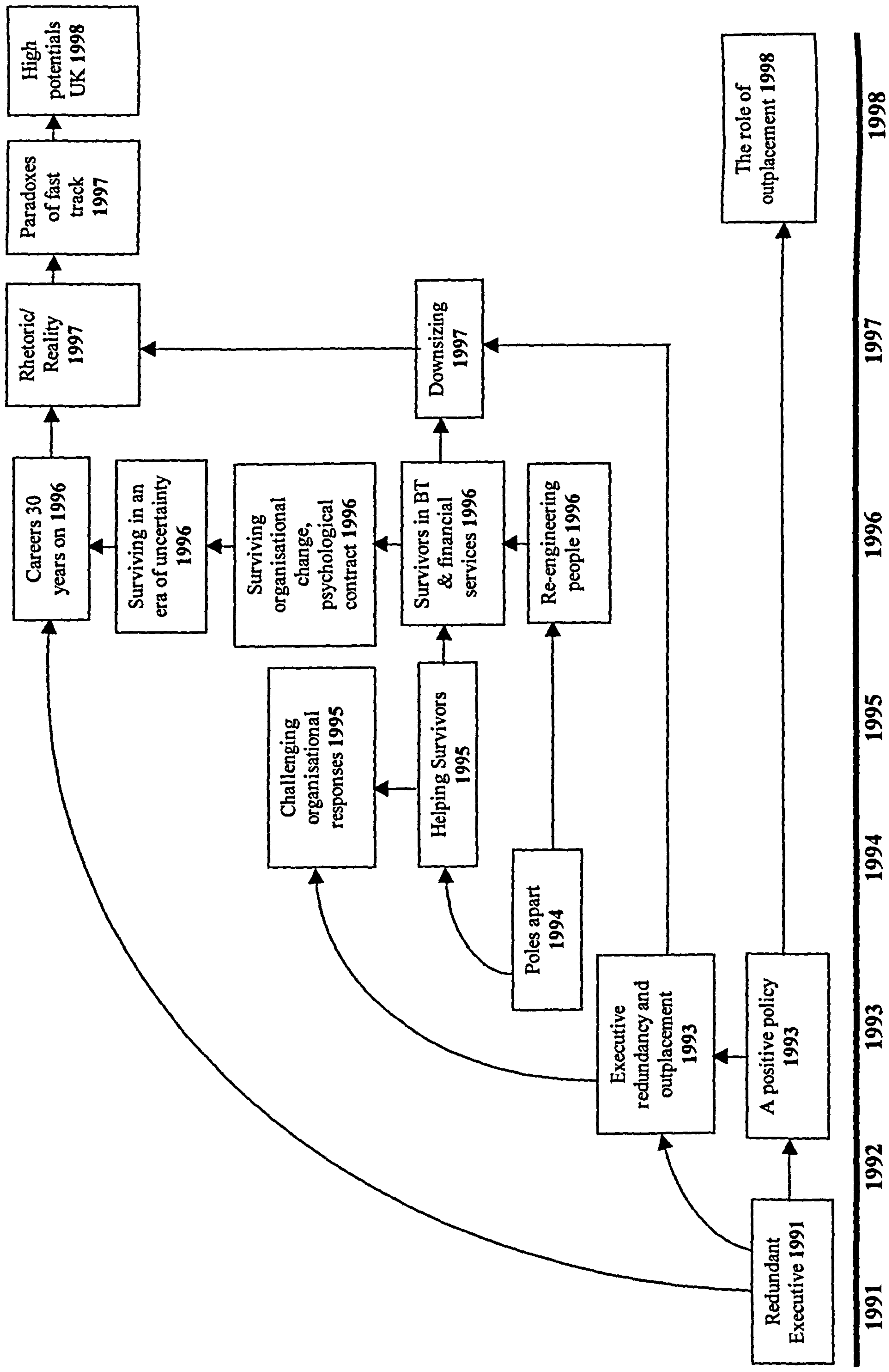


Figure 1.2. Temporal map of the publications

## **1.6. Summary**

Throughout the 1980s and 1990s many companies were under pressure to respond quickly and efficiently to economic and business changes. Managerial redundancy became a commonplace organisational strategy. Within the UK context, several gaps in knowledge relating to the mapping and understanding of the ramifications of redundancy management were identified:

- few studies of the impact of HR strategies at the individual level
- lack of focus on the individual experience of redundancy, outplacement and the impact on career at the managerial level
- little data on the use of outplacement as an organisational mechanism for managing the redundancy transition and career implications
- lack of empirical data on the survivors' syndrome in the UK context
- lack of contemporary data on the management of high potential careers in the context of downsizing and redundancy
- no coherent model of these themes and theoretical linkages at the individual / organisational interface

A programme of studies enabled these gaps to be researched within the UK context. This included an exploration of senior managers' perceptions of organisational strategies on redundancy management, a description and clarification of the experience of redundancy, outplacement strategies and career management strategies for senior management populations within the context of redundancy and downsizing strategy, and an exploration of senior management perceptions of the rationale for using outplacement as a redundancy management tool (Tyson. & Doherty, 1991; Doherty, Tyson, & Viney, 1993; Doherty & Tyson, 1993; Doherty, 1997; Doherty, 1998).

Perceptions of survivors' syndrome in the UK context were examined and the potential impact on the psychological contract explored (Horsted & Doherty, 1994; Doherty & Horsted, 1995; Doherty, 1995; Doherty & Horsted, 1996; Doherty, Bank, & Vinnicombe, 1996; Doherty, 1996 a & b).

Within the context of downsizing and redundancy, organisational strategies for managing graduates were explored and the concept of career revisited (Adamson, Doherty, & Viney, 1996; Doherty, Adamson, & Viney, 1997; Viney, Adamson, & Doherty, 1997; Doherty, & Tyson, 1998).

A model of redundancy management is developed to map this field of work.



## CHAPTER 2.

### **Managing downsizing and redundancy: key issues for managers' personal and career transitions**

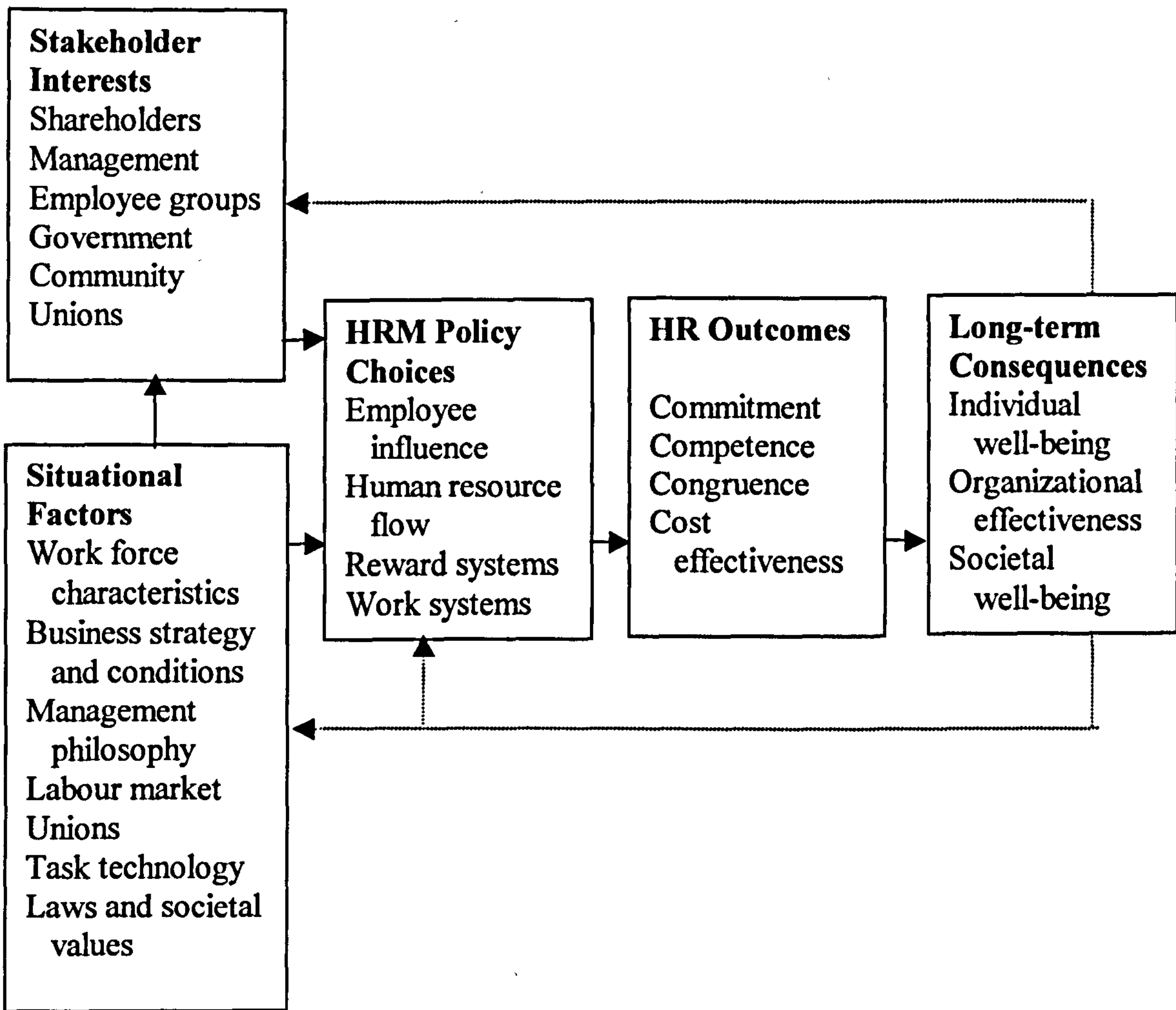
In this chapter theoretical perspectives that have been used to describe and facilitate an understanding of redundancy management and the subsequent personal and career transitions, are reviewed. The exposition considers redundancy and its impact both as a theoretical issue and as a practical problem. A model is developed to address current gaps in HRM theory and practice.

#### **2.1. The genesis of human resource management**

Alongside the increasing use of redundancy new approaches to managing people in the organisational context emerged. Originating in the USA, a basic framework was proposed by Fombrun *et al*, (1984) which suggested that HRM activities, namely selection, appraisal, training and rewards can be unified and designed to support the organisational strategy. This “matching” model of HRM was criticised for its rational approach to strategy formulation and also for its unitarist assumptions. The model also omitted the management of employees out of the organisation. Beer *et al*, (1984) developed a conceptual map which did recognise different stakeholders in an attempt to reconcile individual, organisational and community interests. Human resource flow included outplacement, recognising the need to manage employees leaving (see Figure 2.1. below)

In the UK during the late 1980s and early 1990s, HRM was characterised by a debate about whether it signalled a paradigm shift in the management of employees (Guest, 1987, 1989; Legge, 1989; Storey, 1989, 1992). Theoretical development and research included analytical approaches to human resource strategy (e.g. Hendry & Pettigrew, 1992), prescriptive models of HR outcomes (e.g. Guest, 1987) and analysis of the role of the personnel function (e.g. Tyson & Fell, 1986).

**Figure 2.1. Map of the HRM territory (Source: Beer *et al*, 1984, pp. 16)**



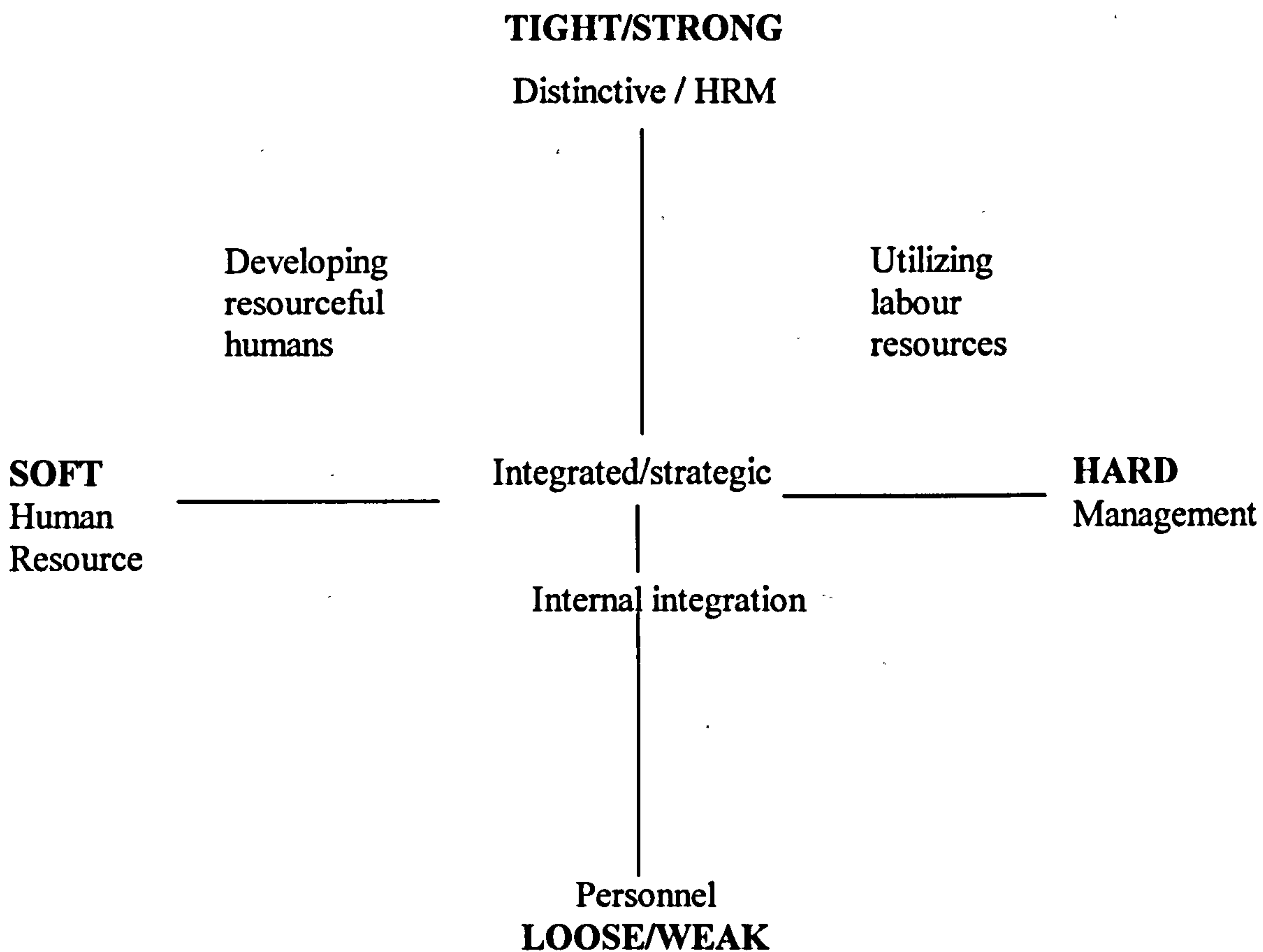


The emphasis in some models of HRM centred on new approaches to integrating business and HR strategy and the mutuality of goals and purpose which would, theoretically, foster commitment and high performance at the individual level. This shifted the emphasis from a pluralist to a unitarist stance in the management of people as evidenced in the move to industrial relations based on direct communication and the individualisation of contracts, rewards and benefits. Normative versions of HRM included policies and practices geared towards achieving flexibility, adaptability and the management of people as valued assets (Legge, 1989). Later, Hendry & Pettigrew, (1992) argued that HRM should link operational and strategic activity through policies which proactively address conditions of continuous change, therefore redundancy could be viewed as necessary to manage businesses through the economic and business pressures of the early 1980s. However, in the early 1980s, there was little theoretical or empirical consideration of redundancy management as a key HR policy area.

One particular aspect of the debate about defining HRM is the “hard” (“resource” focussed, quantitative, strategic) and the “soft” (“human” focussed, developmental, commitment oriented) dichotomy. Both perspectives have been incorporated within models of HRM, primarily the normative or prescriptive (e.g. Guest, 1987; Storey, 1987, 1992), condensed in Fig. 2.2. below.

It has been argued that this combination of perspectives at the theoretical level can be potentially problematic, since they are based on fundamentally different sets of assumptions about human nature and strategic control which suggest different approaches to managing people (Legge, 1995; Truss, 1999). Hard versions are based on the assumption that people need to be tightly controlled and directed, while soft versions assume that employees pursue self-fulfilment through work and will work best when committed and self motivated. Also, the hard version suggests employees are a variable cost, to be minimised, while the soft version views employees as a resource whose value is to be enhanced.

**Figure 2.2. Denotation of HRM (Sources: Guest, 1989, pp. 48., Storey, 1992, pp. 27.)**



This debate is relevant to redundancy management as companies appeared to be applying combinations of hard and soft policies simultaneously. For example in Sparrow & Pettigrew's (1988) analysis of companies in the computer supplier industry, some followed a "no redundancy policy". These organisations were faced with the problem of ensuring that the employee pool could deliver the skill flexibility required by the business strategy, as well as managing the psychological implications of employee expectations of career development and a "job for life". Alternatively a "redundancy policy" may be



considered a coherent response to the need to cut costs, but seems inconsistent with valuing and developing employees.

Legge (1989) suggested that achieving external fit may hinder internal fit, particularly with soft HRM values. Rescinding a “no redundancy policy” would cause such a tension, as many companies did in the 1980s. Legge also suggested that internal fit could be further compromised, by following soft policies for some (managers), and not others (employees). Redundancy management provided a key example of this in the use of outplacement exclusively for executives during the 1980s (Doherty & Tyson, 1993).

Based on empirical evidence, which found a mixture of both hard and soft approaches in operation within organisations, Truss (1999) contested that the *rhetoric of HRM is soft while the reality is almost always hard* (p.57). In attempting to reconcile such anomalies Legge (1989) proposed that *in practice, it is probable that managing employee relations.....remains a pragmatic activity* (p.40). Also, Tyson (1994) suggested that HRM theory is often hampered by the challenge of addressing fundamental people dilemmas for which there are no *easy* resolutions. Redundancy management is a policy area that highlights many of these anomalies.

## **2.2. Redundancy and the individual**

To fully understand redundancy management an exploration of the individual level issues is needed. Since work often plays a central and more than instrumental role in people’s lives, particularly for those with managerial status, redundancy breaks many of the expectations and values which have been encouraged by the company and can have a fundamental impact on the individual. The personal and career changes prompted by redundancy make it potentially one of the most stressful experiences in life (Holmes & Rahe, 1967), grounded in the fact that the redundancy may challenge many aspects of the individual’s self-esteem, self-image and self-confidence that are rooted in work. Models

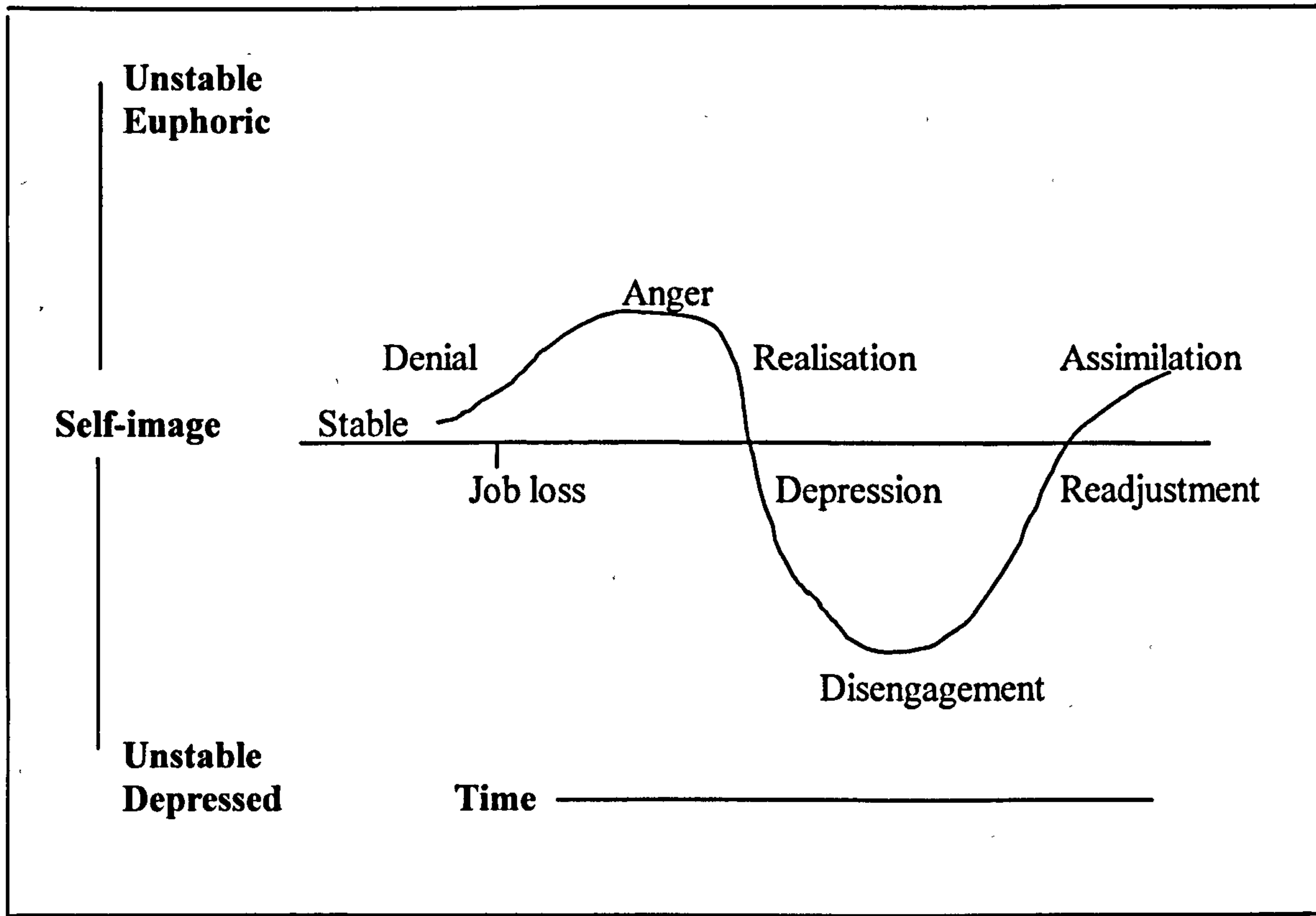
of transition and the behaviours observed in bereavement have been applied to redundancy (Adams, 1969; Hopson & Adams, 1976; Parkes, 1971).

The transition cycle (adapted to the case of redundancy in Figure 2.3.) suggests that the person made redundant follows a pattern of emotional reactions and behaviours. They may initially display shock and denial. The “it could not possibly have happened to me” reaction is often replaced with anger and a sense of injustice that the company had treated them in this way. Realisation that the redundancy was a reality can result in inertia and an inability to address the situation constructively, which may result in despair and even depression. Disengagement requires letting go of the past and acceptance that some changes need to be made. These include personal reassessment of skills, abilities and work-orientation to facilitate a readjustment to, and in time, assimilation of the experience. The person is then able to move beyond the redundancy experience and either find a new job or reassess their position in the labour market.

Redundancy may mean not only a lost job but in the case of managerial populations potentially a lost career as well. Redundancy for these individuals may mean an unplanned or unwelcome break in career that imposes a reduction in status and poses a threat to self-image and self-esteem. Such a career hiatus has been described by the concept of the psychological success cycle (Hall, 1976). This is another descriptive model. It suggests that career evolves through the setting and achievement of increasingly complex and elaborate goals and achievements. Redundancy may remove the opportunity to achieve career goals and have the knock-on effect of inhibiting self-esteem, satisfaction and fulfilment.



**Figure 2.3. The Transition Cycle: The case of redundancy (after Hopson & Adams, (1976))**



The utility in applying concepts such as the transition cycle and psychological success cycle to the redundancy situation lies in that they can describe the personal transitions and track a range of emotions and behaviours exhibited by individuals. They potentially expose the roots of the fundamental people dilemmas and the need for a pragmatic approach within HRM theory. They can be used to facilitate self-awareness for the person when used as part of a counselling technique. Previous research had applied models of individual coping to help people through transitions such as job change, e.g. Nicholson & West (1988) used the transition cycle to describe and gain insights into how people anticipate and respond to job changes. In the US, following a synthesis of the literature, Latack & Dozier (1986) constructed a model of the impact of job loss on

career, based on transition and psychological success models. This model described individual, environmental and transition process characteristics which determined the outcomes of redundancy. Thus, transition type models can provide a useful description of predictor variables and individual responses. Also, in some instances these descriptive models have contributed to the development of normative HRM strategies. Outplacement became an integral part of redundancy management policies, based on assumptions grounded in models of transition, that providing help would assuage the potentially detrimental impact both for those leaving and among the survivors.

Macro level models and guidelines for the management of major organisational change, in particular change prompted by downsizing which often resulted in redundancy, tended to be prescriptive (Buch & Aldridge, 1990; Feldman & Leana, 1994; Labib & Appelbaum, 1993). Such prescriptive approaches were often located within the domain of human resource management strategy, policy and practice. They frequently both informed HRM theory and directed HR interventions (e.g. Feldman & Leana, 1994; Thornhill & Saunders, 1998). However, these models and normative interventions often fell short of addressing the complexity of individual reactions to redundancy, redundancy management and the potential disruption to career. Such descriptors are normative and context free whereas redundancy is often impacted by complex and context specific issues; some individuals may not experience all the stages of the transition cycle, or may work through the cycle at a different pace over time. Also, the psychological success cycle as applied to career may, if broken, cause a much more severe reaction in some people than others. Senior managers may react more strongly to an involuntary career break as they have made a heavy personal investment in attaining and maintaining their position. Exiting people from the company may be facilitated by a standard approach such as outplacement and individuals may find benefit from an outplacement programme but the management of those who remain within the company is a more complex task, impacted by the specifics of context and individual psychological factors.

Work based on in-depth research on the survivors of redundancy (including Brockner & Wiesenfeld, 1993) in the US indicated that personal characteristics as well as

organisational factors act as mediating variables in how individuals cope with the redundancy situation. For example, the survivors of redundancy may be held back from accepting and assimilating current redundancies if they perceive the situation to be unfair or suspect there is a threat of more job losses in the future. Research in the UK context has shown that even where steps had been taken e.g. to involve employees in the redundancy decision and implementation process, the desired effects for survivors were not always realised (Guest & Peccei, 1992).

As highlighted by Bridges (1991) change is situational and external, while transition is psychological and internal. However, individual level concepts and theories tend to be either descriptive or concentrate on personal psychological variables, while at the organisational level normative prescriptions tend to dilute the importance of the individual factors. Staw & Sutton (1993) indicated that the evolution of organisational research had resulted in a sort of bifurcation into micro and macro organisational behaviour. These issues were highlighted throughout the data collection process for the research programme. Several of the publications expanded on this gap and a key theme in this exposition is the need to consider organisational change and individual transition as two distinct, but highly interactive processes.

### **2.3. The psychological contract**

Thus, if organisations are to achieve successful transformations then as well as dealing with the organisational change issues, employees must be facilitated to face the challenge of individual transition (Horsted & Doherty, 1994). The concept of the psychological contract emerged as a unifying perspective on the various areas covered by the research. The concept was used in some of the publications as a descriptive framework (Doherty & Horsted, 1995; Doherty, 1996a) and is outlined below.

Alongside the formal contracts that bind the person and the organisation together, implicit expectations of the working relationship develop. These implicit expectations



and subjective interpretations are embodied in the concept of the psychological contract. It has been variously defined as the unwritten reciprocal expectations held by employers and employees about the nature of their exchange (Schein, 1978); implicit expectations of what each expects to give and receive (Kotter, 1973); individuals' beliefs about the exchange agreement (Rousseau, 1989) and perceptions of both organisation and employee of the obligations of the employment relationship (Herriot & Pemberton, 1995)

The psychological contract is instrumental in shaping the employee's aspirations motivations, career and commitment to the company (e.g. Herriot & Pemberton, 1996). Organisations promote identity as it is assumed that motivated and committed employees will be more productive and work towards the achievement of organisational goals (Robinson, Kraatz & Rousseau, 1994). Rousseau & Wade-Benzoni (1994) suggested that the human resource practices used in an organisation shape the behaviours of employees and therefore, are major determinants of employees' psychological contracts. This dynamic process determines the relationship between the employer and employee and it is argued, becomes the focal point of financial, emotional and social exchange (Shore & Tetrick, 1994).

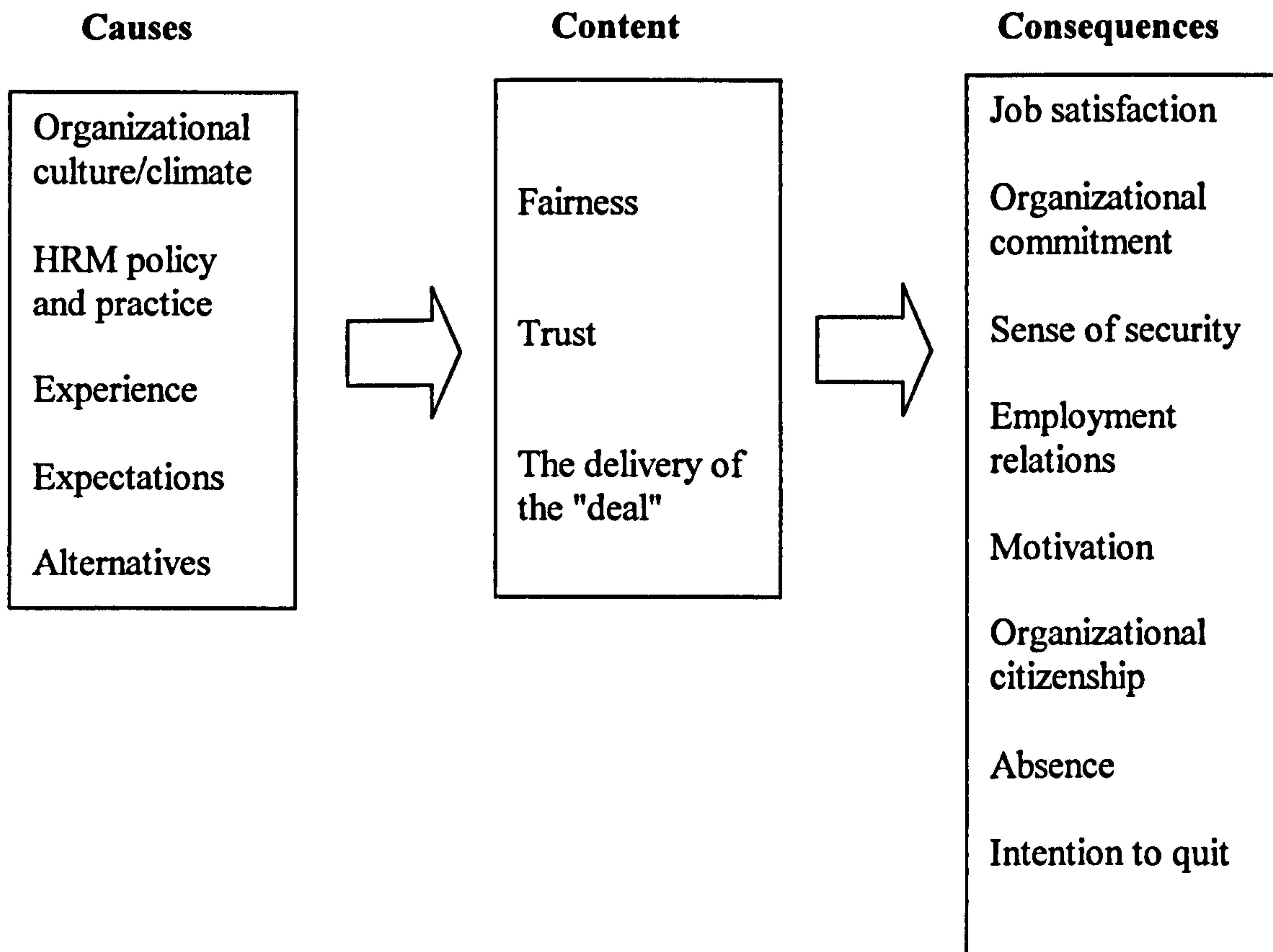
The psychological contract has been used in the organisational behaviour literature for some time as a broad explanatory framework for understanding the employer-employee relationship (Argyris, 1960; Kotter, 1973; Schein, 1980). Previous research in the USA has found empirical support for the existence of the psychological contract, and has focused on the content and process of negotiating the psychological contract (Rousseau, 1990; Robinson, Kraatz & Rousseau, 1994; Guzzo, Noonan & Elron, 1994). In the UK context, work on the psychological contract has again explored process and content, as well as the practical application of the concept as a vehicle for addressing changes in the employment relationship (Herriot & Pemberton, 1996, 1997; Herriot, Manning & Kidd, 1997) and generating a theory of the psychological contract (Guest, 1998)

In this exposition the concept of the psychological contract is used as a conceptual framework to explore managers' perceptions of the impact of the HR policies used to

manage redundancy and career transitions. It is used to describe and facilitate an understanding of the apparent disaffection among employees as a result of the changes and transitions imposed by redundancy throughout the UK in the 1980s and 1990s. This facilitates an exploration of the consequences for both organisation and individual, an area which has lacked attention (Guest, 1998). The content and process of contracting are both relevant to redundancy management.

Guest, (1998) proposed a model of the psychological contract around the causes, content and consequences of the psychological contract (as in Figure 2.4.). Causes include the HRM policies and practices applied by the organisation which give rise to perceptions of fairness, trust and delivery of the deal. The consequences include organisational and individual outcomes such as perceived fairness and organisational commitment.

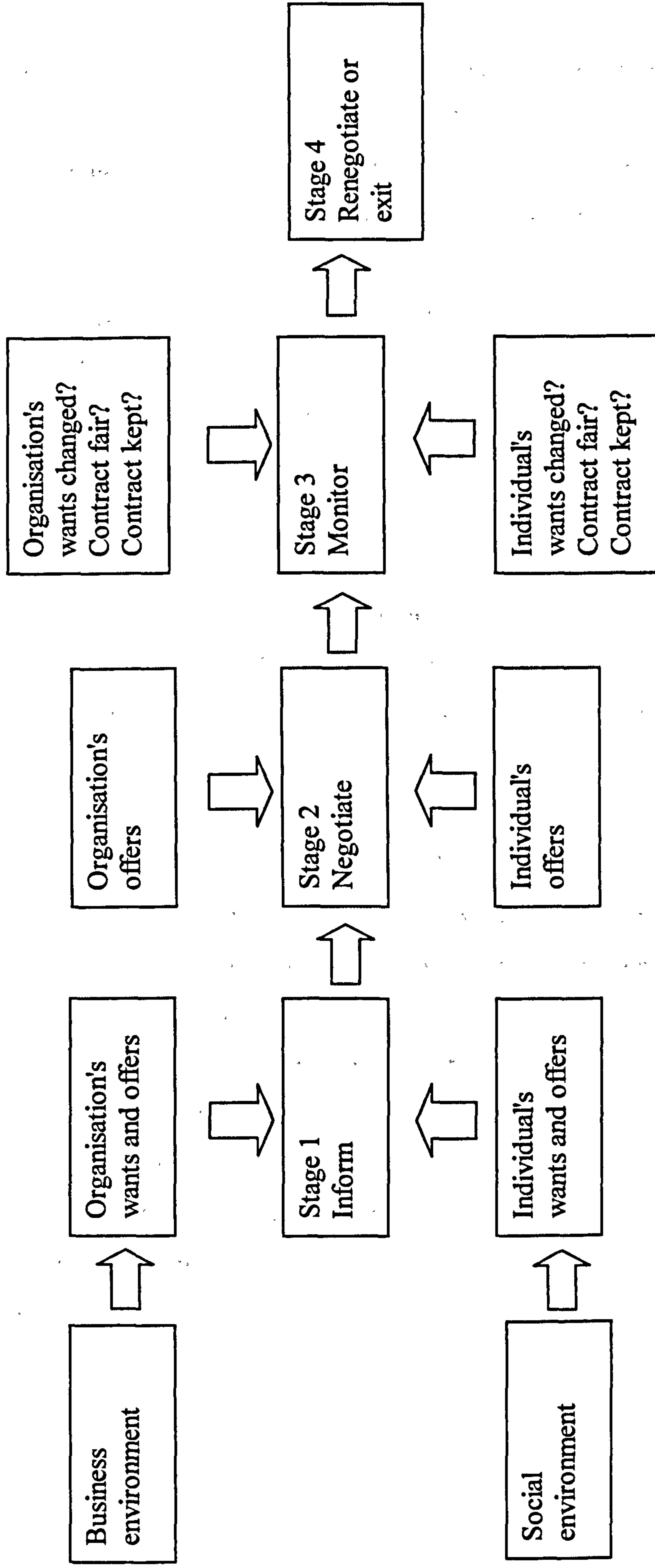
**Figure 2.4. Model of the psychological contract (Source Guest, 1998, pp. 661)**



Herriot & Pemberton, (1996) delineated the psychological contracting process within the career context. A simplified working model was produced by Herriot & Pemberton in 1997, as outlined in Figure 2.5. This 4 stage model emphasises the individual nature of the psychological contract and that it involves an exchange process. It incorporates the dynamics of the contracting process that allows for the shifting of individual and organisational perceptions of wants and offers.



Figure 2.5. Psychological contracting process (Source: Herriot & Pemberton, 1997, pp. 47.)



Some caution has been advised about the use of the psychological contract in understanding behaviour at work (e.g. Arnold, 1997; Guest, 1998). The various definitions imply different levels of engagement that may result in ambiguity about the content of the psychological contract. There is also debate about the level at which the phenomenon exists, for example the individual interpretation of the situation (Kotter, 1973) solely in the mind of the employee (Rousseau, 1990; Rousseau & Parkes, 1992) or both organisational and individual perceptions (Herriot & Pemberton, 1995). If it is the latter, a number of organisational agents (managers, supervisors, recruiters) may represent the “employer”. These people may hold and communicate different views about what the organisation is offering. Also, past and present treatment of employees (e.g. “no redundancy” policy) may create perceptions that organisations will continue such treatment. Such unwritten, multifaceted qualities leave the psychological contract open to interpretation and potential ambiguity and it has been suggested, the multiplicity of perceptions and interpretations may be difficult to explore or examine. (Shore & Tetrick, 1994).

However, Herriot, Manning & Kidd (1997) argued that the classical definition of the psychological contract allows different representatives in the organisation to hold ideas and send messages about expectations and obligations. This represents organisational experience where, for example, employees, line managers or human resource managers may hold and communicate different views about expectations. At a practical level, although there appear to be many gaps in knowledge about the psychological contract and some conflicting evidence about the status of the contract for different populations, Sparrow (1998) suggested that organisations appear to be quickly learning how to deal with contracting. At a theoretical level, Guest (1998) also suggested that the psychological contract provides a useful vehicle for the study of the changing employment relationship and has the unrealised potential to integrate a number of key organisational concepts and theories.



## **2.4. The psychological contract and redundancy**

The psychological contract has been used as an explanatory framework for the redundancy situation, in the USA context (Rousseau & Anton, 1988; Rousseau & Aquino, 1993) focussing on fairness and implied obligations in job terminations. These authors indicated that termination fairness is broadly impacted by management practices, in particular, severance, outplacement and advance notice were shown to cancel out or lessen the perceived obligation of the organisation to keep employees.

Part of the value of the concept of the psychological contract to redundancy management, lies in the proposed existence of two different forms of psychological contract (Rousseau, 1989; Rousseau & Parks, 1993). Transactional contracts are linked to economic exchange which is typically short-term, while relational contracts are associated with social exchange which embodies trust, attachment and commitment with a longer term focus.

The general tendency within organisations in the UK had been to encourage relational type contracts with employees (Herriot & Pemberton, 1995). For managerial populations in particular, the relational contract was facilitated and accommodated, due to the need to encourage the long-term commitment of high calibre people. Companies often courted and encouraged managerial populations to stay by rewarding attachment and commitment with a long-term career in the organisation. The research on company perspectives on career suggested that in the mid 1990's the traditional offer was shifting (Doherty, Adamson & Viney, 1997; Viney, Adamson & Doherty, 1997). Other research has provided evidence to support a shift in emphasis. Herriot, Manning & Kidd (1997) suggested that in the UK context traditional views of work values still predominate. The main differences between employee expectations and managers representing the organisation were that employees valued fair pay, safe hours and conditions and a degree of job security while the organisational offers were less tangible. These included personal and socially responsible behaviour and recognition of contribution. Herriot *et al*

suggested that employees may have reverted to a transactional deal since management had violated the old relational deal by enforcing redundancies.

Research on the violation of the psychological contract is of particular relevance to the redundancy situation, since redundancy may be perceived as a major violation. Rousseau (1989; 1990) suggested that the psychological contract comprises promissory and reciprocal elements as it incorporates the belief that the promised obligations will be fulfilled. Positive outcomes such as job satisfaction, productivity, intention to stay with the organisation and an absence of stress have been found where individuals perceive their expectations are met. Conversely, where expectations have not been met or when they have been violated by the organisation, then employees may display negative emotions and behaviours such as dissatisfaction and lack of trust. Violations have also been positively associated with actual turnover (Robinson & Rousseau, 1994).

Also, Morrison & Robinson (1997) suggested that violation of the psychological contract is an emotional experience that arises from a cognitive activity. They state that at its most basic, violation involves disappointment and anger: emotions that stem from the perceived failure to receive an expected and desired outcome. Violation also involves feelings of anger and resentment from the perception of being betrayed or mistreated. Robinson (1995) suggested that the trend toward restructuring and downsizing had increased the likelihood that organisations inadvertently or purposely violate their employees' psychological contracts.

The termination of employment may be viewed as a breach of the individual's expectations of security of employment that shatters the belief that good performance and commitment are rewarded. For those leaving the organisation, redundancy may be perceived as rejection by the company and may enforce a career change (Doherty, 1996 a, b). The expectations and beliefs of the survivors of redundancy may also be shaken as evidenced in the emotional and behavioural responses of survivors' syndrome (Doherty & Horsted, 1995) which closely match those found when the psychological contract has been violated (Robinson & Rousseau, 1994). In addition, Robinson (1996) provided



empirical evidence to suggest a strong and multifaceted relationship between trust and breaching the psychological contract. In a study of graduate business school alumni, Robinson recorded relatively high levels of trust in their employers, where new hires believed in the promises of the employer and reacted strongly when those promises went unfulfilled.

One approach to understanding the link between the individual level reactions to redundancy and career transition and the psychological contract, specifically, contract violation, is to consider the functions of the psychological contract. It has been proposed that the psychological contract has a number of functions (Shore & Tetrick, 1994). Primarily, it serves to reduce individual uncertainty and/or increase predictability. When employees believe that they have an understood agreement with their employer they feel more secure. Also it has been suggested that employees monitor their own behaviour based on the belief that they will receive certain rewards. Hence, the psychological contract operates as a control mechanism since employees can choose whether to carry out their obligations and therefore, influence their future.

It has been suggested (Doherty, 1996 a) that such feelings of predictability, security and control may serve to facilitate integrity of individual functioning (Schabracq, Winnubst & Cooper, 1996). Theoretically, integrity of individual functioning empowers individuals to take action, creating a situation that is generally conducive to well-being, health and good performance. Where employees feel they have a sense of agency and can take action they will exhibit positive emotions and behaviours. On the other hand if employees feel unable to take control or act as for example, in the redundancy situation, negative emotions and behaviours may be displayed (Doherty & Horsted, 1995, Doherty, 1996 a).

## **2.5. Summary**

Theoretical perspectives on redundancy management were explored and synthesised to map the redundancy management field.

- Despite the widespread use of redundancy during the 1980s and 1990s there was little or no theoretical or empirical consideration of redundancy management as a key policy area within HRM. The research on outplacement allowed an analysis of redundancy management in the UK context (Doherty & Tyson, 1993).
- Some anomalies within HRM theory are made explicit through the study of redundancy management policy and practice.
- Several theoretical perspectives have been used to describe and explore redundancy at the individual level. Descriptive models have utility in providing details of individuals reactions to redundancy. Some of these have contributed to the development of normative strategies for the management of redundancy, such as outplacement (Doherty, 1998).
- The concept of the psychological contract is one theoretical perspective that unites the fields of redundancy, redundancy management and career. It provides a mechanism for examining the employment relationship and exploring the impact of redundancy on the employer-employee exchange (Horsted & Doherty, 1994; Doherty & Horsted, 1995; Doherty, 1996 a & b)



## **CHAPTER 3.**

### **Redundancy and outplacement**

In this chapter the individual experience of redundancy and the psychological impact are explored, through an examination of senior managers' perceptions of redundancy and the individual transitions it prompts. The development of outplacement and its rise to become a normative element in HR policies adopted to manage redundancy is reviewed and explored both from the perspective of those redundant executives who had experienced outplacement and senior managers who were decision makers on provision of the service.

#### **3.1. The history and development of outplacement**

Outplacement is the term used to denote the services, usually commissioned by the employer, to guide departing personnel through the redundancy experience. The roots of outplacement have been traced to the 1940's in the USA when help was given to war veterans to re-adjust to civilian life and return to work (Crofts, 1992; Meyer & Shadle, 1994). The more familiar, contemporary versions of outplacement that combined a variety of career and personal counselling elements into packages, originated also in USA. The emergence of outplacement seemed a natural consequence of the requirement for services to deal with the exit of people from the company.

The philosophy of outplacement is to assist employees to cope with redundancy and help them find alternative employment (Hogg, 1988). Grounded in models of transition, outplacement programmes provided opportunities to augment individual coping skills and hence help the person through this potentially difficult phase. Based on the premise that providing independent, practical and therapeutic support would ameliorate the redundancy experience, outplacement aimed to rehabilitate the client and facilitate a re-orientation to the job market. Dealing with the exit of senior managers became the domain of consultancy firms supplying outplacement. Early packages were sophisticated,

one-to-one services tailored to individual needs and often charged as a percentage of the departing executives' salary (Simon, 1988). The industry enjoyed extensive growth in the US in the 1980s (Hyde, 1984; Newman, 1988; Piccolino, 1988). With the proliferation of redundancy, variations on the executive services in the form of more standardised packages were developed to cater for all levels of employee. These included job shops and group counselling type services (Filipczak, 1992).

The concept of outplacement did not filter through to the UK until the 1960s. Alongside the development of human resource management as a new model for managing people, the UK experienced the onset of managerial redundancy and later large-scale redundancies. This encouraged the development of new policies and practices for managing exits, among which US type outplacement services emerged. Outplacement typically involved structured programmes of practical and psychological support to address personal and career transition issues. Therefore, individual and career counselling were key elements. Programmes focussed on developing the CV, providing help in reviewing job skills, interview practice and facilitating opportunities to network in the job market (Hyde, 1987; 1988). Organisations bought into these standard consultancy packages to gain benefits such as easing the redundancy situation for both individuals and the organisation.

The marketing of outplacement by consultants emphasised the professional nature of the help provided, the extensive networks in the job market, high placement rates in alternative employment and practical support. Additional virtues included good PR for the company and damage limitation for the potential impact on the survivors of the redundancy (Crofts, 1992; Eggert, 1991; Hyde, 1988). The UK witnessed a similar prolific growth in the outplacement industry as the US. A survey of the benefits included in severance packages for key executives, indicated that outplacement was the most common element provided throughout the USA, Canada and the UK (Woodger, 1992). Outplacement consultants began offering companies up-stream services where they were involved not only as a safety net for redundant employees but were a part of the redundancy planning process (Pickard, 1993). As suggested by Doherty, (1998), this was



indicative of the maturation of outplacement from its origins as a pragmatic and expedient response to managing the exit of senior employees, largely led by consultants, to a strategic policy response for managing redundancy.

There was considerable anecdotal literature about the use of outplacement and *ad hoc* tales of the redundant executive's experiences of outplacement services (Falloon, 1989; Parkhouse, 1988; Perkins, 1990). However, there was a gap in the literature. Most research and publications in the late 1980s focussed on career changes as role transitions as opposed to exploring the experience of a career break such as that imposed by redundancy. There was a lack of rigorous research across a population of redundant executives to explore their experiences of redundancy and to track their personal and career transitions as facilitated by an outplacement agency. Also, there was a corresponding gap in knowledge about the use of outplacement as a redundancy management strategy, from the organisational perspective. Two studies were designed to address these gaps which polled redundant executives and HR managers' views on outplacement.

The key findings of these works contributed to publications on the use of outplacement as a personal and career re-orientation mechanism and an integral element in organisational HRM strategy, as detailed below. The publications produced a comprehensive, contemporary review of the event of redundancy and the use of outplacement in its management. Tyson & Doherty (1991) commented on the use of outplacement from the individual point of view. The organisational perspective was explored in Doherty, Tyson & Viney (1993). A detailed analysis of executive redundancy and outplacement in the UK context was presented in the book by Doherty & Tyson (1993). The paper by Doherty (1998) critiqued outplacement as a redundancy management strategy. Key themes from these publications are drawn together below.

Contemporary studies in the UK context had been conducted in a similar time frame as the studies reported here. Boynton & Thomas, (1991) did a survey of 196 UK organisations and 201 redundant employees (no response rates were quoted). As part of

a survey of 550 UK organisations on severance policies, Woodger (1993) provided some comparable data on the company use of outplacement (no response rates were quoted). Some of the results of these studies are detailed, where comparable with the results of the larger studies on which this exposition is based.

### **3.2. Outplacement for redundant executives**

Outplacement was in essence designed to support and facilitate a re-orientation to work. For the redundant executives in this sample the use of outplacement may have been a major factor in helping them to review their work expectations, career aspirations and to facilitate a re-entry into the job market (as discussed in Chapter 5.). In the early days outplacement was a relatively unknown quantity, borne out by the results of the survey in which just over half (53.7%) of the respondents were aware of the concept before redundancy. Perhaps not surprisingly since organisations were the paying customer, most (59% of executives) did not have any influence on the selection of the agency. Boynton & Thomas (1991) found that 75% of their sample of executives were not given a choice in the outplacement agency used.

Certainly most of the sample of redundant executives polled by Tyson & Doherty (1991) endorsed the practical benefits of outplacement. 69% of respondents reported a major benefit from help in compiling the CV, the facilitation of structured approaches to interview techniques and self-marketing skills. Practical benefits also included the support services, research facilities and office accommodation provided. So these executives were able to have a place to go to get help in finding another job. They also had the support and camaraderie of counsellors and other redundant executives to help them (quoted by 15% of respondents). A similar picture was found among Boynton & Thomas' (1991) sample of executives who rated assistance with CV, interview techniques, office facilities and personal assessment as good quality among the services provided.



The redundancy and outplacement experience had created enlightenment and self-awareness for many executives with 24.4% indicating that, afterwards they had a much clearer vision of strengths and weaknesses and a greater sense of control over their career and destiny in a work sense. Thus, outplacement was seen to have facilitated both personal and career transitions for many redundant executives, helping to review and readjust their psychological contract. The practical and psychological support provided by outplacement had helped the redundant executives to regain some sense of agency. This may have gone some way towards alleviating the violation of the psychological contract that redundancy can precipitate. However, the finding that many executives had shifted the balance and focus of their work life may be an indication that they had somewhat revised their side of the psychological contract as a consequence of redundancy. The violation of their previous perceptions of the company's obligation to them may have had a powerful effect on their felt obligation to an organisation (Rousseau, 1990) (for further discussion see Chapter 5.).

The outplacement industry had presented an image and marketed its services on the basis of the professional, objective nature of the help provided, access to networks of contacts in industry, good placement rates and practical support, however there were areas where it did not live up to expectations. The most quoted drawback was that individuals did not find re-employment (11% of respondents). Executives using outplacement programmes seemed to expect guaranteed employment at the end, an expectation perpetuated in many ways by the publicity using placement rates to sell outplacement services (Doherty, 1998).

### **3.3. Management perspectives on outplacement provision**

As discussed in Doherty, Tyson & Viney (1993), the research on the use of outplacement as part of a redundancy management policy uncovered many aspects of the organisational rationale for using outplacement. Based on senior HR manager's views, most (85.7%) of the sample from 614 organisations stated that they had a formal job loss

policy. Comparable findings were reported by Boynton & Thomas (1991), who found that 82% of companies in their sample had formal severance policies, rising to 95% for organisations with more than 5000 employees. Also, Woodger (1993) reported that 88% of organisations had a formal severance policy, more favourable than minimum standards. HR was solely responsible for setting policy on redundancy management in 41.8% of cases with the decision to use external outplacement being taken exclusively by HR in most cases (62.3%). These data provided evidence indicative of the growing trend in the use of outplacement, its assimilation into HRM strategy and the move to HR personnel assuming a key role in the decision making processes regarding change management aspects of HRM, a general trend reported by Storey (1992).

Of those 74.8% of companies offering outplacement, the larger proportion (36%) used only externally provided services, while about a quarter (25.4%) offered a combination of external and internally resourced services. In addition, larger organisations tended to use external consultancies for outplacement provision. The most significant industry sector differences were apparent between the public and private sectors. In the private sector 66.4% of organisations used externally provided services while in the public sector this number was significantly smaller (36.6%). The public sector were ahead of the private sector in developing in-house services (46.5% compared to 36.8% respectively, had in-house provision). The most frequently cited reasons for using externally resourced services were the expertise, professionalism and quality of external consultants (20%), the dedicated resources which were not available in-house (17.5%) and the independence and objectivity of an external consultancy (16.1%). In addition, a number of senior HR professionals (6.3%) saw a benefit in the public relations aspects, which helped to sustain the company image. Cost was the most quoted reason (32.2%) for not using externally provided outplacement.

Many companies (56.6%) did attempt to evaluate the benefits of using externally resourced outplacement. The main methods used were exit interviews (84.5%) and peer group feedback (59.5%). Previous research suggested that the reactions of both those employees being made redundant and those surviving redundancy, were in part



determined by the way in which the organisation managed the situation (e.g. Armstrong-Stassen, 1993; Brockner, 1986; 1992). The perceived benefits of commissioning external consultants to manage the redundancy transition, were reflected in the large number of respondents who indicated that external outplacement assisted the departing individual's career (93.5%), smoothed the separation process (93.1%) and maintained the external reputation of the company (55.4%). Senior HR professionals indicated that the use of externally provided outplacement had an observable impact on the maintenance of morale (77.2%) but was less obviously contributing to retention in general (17.5%), retention of key players (15.6%) or in maintaining customer relations (13.2%).

### **3.4. A review of outplacement**

Certainly, outplacement appeared to be delivering against many of the promises of the industry, benefiting the individual being made redundant and to some extent mediating the potentially detrimental effect of redundancy for the organisation. However, Doherty (1998) argued that it was not the global panacea for redundancy management it purported to be at the time. There were reservations about the quality of the services provided by consultants (Challenger, 1989; Machan, 1989; 1991) including the lack of specialised job market knowledge, the lack of trained counsellors, poor value for money and overselling the prospect of re-employment. Some of these issues resulted from the lack of barriers to entry into the industry that led to a rapid increase in the number of consultancies offering outplacement services. There was also a lack of policing of the industry. This was resolved in part with the establishment of the Association of Outplacement Consulting Firms in 1991, a self-regulatory body, and more significantly the development of the IPM Code of Conduct for Career and Outplacement Consultants launched in 1992. These guidelines covered corporate and privately sponsored clients, setting out acceptable standards for the contractual relationships and the professional delivery of services (IPM, 1992).

Despite reservations about the quality of services offered by some providers, the status of outplacement as accepted good practice in the management of redundancy was evidenced in recommendations for its use as an integral part of redundancy management policy. For example, the Institute of Personnel and Development guide on redundancy (IPD, 1996) advocated the use of outplacement as an integral part of the management of the people aspects of redundancy. The extensive use of outplacement could be interpreted as evidence of organisations showing a responsible attitude towards employees, as even though they could not ensure employment, they were helping people who were leaving the company. Thus, outplacement gained status as accepted good practice in the management of redundancy and as a normative strategy in HRM.

This historical perspective on the development of the outplacement industry from its consultancy driven, pragmatic roots as a mechanism for dealing with the exodus of senior executives to a normative component in HRM strategy is an illuminating illustration of the development of HRM. Doherty (1998) suggested that the emergence of outplacement as a normative policy is exemplary of thinking pragmatism (Legge, 1995), where HR practices are instituted as reactive rather than proactive. Although initially a bolt-on tool in the HRM portfolio, the concept of outplacement developed credibility and integrity as a key part of HRM strategy. However, Doherty (1998) suggested that due to the diversity of factors at play and the dynamics involved regarding those who remain in the organisation, a much broader range of interventions is necessary to resolve the specific tensions and dilemmas of survivors.

Additionally, outplacement may have been of particular benefit to the individual in facilitating a smoother transition through the experience of redundancy but almost paradoxically could be interpreted as leading to the development of a psychological contract at the individual level, more heavily biased towards self-interest. The redundant executives who used outplacement were focusing on re-balancing their lives, attaining a sense of being masters of their own destiny and reviewing their commitment and attachment to a corporate entity (Herriot & Pemberton, 1995).



### **3.5. Summary**

- Outplacement had developed in the USA as a consultancy driven tool designed to help executives through the personal and career transitions which arise as a consequence of redundancy. The concept flourished in the UK during the 1980s.
- The rationale for using outplacement as part of a redundancy management strategy was based on the perception that it provided professional, objective help in facilitating the transition for redundant individuals and helped ameliorate the potentially detrimental impact of redundancy within the organisation (Doherty, Tyson & Viney, 1993).
- Outplacement became an integral element of the redundancy strategy in many companies, achieving a normative stance in HRM policies. This was an indication of the move from a reactive to a proactive stance in using outplacement. The initial use of outplacement for executives may have created “internal fit” tensions at a theoretical level. However, the utility of outplacement was evident in the very rapid development and uptake of programmes for all levels of redundant employee.
- Redundancy and outplacement may have been instrumental in setting new parameters for the psychological contract at the individual level (Doherty 1996 a & b).

## CHAPTER 4.

### **Redundancy and surviving in the organisation**

Chapter 4. reviews the impact of redundancy on those who remain in the organisation. Senior managers' perceptions of surviving major organisational change resulting in redundancy are explored. The policies used to manage survivors' syndrome issues in the UK are reviewed.

#### **4.1. Redundancy and surviving**

The corporate landscape of the USA underwent many critical changes throughout the 1980's and 1990's. The outcome of many of these changes was workforce reduction through lay-offs. Following experimental research, which simulated a lay-off situation, the term survivors' syndrome gained popularity in the USA. A range of research studies were designed to explore the reactions of individuals who retained their job while their co-workers were made redundant (e.g. Brockner *et al*, 1985; Brockner, 1986; Brockner *et al*, 1986).

During this period, various organisational change strategies had been instituted to generate effectiveness and efficiency gains. However, although downsizing, rightsizing and reorganisation proliferated within the US context, in order to improve productivity with fewer personnel (Appelbaum, Simpson & Shapiro, 1987), the efficiency gains in bottom line results were not necessarily forthcoming (Cameron, 1994 a & b; McKinley *et al*, 1995). This corporate anorexia, as Hamel & Prahalad (1994) termed it, had produced lean but not necessarily healthy companies. A growing body of evidence suggested that such organisational tactics were generating negative work attitudes and behaviours among the remaining workforce.

A variety of US surveys (including: Buch, 1992; Covin, 1993; Fisher, 1988; Moskal, 1992; Richey, 1992; Right Associates, 1992; Skopp, 1993; Tombaugh & White, 1990;



Pinola, 1994) researched the impact of surviving in such an organisational climate. The survivors of redundancy were reported to exhibit a range of responses including shock, anger, anxiety, animosity towards management, concern about departed colleagues, guilt, and fear about job security. Survivors displayed decreased motivation, decreased morale and increases in job related stress, job insecurity and uncertainty about new role expectations. These were manifested in decreased satisfaction and confidence in the company, decreased commitment, trust and loyalty and increased intention to leave. Such disaffected employees were the population on which the company relied for success, so perhaps not surprisingly productivity gains were not realised. Rather, as Cooper (1994) observed, “presentees” were motivated by fear to work long hours but not necessarily be productive.

In the UK a similar pattern of organisational change emerged. Companies responded to economic and business pressures, from the 1980’s onwards, by reducing headcount. Many organisations began to shed large numbers of employees as the downsizing phenomenon took hold. Within the UK context, a body of anecdotal evidence was gathering on the impact of downsizing (e.g. Cooper, 1994; Financial Times, 1994). Yet research in this field in the UK had been lacking and little had been done to explore the organisational philosophies and HR strategies, policies and practices being used to manage such change or to explore the impact of such managerial courses of action on remaining employees.

One study had conducted in-depth field work in the UK, tracking the management of redundancy in British Aerospace (Guest & Peccei, 1992). This work indicated that details of the management of the redundancy all had symbolic meaning for the survivors, for example, how the notice of the redundancy was communicated and whether good services were provided for those leaving. In addition, working conditions after redundancies had an impact on productivity, loyalty and commitment to the organisation. However, in this case even though an employee involvement strategy was in place, extensively used and highly valued by employees, a substantial minority of survivors felt worse off (42%) and stressed (59%) as a result of the event. This case study indicated

that, despite a coherent effort to manage the redundancy situation the outcome still left something to be desired in the eyes of the survivors, a potent indicator of the complexity of managing the organisational change and individual transition processes surfaced by redundancy.

Some preliminary data on the survivors of redundancy had been gathered in the survey of organisational perspectives on outplacement (Doherty, Tyson & Viney, 1993). These data identified the perceived effect of redundancy on issues such as staff turnover and disputes. Decreased motivation (45.5% of respondents) and increased communication with employees (41.8% of respondents) were most common. Little further research on the concept of survivors' syndrome in the UK, had been done.

#### **4.2. Survivors' syndrome**

The survivors' syndrome study was the first of its kind in the UK context to survey the issues relevant to surviving a redundancy situation (Doherty & Horsted, 1995). The research was carried out at a time when this was a topic of both practical and theoretical significance, exploring the perceived impact of large-scale redundancy and change on those individuals who remained in the organisation. In particular, this study brought the issues relevant to surviving organisational change to the attention of HR and other senior managers as downsizing commonly became an accepted business strategy.

This research also generated a body of normative data on managerial perceptions of survivors' syndrome issues. The focus on the financial services sector in the UK was notable, since this is a principal sector of the economy and one that had traditionally espoused a paternalistic ethos towards employees. This has been reflected in the human resource management policies and practices used in the management of employees in this business domain (e.g. Hendry & Pettigrew, 1987; Hope, 1990; Silverstone, Hendry & Livy, 1995). Banks and building societies recruited people with the expectation of security of employment and a life time career. Such organisations had encouraged



attachment and loyalty, for example, providing special mortgage or loan facilities that tied the employee into a long-term relationship with, and commitment to the company.

During the 1990's, changes such as re-structuring and downsizing hit the financial services sector driven in part by rapid developments in technology and business process re-engineering (Horsted & Doherty, 1994; Fincham, 1995). These changes contributed to the large-scale reduction in the workforce, achieved through a process of successive redundancies throughout the sector (White, 1993). In combination with extensive job re-design, workforce reduction resulted in revised working relationships, re-defined career opportunities and the demise of security of employment. This particular business domain provided an excellent example of the impact of redundancy related change within a traditionally job-secure environment (e.g. Hendry & Pettigrew, 1987; Skeel, 1989; Hope, 1990).

A survey (detailed in Chapter 1), provided data on such changes and the HR strategies, policies and practices being used. Drawing on the previous empirical work in the US, the survey accessed the perceptions of senior personnel and HR specialists on redundancy management. These data were used as the basis for publications that explored different aspects of survivors' syndrome. Doherty & Horsted, (1995) reported key findings of the survey for a practitioner audience. Doherty, (1995) used the survey results to explore theoretical aspects of change management and the impact of such change on the psychological contract. Doherty & Horsted, (1996) focussed on the BPR and technical drivers, critiquing the obliteration philosophy of the time. The survey also reflected many of the issues pertinent to the survival of change, across business sectors as reported in Doherty, Bank & Vinnicombe (1996). In addition, these data were used to infer theoretical linkages about the concept of survivors' syndrome, to the concept of the psychological contract (Doherty, 1996 a & b) and to draw inferences to the broader field of HRM policy and practice (Doherty, 1997).

A combination of factors had prompted change within the industry, thus a multiplicity of events were reported. The majority of respondents (78.8%) indicated that their

organisations had experienced structural change. 65.5% indicated downsizing/rightsizing, 54.3% technological changes, 50.3% business process redesign and 16.6% take-over/merger as precipitating organisational change. The impetus for such change was mainly to control or reduce costs (20.8%) to sustain long-term profitability (13.9%) or as a response to market forces/competition (13.1%).

With respect to survivors' reactions, the survey data painted a similarly acute picture of the mind-set of remaining employees to that found in US studies (such as Skopp 1993, Pinola 1994). Survivors of redundancy were reported to display decreased job security (68.7%), decreased morale (68.1%), decreased security in careers (65.8%), decreased confidence in their future with the organisation (57.5%), decreased loyalty to the company (51%) and decreased motivation (51%). Perceived increases were reported in survivors' levels of scepticism/anger/bitterness (47.9%), and stress (64.8%). However, some positive aspects were also reported. Productivity was perceived to have increased by a number of respondents (63.8%), but very few companies (20%) had formal, objective measures of this.

Overall 78.9% reported having a policy for providing help to those who leave in the form of outplacement (either internally or externally provided). However, despite major change initiatives being implemented, few organisations (45%) were offering any structured help. The types of strategies in place to retain surviving employees focused mainly on reward (83.8%) and training for the job (82.4%), with much less emphasis on the use of career management (44.1%), succession planning (42.6%) or cultural change initiatives (37.5%) as mechanisms for helping the survivors.

The demand/expectation among survivors for information was reported to have increased (74.5%) and organisations were apparently responding to this need by increasing communication (69.9% of respondents) and communicating information about the changes more than once (75.8%) and frequently in advance of the changes (56.7%). However, most respondents (61.7%) indicated that no evaluation of the change situation had been carried out. Where evaluation was done it most often involved attitude surveys (71.4%) or interviews with remaining (42.9%) or departing staff (41.1%).



This survey indicated that within financial services companies, the symptoms of survivors' syndrome were all too apparent. Although some strategies were being implemented to address survivors' syndrome, these focussed mainly on organisational level issues such as retention, motivation and training for jobs for the remaining employees. Companies were using outplacement for those leaving but much less effort was being applied to address personal or career transition issues for the remaining individuals.

A parallel study of HR practitioners across UK industry sectors was being carried out within the same time frame. Thornhill & Gibbons (1995) examined the concerns of post-redundancy survivors in 40 UK organisations. Thornhill & Gibbons' work confirmed many of the issues highlighted by the survivors' syndrome survey. Thornhill & Gibbons interviewed senior HR practitioners and indicated that a number of issues arose following the notification of redundancies, including the need to plan for the event and communicate to survivors. Also, the treatment of those being made redundant including the redundancy package offered and method of selection for redundancy were reported to impact on survivors. However, while companies tended to have organisational initiatives in place to deal with change, they did not address long-term survivors' concerns and uncertainties that remained significant over time.

Many other studies followed within the UK context, to explore survivors' syndrome. A subsequent survey of UK companies by Kettley (1995) examined how organisations were addressing the maintenance of morale during downsizing. Many of Kettley's findings confirmed the earlier work of Doherty & Horsted (1995). Three common strands to strategies for influencing morale were identified. These included the anticipation of likely employee responses to downsizing, the identification of interventions to impact morale and the monitoring and evaluation of the outcome of actions taken to impact morale. Companies applied several broad types of actions, such as addressing communication, giving direct support to the survivors and organisational development initiatives designed to support working relationships such as team building

and the use of work related training. Companies also identified performance management and reward strategies, as important in the new organisational set-up. Relationships with line management were identified as having a significant effect on morale. Evaluation was considered difficult and most often achieved through the use of “soft” measures of attitudes and perceptions of employees obtained via surveys and upward feedback.

A further study in the UK context (Hallier & Lyon, 1996) followed the fate of a group of senior managers in the UK after redundancies were announced. This research indicated that the threat and outcomes of redundancy had a considerable impact on individual’s feelings of security, company commitment and perceptions of their psychological contract. Individual managers were reported to feel doubt and insecurity from the announcement of redundancy warnings. Those who were reprieved, quickly re-established organisational commitment while those demoted became less trusting and were forced to reassess their psychological contract to try and understand the withdrawal of job security by their employer and to accommodate the discrepancies in their position. Those who were made redundant followed a typical pattern of negative attitudes towards the company, even up to 12 months following redundancy.

Further research on survivors’ syndrome in the UK context across a range of industries (Sahdev & Vinnicombe, 1997; Sahdev, Vinnicombe & Tyson, 1999), suggested that in the late 1990’s downsizing remained a pervasive mechanism for cost reduction and competitiveness. Outplacement was being offered by a majority of organisations (78.9% respondents) confirming its continued use as an exiting mechanism for redundant employees. Many of the behaviours and emotions of survivors’ syndrome were apparent. For example, motivation, security, career opportunities and fun and trust in the company had decreased among survivors. Perceived workload and stress levels among survivors had increased. In combination with increased expectations from employers to deliver customer services and better performance, this situation generated a “motivational paradox” as the authors termed it.

Sahdev, Vinnicombe & Tyson, (1999) also considered changes to the function. HR managers were perceived to be more accessible, more responsive to business needs and



more effective in facilitating the change process. In addition some data were gathered on HR managers' perceptions of survivors' employment expectations. It was suggested that the traditional relational contract still prevailed with expectations of promotion in return for performance and a long-term employment relationship with a life-time career opportunity. These data confirmed the links drawn to the impact of redundancy on the psychological contract (Doherty, 1996 a & b). Again these data provided evidence to support the findings and confirmed the contentions of the publications concerning the lack of initiatives that adequately addressed post-redundancy issues for survivors and confirmed the challenge to both the HR function and role, posed by redundancy.

#### **4.3. Personal transition for survivors**

The inherent complexity of survivors' reactions was explored at an individual psychological level in previous work in the USA. A range of studies drew linkages between the psychological states exhibited by survivors and theoretical frameworks which can be used to explain these (e.g. Brockner, 1992; Brockner *et al*, 1985; Brockner *et al*, 1986; Brockner *et al*, 1992; Brockner *et al*, 1988). Brockner & Wiesenfeld (1993) suggested that several psychological states and social psychological processes explain survivors' reactions. The decision rule for redundancy selection, the perceived threat of further redundancies, the individual's attitudes towards work and personality profiles all contributed to the extent to which survivor's syndrome "symptoms" are exhibited. The perceived fairness of the situation, both fairness of the process (procedural justice) and the outcomes (distributive justice) were the key factors. For example, where the organisation clearly and adequately articulated the need for lay-offs, survivors showed greater perceived fairness (procedural justice). If employees made redundant were well looked after by being given severance pay or outplacement, survivors registered greater perceived fairness (distributive justice).

Also, Brockner & Wiesenfeld, (1993) indicated that job insecurity was influenced by the perceived threat of further redundancies and employees' perceived control over the situation. If survivors perceived that future redundancies were likely and felt they have

little or no control, then job insecurity was greatest. Uncertainty both about the situation and how to define it also resulted in survivors working harder to keep their job or working less hard as they thought they would probably lose their job anyway. Reactions can vary among individuals, within the same company as well as between organisations (Armstrong-Stassen, 1993; 1994). This complexity creates much potential for violating the psychological contract of survivors (Rousseau, 1990). Redundancy can often lead survivors to feel that the situation has not been fairly or justly managed. Therefore, violations of what is expected of the employer may occur and would, as the literature suggests, contribute to the strength of survivors' syndrome reactions and behaviours.

The transition cycle as a descriptive framework would suggest that the survivor would move through stages of shock, denial, recognising and accepting the redundancies and in due time learn new behaviours required by the new work environment. This would in part be facilitated or hampered by the way in which the organisation manages the situation. Brockner (1992) suggested that change management process were critical for addressing survivor syndrome issues. These include HRM initiatives for addressing the fairness of handling redundancies and managing the ensuing changes in the workplace. Achieving clarity in communication and new work roles, and addressing changes in work and career opportunities were among the challenges facing the workforce after redundancy.



#### **4.4. A review of current organisational practice**

Noer (1993), in the US, found companies succeeding after downsizing were those that took a systematic approach to restructuring the employment relationship, realigning the remaining employees with the organisational vision and goals. However, the findings of the UK survey (Doherty & Horsted, 1995) suggested that the management of change and the interventions employed were failing to address the needs of the individual. In addition other researchers found that many companies were struggling to achieve a successful re-negotiation of the employment relationship (Allen *et al* 1995; Hallier & Lyon, 1995)

Such findings highlighted a strong emphasis on tackling organisational change issues such as structural change and changes in skill sets and competencies required for the future of the company. Redundant employees were being given assistance to leave the organisation and help in finding a new job or career and companies were focussing on longer-term survival of the business, but the personal transition issues for survivors were largely being ignored. The psychological processes required of the survivors to accommodate to change and achieve personal growth and development were not being supported or helped. Rather they were being left to work harder for much less career security than in the past, which constituted a very different psychological contract.

A range of intervention models that could be applied to the downsizing situation was being developed throughout the 1990's. For example, Buch & Aldridge, (1990) furnished a comprehensive model of intervention for survivors which focused on strategic realignment of vision and values, interventions to help employees to accommodate to structural changes, interventions to address issues such as communications and personal change. Thornhill, Saunders & Stead, (1996; 1997) also summarised the variables that had been shown to affect the direction and strength of survivors' responses to redundancy. The existence of moderator variables they argued provided scope for organisational action. A tool was developed to help diagnose

organisational strategies for managing the change processes related to redundancies and associated changes. Despite such a range of models and tools, many companies still lacked structured programmes or evaluation mechanisms for major change, thus they still faced the problem of dealing with disaffected employees after the event.



#### **4.5. Summary**

This section reviewed the effect of redundancy on employees remaining in the organisation and examined the theoretical bases, which have been used to describe survivors' syndrome.

- The first database of information in the UK on survivors' syndrome issues, was provided by a survey within the financial services sector (Doherty & Horsted, 1995).
- The classic survivors' syndrome reactions have been shown to be a product of individual level and organisational level factors. These research results and review of existing interventions highlighted the need for better differentiation between personal transition and organisational change (Horsted & Doherty, 1994; Doherty, 1995; Doherty & Horsted, 1996).
- The apparent focus on organisational level issues, such as short-term skill requirements is indicative of the use of hard HRM policy. However, survivors' concerns such as clarity about job and career security (soft issues) were less often addressed.
- The work in this field contributed to the emerging research agenda and exploration of the effect of organisational downsizing and large scale redundancy (Doherty, Bank & Vinnicombe, 1996; Doherty 1996 a & b; Doherty, 1997).

## **CHAPTER 5.**

### **Career issues in the context of redundancy**

The management of the graduate career is examined, as an example of a key policy area, which has been impacted by large-scale redundancy. Individual career experiences and opportunities, both those made redundant and the survivors, are also explored.

#### **5.1. The impact of redundancy on career opportunities: the graduate career**

One of the main issues precipitated by redundancy, particularly large-scale redundancies, is the impact on the concept of career. Widespread redundancies meant changes in the employment relationship, such as increased workloads, more accountability and changing terms and conditions for many employees (CAB, 1993). The experience of redundancy often presented the individual with an unexpected career break or as a survivor of redundancy, surfaced personal transition issues relating to job and career insecurity and decreased opportunity (Doherty & Tyson, 1993; Hirsh & Jackson, 1996; Doherty, 1995; 1996 a & b).

A complete structural metamorphosis was evident in many organisations that underwent downsizing, rightsizing and de-layering. This changed extended hierarchies to flat, lean forms. Within these lean companies, job roles and responsibilities were often extended and accompanied by more complex matrix management systems. These created diverse lines of reporting and the evolution of more varied career opportunities. Such changes had a fundamental impact on how employees were managed into, through and out of the company (Stroch & Reilly, 1994), altered many of the parameters of the psychological contract (Herriot & Pemberton, 1995) and changed many of the opportunities for developing and sustaining a career (Jackson *et al*, 1996).



For example, research in the late 1980s indicated the origins of a shift in the concept of career. Movement both within and between organisations had increased for managerial populations (Nicholson & West, 1988). Career opportunities were less hierarchical and increasingly diverse through broader spans of control and responsibility. This resulted in much greater variation in career patterns for managers in general (Inkson, 1995; Herriot & Pemberton, 1995; Routledge & Elliot, 1982 and Steel *et al*, 1990). Thus, there was an obvious erosion of the structures, which had supported traditional rational, long-term careers, which were the established fast track routes for the development of senior managers (Inkson & Coe, 1993). In addition, a trend towards the harmonization of HR policy and practice in the management of all employees in for example, rewards and redundancy management (Kanter, 1989; Doherty & Tyson, 1993) was blurring the distinction between managerial and non-managerial populations. These many challenges to the concept of career generated some debate about the increasingly fragile basis for a sustained rational, long-term relationship between employer and employee and even the “demise” of the career (e.g. Hirsh *et al*, 1995).

Doherty, (1994) suggested that as the management of the graduate/fast track career has an established history it provides a clear example of the organisational philosophy on the employment relationship. Organisations often invest considerable resource, not just financially accounted, to select, recruit and develop graduates to become the pool of senior management potential for the future. Previous research in the early 1990s had studied the graduate career from the individual perspective, tracking their expectations and experiences (Arnold & Mackenzie Davey, 1992; 1994 a & b). These studies followed cohorts of graduates over their first years in post within 8 UK based recruiters. The authors concluded that clarity of short and long term career possibilities was a major determinant of commitment and desire to stay in the company. Despite this perceived need by the individual, Arnold & Mackenzie Davey suggested that graduates rarely experienced such clarity. Research in the US context (e.g. Robinson & Rousseau, 1994; Robinson, Kraatz & Rousseau, 1994) also indicated that unmet expectations among graduate management cohorts resulted in a lack of trust, lower satisfaction and greater intention to leave the company.

Hirsh & Jackson, (1996) in a study of 15 major employing organisations in the UK concluded that most had reduced the commitment to managing the career development of the workforce and had shifted the focus from career processes managed by the company to career processes managed by the employee. The pendulum of responsibility, they argued, was swinging towards a partnership with development processes being adapted to meet both organisational and individual needs. Also, Guest & Mackenzie Davey, (1996) found that among their forum of 33 leading UK companies there were shifts from traditional to transitional structures. Most reverted back to traditional structures after change, leading the authors to conclude that the traditional career still existed in many companies. However, structural changes had affected the number of career opportunities available and had increased the steps between jobs.

Therefore, the context of major change in the UK, contributed to by downsizing and redundancy, appeared to have changed the rules of the game for high potentials. Although the career of the graduate had been researched previously, there was a need for a review of the organisational articulation of the parameters of the deal for high potentials within the context of large-scale redundancy and organisational change. A study of organisational strategies for high potential recruits was designed to meet this need (detailed in Chapter 1.).

Doherty, Adamson & Viney, (1997) presented contemporary data from this study on the organisational expectations set for graduates. The paradoxes and incongruities between current organisational fast track philosophies and a traditional career philosophy were discussed in Viney, Adamson & Doherty, (1997). A theoretical exploration of the developments in career management were presented in Adamson, Doherty & Viney, (1996) and Doherty & Tyson, (1998) presented an account of British graduate management policies. These publications investigated the extent to which economic pressure, redundancy and changing structures within the UK context of downsizing and redundancy, had influenced the high potential career philosophy and contributed to both



the empirical and theoretical discourses on the topic of high potential career management and development. Salient themes from the research and publications are discussed below.

As found by Guest & Mackenzie Davey, (1996), Doherty, Adamson & Viney, (1997) reported that elements of the traditional notion of career were enduring. Many companies (over three quarters of the sample) were still adhering to variants of the traditional career philosophy with respect to fast track recruits. The notion of a career was very much alive, although there were subtle changes apparent in the employment relationship offered to graduates. Symbolic shifts were being generated through both cultural and process changes to achieve a looser coupling of the fast track philosophy with the expectation of a long-term career with the company. The management of expectations was considered key to generating a realistic psychological contract with the graduates. This was being achieved through symbolic changes in the recruitment literature alongside setting an expectation of high performance and an immediate contribution on the job. The emphasis was being shifted from a guaranteed career *per se*, which, in the prevailing economic climate, organisations could no longer sustain, to a long-term *opportunity* for fast trackers.

Viney, Adamson & Doherty, (1997) highlighted that the management of a fast track philosophy in times of recession and pressures to downsize did seem to create some paradoxes. The evolving career philosophy of a short-term, no guarantees employment relationship was juxtaposed with the enduring long-term association with high flyers. Graduate cohorts were still in these companies and being managed and developed. Problems arose in justifying a graduate intake while there were redundancies or difficulties in finding “real” jobs for graduates, while many other jobs were being lost. In addition, several companies were still applying age-related, progression milestones, although they had moved away from the concept of hierarchical careers.

Such perceptions of the career expectations for high flyers were illustrative of the subtle shifts in what organisations were offering as the deal in employment. This research confirmed the move away from a traditional, rational, long-term relationship as the graduate career prospect, to an option much less differentiated from the wider

managerial population. For high potential populations the reality of being a survivor may mean many changes to expectations and their experience of a career. The organisational offer appeared to be a short-term, transactional deal where there were opportunities for development but no guarantees of a long-term relationship, which was once the case for graduates. These messages may have presented confusing signals to the graduate recruits of the 1990s further shifting the foundations of the employment relationship.

Such changes had contributed to the debate on the concept of career in general as suggested by Adamson, Doherty & Viney, (1996). Revisiting the concept of career, this theoretical exploration of the field, concluded that career theory has been dominated by organisational concerns for too long and required revision to encompass a broader definition and emphasis on career and career development for mutual benefit. Clearly there was a need to distinguish and match the needs created by organisational change as distinct from individual transition. The graduate career is a specific example of how organisational changes had dictated the changing parameters of the employment relationship. At the individual level, transition issues required focus. These included the need for graduates' expectations to undergo substantial revision if they were to avoid personal traumas and "dashed hopes" in early career (Herriot *et al*, 1993).

Doherty & Tyson, (1998) presented the UK perspective on managing high potential managers tracking the history and development of the high potential philosophy within the UK context (in Bournois & Roussillon, 1998). Sparrow, (1996), in a review of career and the psychological contract in the European context, suggested that many of the taken for granted assumptions about the changes to the psychological contract and the methods adopted to deal with these, need to be reconsidered in the light of cross cultural and cross national differences. National culture and values such as individualism shape individual predispositions and motivations in the employment relationship and the development of the psychological contract. Much of what we absorb in the UK percolates from the US context, yet there are many differences between the US and the UK and Europe in how individuals perceive the employment relationship and the effect that redundancy has on their career aspirations and motivations. With fewer boundaries



to working throughout Europe, expectations among the workforce may set many different notions about the psychological contract.

Thus, organisational changes can be seen to have had a quite profound impact on what the company offers as its part of the psychological contract. This may have set entirely new parameters for the employment relationship of the future. Not only were organisational changes impacting on the deal in employment but at an individual level, variations in employee expectations were also appearing as a consequence of redundancy, as detailed below.

## **5.2. The individual experience of redundancy: shaping career expectations and experience**

Work fulfils more than an economic function for the individual, thus, redundancy may mean not only the loss of financial security but also status and social identity which are integral to the notion of having “a career”. The concept of career has been defined as, a sequence of work-role-related experiences over time, both objectively and subjectively experienced by the individual (Arthur *et al*, 1989). As highlighted earlier, (Chapter 2.), the psychological success cycle suggests that career is experienced through a number of goal setting and goal achievement experiences. This process leads to a feeling of increased ability to do the job and provides a sense of self-esteem and enhanced competence which in turn promote satisfaction and involvement in the job (Hall 1976). The event of redundancy can therefore impact on the person’s orientation to work, career expectations and experiences, since job loss breaks the psychological cycle of success that is integral to the individual’s sense of identity and work effort.

Redundancy can break the expectation that the company would provide security of employment. For executives in the 1980s and early 1990s, redundancy may have been particularly problematic. They were often vulnerable because they were typically at mid-career stage and age (40+) which is sometimes characterised by a life or career turning point. They generally had spent approximately 10 years in post in a senior role with the

company, previous to redundancy. Some had no specific skills to sell and had very organisation specific success in their career to date. Their attachment to work would have been fostered and encouraged by organisational symbols of success including company cars and executive offices. The redundancy event was frequently loaded with many negative connotations, particularly when managerial positions were being affected and was often perceived as a personal stigma, apparent in references to it as “sorting the sheep out from the goats” (Woods 1975) or “getting rid of the dead wood” (Manchester University 1972).

When an event such as redundancy precipitates a break in the psychological success cycle, for some, in particular senior managers who have made a heavy investment in the development of a career, this may be experienced as a potentially intense personal transition. Redundancy removes the opportunity to set and achieve goals potentially generating adverse reactions and emotions (e.g. Fineman, 1983; Kaufman, 1982). Others may remain psychologically intact and subsequently achieve fulfilment and success in their career following a redundancy, taking the opportunity to reassess skills, abilities and marketability, resulting in new horizons for growth and development (Latack, 1984).

Latack & Dozier, (1986) suggested that differences in reaction are moderated by individual characteristics, environmental characteristics and characteristics of the transition. Variables which potentially mediate the personal resolution of a redundancy include the level of job satisfaction before redundancy, age, career stage, the reason for the redundancy, how it was handled by the organisation and the support systems available to the individual. These factors were investigated in the survey of executives who were made redundant.

As reported by Latack & Dozier, (1986) key environmental and transition characteristics which can facilitate career growth from job loss, include age, timing of the job loss relative to career stage and social support. For example, Schlossberg & Liebowitz, (1981) suggested that the most negative reactions to redundancy were exhibited by individuals who perceived themselves to be too young to retire but too old to find



another job. Also, previous research had suggested that more mature workers were generally less likely to be re-employed (Parker, 1982). Boynton & Thomas, (1991) found that 31% of their sample had found a job within 3 months and 54% were re-employed at six months. However, Doherty & Tyson, (1993), found that over half (50.9%) of their sample of redundant executives (average age of 46 years) had found employment within 3 months and most (91%) had obtained a new position within 12 months of being made redundant. This considerably higher placement rate may have been a function of the use of one of the top UK outplacement services.

Previous work on older workers suggested that in general they were less likely to occupy high status jobs (Zahniser *et al*, 1985) and that, in general, ambition levels decrease over time (Howard & Bray, 1988). Some supporting evidence of this was found by Doherty & Tyson, (1993). Of the sample, nearly 40% were at a relatively high level position either reporting to the main board (20.7%) or to the chairman / president (18.7%) in their new position. However, nearly 34% were in less senior positions or did not expect to attain as high a position as before the redundancy.

There was also a shift in the size of company worked for. While 47% of respondents worked for larger companies (5000+) before redundancy, nearly two thirds (65%) were employed by smaller companies (less than 1000) afterwards. In addition, a considerable proportion (23.1%) were self employed either in their own company or as consultants, a comparable finding to Beaudoin, (1988) who found that about 20% of managers who had lost their job started their own firms. Thus, re-employment may have been facilitated by the change in the type of organisation in which these executives were employed after redundancy. In addition, this move into smaller companies or self employment may have been supporting evidence for previous work which indicated that redundant executives were not organisation men, rather they were less politically astute and more unconventional and imaginative (e.g. Tyson, Barclay & Handyside, 1986). These executives may have been more comfortable in a small company atmosphere or more fulfilled in directing their own career. A substantial minority (17.6%) of the redundant

executives stated that they would not work for a large corporate body again. These factors may have contributed to taking the self-employment route.

Data on the respondents' career aspirations indicated that over half (53%) had no specific career plans prior to redundancy. This is not unusual, even for executive levels as suggested by Herriot, (1992). Rather than a plan, the career develops through a series of psychological contracts. However, of those who did have some kind of "plan", most (73%) had changed their career expectations as a consequence of the redundancy experience. A quarter of these indicated that they had an increased awareness of their career potential. Also, the experience of redundancy had for some of the sample (24.4%) provoked a reappraisal of work, helping them achieve a clearer vision of what they wanted from employment. Some of these redundant executives appeared to want a greater sense of control.

48.8% of respondents stated that they had been very satisfied/satisfied with work before redundancy compared to 69.5% of respondents indicating that they were very satisfied/satisfied afterwards. This finding may have been an outcome of a reconsideration of work and career expectations prompted by redundancy. Significant differences were found in how this sample rated work and non-work goals before and after redundancy. Work orientated goals such as "achieving recognition from others" and "exerting influence" were rated lower after redundancy. Non-work goals such as "attainment of personal contentment", "achieving a balance between work and non-work life" and "gaining from life's transitions" were considered more important after redundancy. These findings lend support to the notion that redundancy had focused a reassessment of priorities for many executives, and give an indication of a re-evaluation of attitudes to work and career. As Herriot, (1992) suggested achieving equilibrium between work and non-work life had become a balancing act, a central theme of the 1990s. The results were indicative of shifting values from status and work achievement to fulfilment in non-work life. This suggested that such a mid-life transition is potentially crucial at the personal and career level and may fundamentally change the attachment to



work and the person's level of commitment in the psychological contract (Tyson & Doherty, 1991; Doherty & Tyson, 1993).

It had been suggested that support from family and also support from co-workers and programmes such as outplacement can facilitate career growth as an outcome of redundancy (Schlossberg & Liebowitz, 1980). Providing support in the form of outplacement is considered one element of good practice in redundancy management (the use of outplacement is discussed in detail in Chapter 3.). The manner in which the redundancy is handled has been shown to impact on subsequent attitudes to the organisation and career in general. Good practice suggests a "professional" approach, which enables the person to maintain self-esteem and quickly re-establish a sense of control. Although all the executives, had experienced outplacement, many of the sample (38.6%) indicated that they were dissatisfied with the manner in which the redundancy had been handled "insensitively", and with an "appalling lack of communication", indicating that good practice was lacking in many organisations' methods of managing redundancy.

For those surviving major redundancies and downsizing, it has been suggested, career issues are also a central concern. Isabella, (1989) proposed that the true bottom line is the employee's own career development. If considered as a career transition event, downsizing upsets the balance in the employment relationship. The career impact for survivors is different for different populations. For example, for those in their early careers, the main concern may be that the resources to facilitate their ability to perform competitively may be lost, while those in the building blocks stage may assess the situation in terms of the opportunities or barriers to advancement. Mid-career individuals appear to focus on the individual conceptions of career success and fears about potential career plateauing. New organisational structures and process create different career progression opportunities and altered career paths, which impact on the survivors' personal career paths and objectives and their ability to realise a career. Since the aftermath of downsizing can have such a fundamental impact on career, it could be

argued that the management of such transition issues should be central to the management of organisational change initiatives.

However, the reality of the situation as reported by Doherty & Horsted, (1995), was that many companies were using outplacement (79%) for those leaving but providing very limited support for those remaining. Fewer than half (45%) of respondents said that their organisations provided structured help for survivors. Although many (93%) indicated that strategies were in place to deal with remaining employees, these focussed mainly on organisational level issues such as retention, motivation and training for jobs in the short-term. These strategies appeared to focus on organisational level, job specific, short-term horizons. Much less effort was being applied to address personal transition issues for the individual such as managing personal change or the potential impact on individual career opportunities. Only 42% reported the use of succession planning and 44% the use of career management strategies following major redundancies. The type of communication strategies used perpetuated the organisational emphasis. Only 42% of respondents stated that information about career opportunities was communicated, and 57% of respondents reported being given information about possible future changes to the company. Thornhill & Gibbons, (1995) confirmed this lack of focus on survivors' needs in the UK context, indicating that survivors want information about the future and a vision to work towards. However, this was lacking across downsized companies in the UK, potentially adding to the general climate of career insecurity.

As highlighted in Doherty, (1996 b) the impact of downsizing had set new parameters for the pattern of exchange in employment for all employees and had fundamentally changed the psychological contract for survivors and their career aspirations. The emphasis had shifted to less job security provided by the company. Subsequent research (Hirsh & Jackson, 1996; Jackson *et al*, 1996) had confirmed that there were fewer channels to pursue career for all employees, more responsibility for self career management and a changing notion of the role and remit of employer and employee. This breakdown in the patterns of exchange in the employment relationship meant that the negotiation processes and the content of the psychological contract were bound by new rules, in particular for managerial populations (Herriot & Pemberton, 1996; Herriot, Pemberton & Hawtin,



1996). The work of Herriot, Pemberton & Hawtin, (1996) suggested that some managers had adapted their career expectations to the changed organisational context. Among their sample of finance sector managers, career attitudes and expectations had shifted. Many no longer expected continued promotion, but did not believe that redundancy would happen to them and expected little help on career matters.

Also Newell & Dopson, (1996) in a study of middle managers within BT found many signs of survivors' syndrome; demotivation, working longer hours and lacking information on role and control within the company. The basis of the psychological contract, which had been offered by the company no longer existed and most (17 of a sample of 20) expressed an intention to leave. Career management had become a paper exercise with many of these managers feeling stuck in a situation which demanded more from them and gave less in return. Not unlike those in the sample of managers under threat of redundancy studied by Hallier & Lyon, (1996) commitment was severely impacted. Hallier & Lyon found that within their sample of 42 middle managers, work attachments were impacted by the redundancy process. For those reprieved, organisational commitment was re-established, whereas those demoted became less trusting. Herriot, Manning & Kidd, (1997) also found a lack of trust of the organisation and job insecurity among a representative sample of UK employees. In addition, they warned that the consequences of violating the psychological contract are dangerous and particular care is needed in negotiation and consultation if the psychological contract is to be changed. This would help to overcome some of the negative affect potentially felt by employees (Kidd, 1998) and help avoid creating disaffected employees and distanced organisations.

### **5.3. Summary**

This chapter synthesised data from the publications that contributed to the contemporary debate on career management and experience.

- Redundancy resulted not only in organisational change which shifted the ability of companies to support the notion of career but also made fundamental changes to the individual interpretation and expectation of career (Doherty & Tyson, 1993; Adamson, Doherty & Viney, 1996)
- For those graduates at the beginning of their work life, new parameters for employment opportunities had been set (Doherty, Adamson & Viney, 1997; Viney, Adamson & Doherty, 1997; Doherty & Tyson, 1998)
- Redundancy also changed many of the expectations and opportunities for those senior managers made redundant. Redundant executives formed new visions of work–life balance, had often revised career expectations and were more inclined to work outside the constraints of an organisation, which for some signalled the end of their “organisational” career. Outplacement, which was provided to many executives as a safety net after redundancy, was instrumental in this (Doherty & Tyson, 1993)
- For those remaining within companies after redundancies, there was little individually focussed help and assistance to address personal and career transition issues. This may have had a fundamental impact on the content and processes of negotiating the psychological contract (Doherty & Horsted, 1996; Doherty, 1996 a,b).



## **CHAPTER 6.**

### **General summary and conclusions**

This chapter summarises the contribution of the publications to an understanding of the field of redundancy management and the implications for personal and career transitions. A model of redundancy management is developed. A critique of the work is presented. Gaps in the current state of knowledge and research are identified and form the basis of an agenda for future research.

#### **6.1. Synopsis of the contribution**

The past two decades have witnessed many major changes to organisational life with some of the fundamental premises of the employment relationship changing radically. A number of gaps in knowledge about these changes were apparent. These were addressed by a series of studies during the 1990s, on redundancy, outplacement, surviving redundancy and career.

The research and publications combined data from executives and managers on their personal experience of redundancy and of their perceptions of the organisational strategies, policies and practices in the management of the resulting personal and career transitions. The data provided insights into the nature of the meaning of work to these individuals, the nature of their relationships with their companies and the policies used to modify or sustain these relationships. Such perceptions moderate the array of outcomes at the individual and organisational levels, which have long term consequences for both in terms of well-being and effectiveness.

Individually the studies provided timely information that contributed to the contemporary body of knowledge on the very topical themes of redundancy and career management in the 1980s and 1990s. Collectively the research and publications added value in their strength as a pioneering body of work which described the perceived impact of

organisational strategies on managers' personal and career transitions. This combination of works contributed to a description and analysis of the impact of redundancy management on the employment relationship by facilitating an exploration of the impact of HRM policy on the psychological contract.

Prior to the current work on outplacement there was no detailed description or analysis of this activity in the UK. Gaps in knowledge meant that the studies were by necessity descriptive in nature. In addition, the period during which the research was conducted was one of major change in the UK, which provided a unique opportunity to research the personal and career transitions of managers and review the mechanisms for dealing with these at the organisational level

The data provided insights into the genesis and use of outplacement, from its USA, consultancy driven roots, to gaining credibility and status as a key support mechanism, recommended by standard and professional guidelines. Outplacement became a normative redundancy management policy in the HRM portfolio of many UK businesses, becoming accepted as an integral part of transition management. The works provided data to evaluate the perceived impact of outplacement as a personal transition mechanism (Tyson & Doherty, 1991) and as a normative organisational strategy for managing the psychological contract (Doherty, Tyson & Viney, 1993).

During the late 1980s and early 1990s, it was apparent that outplacement fulfilled the function of easing the exit of those made redundant, conveying a message that the organisation was dealing sympathetically with those leaving. Benefits were being realised at the individual level in helping overcome personal and career transitions. In addition to providing a safety net for those being exited, the research suggested that a latent function of outplacement was to generate some sense of allegiance among survivors, by promoting the image of the company as a caring employer, thus sustaining a positive psychological contract with those remaining (Doherty & Tyson, 1993; Doherty, Tyson & Viney, 1993). This led to a consultancy driven tool gaining credibility and integrity as a mechanism for addressing the personal and career transition issues surfaced by



redundancy. The industry itself flourished and extended the range of outplacement services to include all levels of employee and even providing up-stream services to help manage the redundancy process.

However, by the mid 1990s, the research on survivors' syndrome (Doherty, 1995; Doherty & Horsted, 1995) indicated that such attention to individuals was not supported by organisational strategies for managing the survivors of large-scale redundancies. In the aftermath of redundancy, the emphasis appeared to be on endorsing the need for, and managing, the organisational change issues. There was little support from the company to deal with the personal and career transitions surfaced by surviving and remaining within the company (Horsted & Doherty, 1994; Doherty, Bank & Vinnicombe, 1996; Doherty & Horsted, 1996) and little help for the survivors to re-negotiate or re-establish their psychological contract (Doherty 1996 a & b). Throughout downsizing and large-scale redundancy, there appeared to be a clear bias towards dealing with organisational change rather than personal transition. This concentration on company issues was also evident in the shift in philosophy in the management of high potential, with a sharper focus on short-term contribution as opposed to a traditional long-term, developmental relationship.

The research also facilitated comparisons, between those made redundant and the survivors, of the relative impact of the redundancy event at the individual level. Through the concept of the psychological contract these comparisons allowed an exploration of the potential impact on the employment relationship. Redundant executives' and managerial survivors' experiences of organisational strategies revealed some surprising similarities in what would shape their psychological contracts of the future both in terms of the content and the process of contracting (e.g. Herriot & Pemberton, 1996). Not only were both redundant executives and managerial survivors often shocked, overwhelmed and characterised by a certain disbelief and bereavement reaction to the event of redundancy but they exhibited quite similar disaffection with and distancing from the corporate body. For those made redundant this meant many would never sign up to corporate life again, while survivors manifested a shift in loyalty from the corporate body

to greater emphasis on loyalty to close team members and colleagues (Horsted & Doherty, 1994; Doherty & Horsted, 1996; Doherty, 1995),

Both those made redundant and those surviving shared a concern about career prospects and progression opportunities. For those made redundant these concerns were compounded by personal variables such as age related issues, being in the majority, of 40+ years (Doherty & Tyson, 1993). Career concerns for the survivors were however, complicated by organisational factors such as the prospect of more redundancies, the lack of progression opportunities within new structures and the keener organisational focus on skill development and employability for the short term (Doherty & Horsted, 1995).

Such findings indicated that the potential impact on the psychological contract of both those leaving and those remaining was a lack of confidence in and commitment to the organisation and a decrease in corporate allegiance. The likely divergent impacts on the psychological contract of the future were evident in redundant individuals often opting out of the labour market or downshifting to a less senior position, thus potentially revising the content of their psychological contract. Survivors, on the other hand were experiencing uncertainty and insecurity about their careers, and were being presented with different offers in the content of their psychological contracts. This included a shorter-term focus with no guarantees, which would require a review of survivors' wants and needs. Unfortunately, the research uncovered that few companies were facilitating this process for survivors (Doherty & Horsted, 1995).

The up-take of outplacement as a normative strategy based on unitarist assumptions implied that there was a shared interest and a mutually beneficial outcome. The research and publications supported the notion that outplacement offered both the organisation and the redundant executive a win-win situation. Therefore, the use of outplacement was potentially mitigating violations of the psychological contract, with both those leaving and those remaining perceiving a degree of fairness and compassion on the organisation's part. (e.g. Rousseau, 1989; 1990, Rousseau & Anton, 1988; Rousseau & Aquino, 1993)



However, although such a unitarist perspective seemed appropriate for employees when they were moving outside the organisational boundaries, there was pluralism in interests regarding those who survived redundancy and remained within the company. This was evident in the contention that the impact of redundancy on the employment relationship with survivors was characterised by tensions between organisation and individual as highlighted by Doherty & Horsted (1995) and Doherty (1996 a & b). The research and publications indicated the potential for felt violations of the psychological contract in this circumstance and would, as suggested by Herriot & Pemberton (1996), generate the potential for a variety of outcomes in the contracting process. For some survivors, where wants and offers were very disparate, exit from the organisation may have been the most appropriate alternative. For others, this may have lead to renegotiating a psychological contract that was more transactional in nature to match the company offer. A lasting impact of extensive redundancy was described by the research and publications on career management, which suggested that parameters of the deal in employment for graduate careers had significantly changed (Adamson, Doherty & Viney, 1996; Doherty, Adamson & Viney, 1997; Viney, Adamson & Doherty, 1997; Doherty & Tyson, 1998). This work indicated that organisations were shifting the boundaries of what was being offered as the deal in employment, even for those destined for senior management positions in the future.

The heavy emphasis given in HRM strategies to managing organisational change as opposed to individual transition meant that employees were left much to their own devices to cope with the new employment relationship. Doherty (1996a) suggested that the emotional and psychological processes in negotiating the psychological contract, as described by Herriot & Pemberton (1996; 1997) rely on the explicit identification of available options and on the ability of the individual to act on these options. Thus, clarity of options and a sense of agency, which are the basis of achieving integrity of individual functioning (Schabracq, Winnubst & Cooper, 1996) are needed to renegotiate the psychological contract. In order to overcome the potentially adverse impact of redundancy, those being made redundant needed support to address their personal and

career transition issues. Outplacement seemed to fulfil this need quite adequately. Survivors also needed support and help. They needed information, in particular information about their place and future in the company and some sense of agency in being able to realise this role. The data suggested that employees were not being afforded opportunities to achieve either, in the aftermath of redundancy. In practice, as suggested by Guest & Peccei, (1992) it appeared that redundancy management interventions for survivors appeared to involve *throwing them a lifeline and then blaming as victims those who fail to catch it to save themselves.* (p54).

## **6.2. Modelling redundancy management**

This exposition links the fields of HRM and the psychological contract together and draws inferences for the management of the employment relationship within and beyond the context of redundancy. A major contribution of the work lies in unifying academically rigorous but practitioner oriented research and publications within a single framework. The study of managerial perceptions of the personal transition and organisational change issues surrounding redundancy management informed theoretical developments. A model is developed to scope the field of redundancy management (Figure 6.1.). This model adds redundancy management to the HRM theory framework (after Beer *et al*, 1984) and frameworks of the psychological contract (after Guest, 1998; Herriot & Pemberton, 1996,1997). The research suggested that in the case of redundancy, factors such as business pressures, technology, legislation and good practice guidelines on redundancy management are the situational and stakeholder interests that act as catalysts and controls shaping the HRM policy choices. Companies can chose to have “no redundancy” policies or “redundancy” policies. Such policy choices require supporting policies to service either option. Also, in the case of implementing a redundancy policy, HR policy options are required both for managing exits and managing survivors. Outplacement has become one key policy area. However, there is also a need to provide specific policies on training, development, career management and support for the personal and career transitions experienced by the survivors.

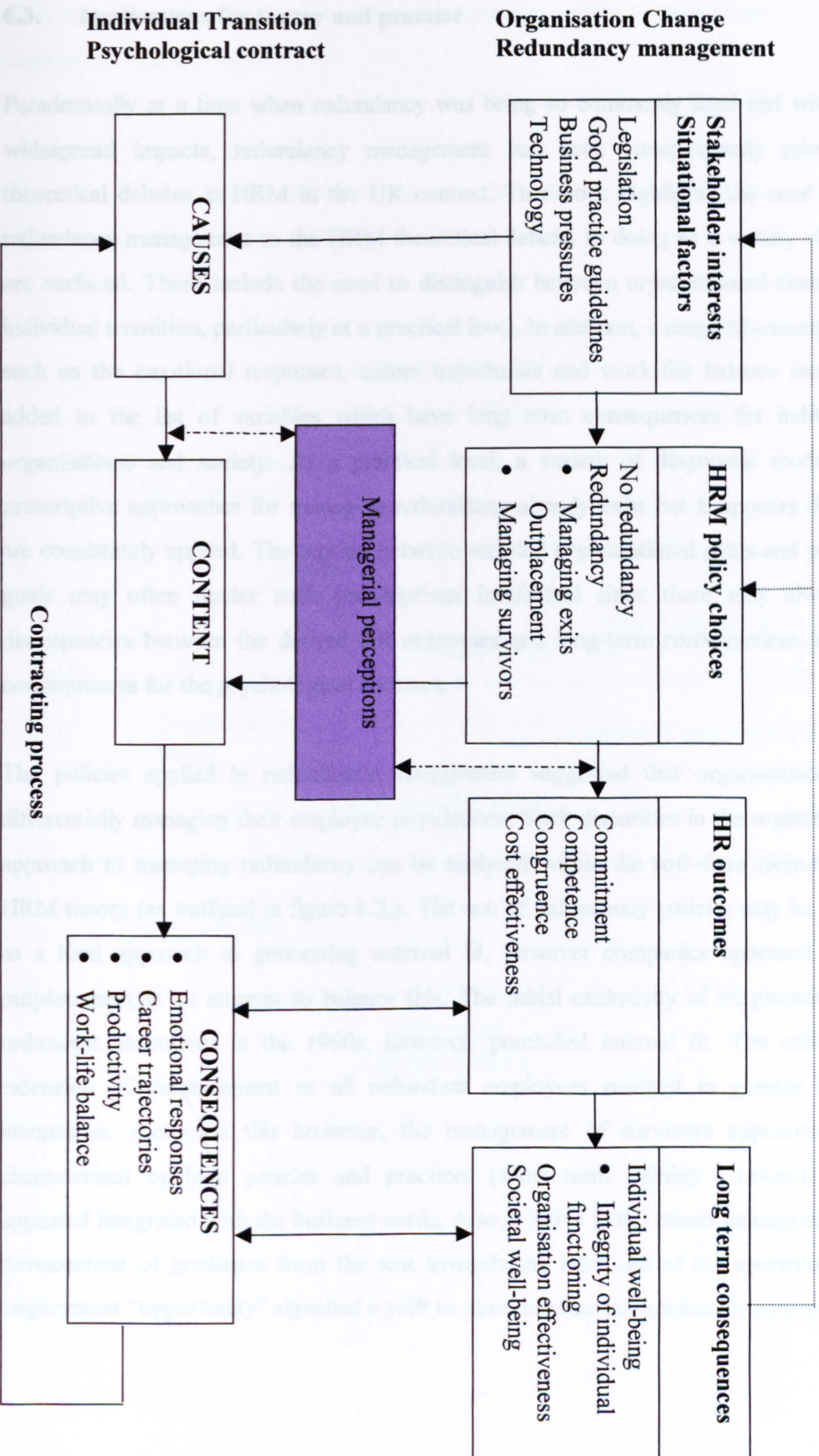


The research helped to elucidate the consequences of HRM policies on the psychological contract for both those made redundant and the survivors. The work also highlighted the need to distinguish between organisational change and individual transition issues. The model links the organisational and individual level variables in the redundancy management field, by associating HRM theory and theories of the psychological contract and the contracting process.

The HRM policy options (redundancy / outplacement), experience of previous redundancies and expectations of how employees should be treated by the organisation, all influence the content of the psychological contract; the perceived level of fairness, trust and the extent to which the company is perceived to have delivered the deal. For example, the way in which the organisation deals with redundancy impacts on perceptions of fairness. This can have consequences for the type of emotional responses evoked. Thus, the HR outcomes of redundancy management can be mapped directly on to the consequences of the psychological contract. In addition to Guest's list (see figure 2.4.) the use of redundancy and redundancy management also impacts on variables such as emotional responses, career trajectories, productivity and work-life balance, all of which have a bearing on the content of the psychological contract and the contracting process (after Herriot & Pemberton, 1997). The long-term consequences of these outcomes impact on individual well-being (e.g. integrity of individual functioning of employees), organisational effectiveness (e.g. productivity) and ultimately societal well-being (e.g. general insecurity)



Figure 6.1. Modelling redundancy management (after Beer *et al*, 1984, Guest, 1998, Herriot & Pemberton, 1997).





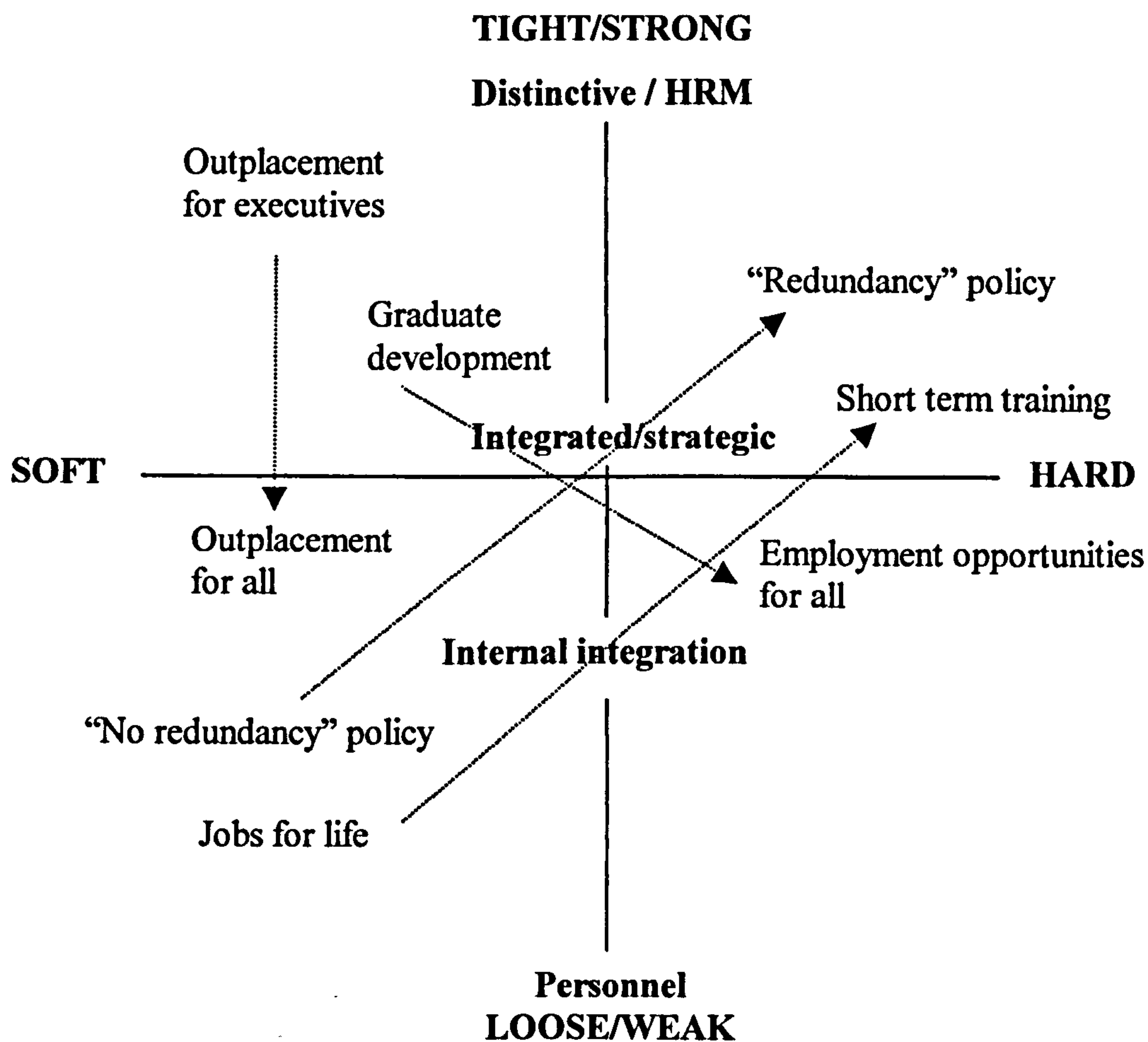
### **6.3. Implications for theory and practice**

Paradoxically at a time when redundancy was being so commonly used and with such widespread impacts, redundancy management had been conspicuously missing in theoretical debates in HRM in the UK context. This work highlights the need to add redundancy management to the HRM theoretical debate. In doing so a variety of issues are surfaced. These include the need to distinguish between organisational change and individual transition, particularly at a practical level. In addition, a range of consequences such as the emotional responses, career trajectories and work-life balance issues are added to the list of variables which have long term consequences for individuals, organisations and society. At a practical level, a variety of diagnostic models and prescriptive approaches for managing redundancy already exist but it appears that few are consistently applied. The tension between meeting organisational goals and personal goals may often render such prescriptions ineffectual since there may always be discrepancies between the desired HR outcomes and long-term consequences, and the consequences for the psychological contract.

The policies applied in redundancy management suggested that organisations were differentially managing their employee populations. Such disparities in the organisational approach to managing redundancy can be analysed within the soft–hard dichotomy in HRM theory (as outlined in figure 6.2.). The use of redundancy policies may be viewed as a hard approach to generating external fit, however companies appeared to use outplacement in an attempt to balance this. The initial exclusivity of outplacement for redundant executives in the 1980s, however, precluded internal fit. The subsequent extension of outplacement to all redundant employees resulted in greater internal integration. Alongside this however, the management of survivors appeared to be characterised by hard policies and practices (short term training / reward) which appeared integrated with the business needs. Also, a move in the career management and development of graduates from the soft towards the hard end of the spectrum to an employment “opportunity” signalled a shift to more internal integration. In general, these

shifts in policy and practice can be viewed as signalling a change in the parameters of the employment relationship.

**Figure 6.2. Denotation of HRM - tracking redundancy policies and practices (after Guest, 1989; Storey, 1992)**





Truss (1999) highlighted the incongruities in theories of HRM, which embody hard and soft versions. Indeed the management of redundancy and its implications appears fragmented and continually shifting (as indicated in figure 6.2.). However, this may be a reflection of the fact that, although the pluralism of what is required of HRM is acknowledged (Labib & Appelbaum, 1993; Storey, 1992), unitarist approaches are often applied. HR policy on redundancy management appeared necessarily emergent and continually developing, a mixture of normative, good practice and contingent specific solutions which attempted to deal with the complexities (Doherty, 1998).

In addition, it was suggested, (Doherty, 1996a; Doherty, 1997; Herriot & Pemberton, 1995) the role of the HR function was becoming one of consultant and broker of the psychological contract and manager of organisational and individual transitions (Herriot, 1998). This meant a difficult role for HR practitioners at the contentious interface between individual and organisation. It has been subsequently suggested (Sparrow, 1998) that HR practitioners are being forced to reject the unitarist perspective since a contracting philosophy implies complex, variable and individualised employer-employee exchanges. The research and publications provided insights into these issues, many of which were subsequently investigated by other researchers (e.g. Donnelly & Scholarios, 1998; Hallier, 2000; Sahdev & Vinnicombe, 1997; Thornhill *et al*, 1997).

#### **6.4. A critique of the contribution of the publications**

The research base for the publications for this exposition comprised data collected for four research projects over the period 1990-1995. (Details are included at Chapter 1.). Survey methodologies, in the form of postal questionnaire surveys were employed as the main mechanism for efficiently contacting a large database of individuals for three of the surveys and an interviewer administered questionnaire schedule was used to gather information for one study, since the total population was small. One database of information was drawn from a survey, carried out in 1990, which polled redundant executives who had experienced outplacement services. The second pool of information

drew on a survey of senior HR managers, questioned about redundancy management strategies during 1992. In 1994 a third data set was compiled of perceptions of survivors' syndrome issues from a survey of personnel/HR specialists from financial services sector organisations, and the fourth data set contained information from a survey of HR/career management executives, on organisational career strategies for high flyers, in 1995.

These survey methodologies were designed to generate representative data from which general conclusions could be drawn. However, some caution was applied in the interpretation of the results since survey response rates ranged from 28.4% for redundant managers using outplacement, to 15.8% for views on organisational strategies on outplacement and 19.2% of HR managers from financial services sector organisations. Although the sample sizes obtained were relatively small for all the databases, many survey response rates tend to be low in general. Yu & Cooper, (1983) in a review of published response rates reported a weighted average of 48.8%. Heberlein & Baumgartner, (1978) in an analysis of factors affecting response rates found that a quarter of those reviewed achieved response rates of less than 41% They suggested that published studies are probably higher than usual, reflecting a certain editorial gate-keeping. Specifically surveys of managers have tended to show low response rates e.g. 16% in a survey of senior personnel managers (Wood, 1995).

Perhaps a more practical metric of the magnitude of the research base is the populations to which the strategies, policies and practices were being applied at the time of the work. The data reflected perceptions of the policies and practices that were being experienced by a substantial part of the UK labour force. Those respondents to the research on organisational perspectives on outplacement reflected the organisational practices of companies from all industry sectors and sizes including the Times Top 1000, employing over 3.5 million UK employees. The financial services sector data regarding survivors explored strategies which were being applied to over 500 000 staff throughout the UK during a period of extensive reorganisation due to downsizing, structural and technological changes in the industry. Data from 20 organisations, selected specifically because they were among the UK's largest graduate recruiters and were recommended



by the Association of Graduate Recruiters comprised the graduate management research. These were representative of companies which recruited large numbers of graduates. Such organisations it was argued would have had a strong tradition and philosophy on graduate recruitment, development and retention. If changes had occurred here then this struck at the heart of senior management development from the traditional perspective and was likely to indicate trends in the management of graduate populations.

Data collection also spanned a considerably turbulent time period during which all employees were experiencing major organisational change and many of the respondents were encountering personal transition issues as a result of fundamental changes in the employment relationship. Such factors may have dampened response rates. However, the data reflected contemporary events, which were impacting a large proportion of the (working) population. The ramifications of the strategies explored were potentially significant given that previous studies had confirmed that the approach of the organisation to managing redundancy could have a potentially major impact on individual employees (e.g.; Crofts, 1992; Brockner *et al*, 1986)

The populations which contributed to the research on each occasion were senior / executive level managers. HR/personnel specialists provided data for three of the studies and senior executives comprised the fourth sample. These individuals held a depth of knowledge about the organisational strategies, policies and practices being used to manage people. Also these managers' experiences and perceptions of organisational strategies provided a rich source of information on the impact of organisational practices at the individual level. They were a key source of data that was not otherwise available in any objective format e.g. regarding perceptions of survivor issues. In addition, they had a wealth of personal experiences and opinions making them a population well placed to provide relevant informed opinion.

Since the databases comprised data gathered from different populations at different points in time, from projects that spanned the time period 1990-1995, analysis could not explore causal linkages across populations, rather inferences were drawn from the data

about the nature of the impact of redundancy and career management. Some of the publications submitted here were based on the same data sets. However, each publication explored a slightly different angle on the data. Practical issues highlighted by the data were explored in some of the papers, while other publications expanded on the theoretical bases for understanding the impact of redundancy and extended current debates within HRM theory. See Chapter 1. for a synopsis of each of the publications submitted. Since funding for some of the research established a pragmatic research agenda where results were intended mainly to inform practitioners, data collection reflected this agenda. Therefore, these data provided an illustration of the real issues facing managers at the time. This allowed an exploration of the problems involved in managing the organisational and individual issues integral to redundancy, major change and personal transition.

### **6.5. Research gaps and an agenda for the future**

Research within HRM continues to address the debate regarding links between employee attitudes and behaviours and organisational performance. Work such as the Sears case (Rucci, Kim & Quinn, 1998) and a variety of other research (e.g. Guest *et al*, 1995; Huselid, 1995; Schuler & Jackson, 1987; Tyson, 1994; Tyson, 1997; West & Patterson, 1998) drew links between HRM strategies, business strategies and employee performance. Policies and practices on redundancy and career management expose to what extent a company pursues a “developing resourceful humans” philosophy. The study of such policies and practices provided a window of opportunity to explore the impact of organisational strategies at the individual level. This facilitated an examination of the possible links between the micro, individual and macro, organisational levels (Staw & Sutton, 1993), by providing insights into the individual experiences of organisational strategies against the backdrop of downsizing and redundancy.

However, there remains a large gap in research on the evaluation of the organisational change and personal transition. The focus of research on individual employees reactions



to redundancy has been largely, to date in the UK, at the senior and middle management levels (e.g. Hallier & Lyon, 1996; Newel & Dopson, 1996; Thomas & Dunkerley, 1999). There has also been a tendency to use HR professionals and senior managers as the key source of data for research. There is a need to study the impact of such changes for all employees. In particular, there is a need for in-depth data on the longitudinal aspects of individuals' responses to organisational initiatives. Since previous work had indicated that context and the temporal element are particularly significant (e.g. Allen *et al*, 1995; Guest & Peccei, 1992) we may yet witness many repercussions of widespread redundancy on the employment relationship. There is also a need to extend the focus of research beyond redundancy *per se* to other types of change. It is anticipated that the new agenda for HRM, as outlined by Sparrow & Marchington (1998), will be driven by the need to manage mergers, acquisitions and the generation of flexibility, all of which will prompt organisational change and individual transition. The model presented above in 6.1. covers a range of issues, some of which the research and publications presented here have explored, while many others remain as yet uncharted.

## **6.6. Conclusions**

It could be argued that the era of major downsizing has come to an end, however the legacies of such change live on. The events of the past two decades have resulted in a fundamental revision of employment relationships within many companies and no doubt organisations will continue to experience metamorphoses such as expansion, contraction and reconfiguration driven by the external pressures of market changes, technological innovation and the global economy. Organisational strategies for managing such change are increasingly focussed on generating flexibility and adaptability, potentially creating a widening gulf between organisation and individual. The necessity to match and complement the needs of the employee with the needs of the organisation remains a perennial problem in the organisational context, where pluralism in objectives will always be present, but unitarist frameworks are often applied. By highlighting the divergence between organisational change and personal transition, this work adds weight to the need

to challenge the sometimes naïve assumptions often underlying the management of such changes, that the processes and objectives are parallel, matched and unidirectional.

The current work contributed to :

- an examination of executives' experiences of redundancy and outplacement
- an exploration of managers' personal and career transitions within the context of redundancy
- an exploration of the genesis of outplacement as a strategic policy response in redundancy management
- a description of the management of the survivors of redundancy in the UK context
- the application of the concept of the psychological contract to the redundancy situation
- signalling the need to distinguish personal transition from organisational change
- the development of a model linking theories of HRM and the psychological contract



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Transitions of Redundant Executives and Survivors of  
Redundancy**

**Vol. 2**

**Supervisors:                   Professor Shaun Tyson  
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**O**rganisational notions of "social fit" which cannot accommodate the peculiarities of able people have caused the loss of gifted executives.

# Redundant Executive: Personality and the Job Change Experience

Shaun Tyson and Noeleen Doherty

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## Introduction

The second major recession in the last ten years has produced a record number of business closures in the UK, and has drawn attention once again to those who suffer redundancy. In this article we seek to explore the evidence of whether the selection of executives for redundancy, who have had organisational careers, is in any way related to their personality. We also wish to examine the consequential influences on career patterns for those who have experienced enforced job change. The first study on personality characteristics was completed in 1986 and the follow-up on careers in 1991.

Middle managers and senior executives have increasingly sought to build careers between organisations. The Vocational Guidance Association has reported a 30 per cent increase in career changes for the over-35 year olds since 1984[1]. Organisations also have had to introduce change: to reorganise, to introduce new technology, to

restructure and to reduce the numbers employed (sometimes euphemistically called "downsizing"). A recent study showed that in the 1950s one third of all managers spent their entire working lives within one organisation, whereas by 1983 only one tenth of all managers spent all their career with one company. This study revealed that enforced job change increases in late middle age when redundancies frequently occur[2].

## Redundancy

One company policy response to the need to move staff out of employment is to use an "outplacement" service. This is the term used by consultancies which are engaged by an employer to assist departing personnel to come to terms with their situation, and to provide job search assistance. Over the last 20 years, the concept of "outplacement" has become increasingly popular, and the number and variety of services in what has become an "industry" have grown dramatically. In the USA revenues for outplacement consultancies have tripled since 1980, with a growth rate of 35 per cent to 40 per cent per year[3].

There has been a similar growth in the UK over the past 12 years with over half of the *Times Top 500* using outplacement[4].

Outplacement services now range from individually tailored packages to group programmes. They consist of a variety of elements from basic job finding schemes to more sophisticated programmes, including personal, financial and career counselling[5].

## The Literature on Redundancy

There have been many previous studies of redundancy. Reasons for redundancy vary: mergers, company reconstructions, changing market conditions, policy disagreement[4]; technological change/functional obsolescence[6,7]. People have been selected for redundancy because of troublemaking and revenge[7] organisational fit[8,9]; incompetence[6,7,10]. Despite the ambiguity surrounding the criteria for job loss, the notion of inferiority, that the executive is somehow responsible for his redundancy, is pervasive, as shown in the phrases "shake out"[11] "getting rid of dead wood", "housekeeping"[12]; "sorting out the sheep from the goats"[13].

The notion that the redundant executive is personally inferior or underdeveloped is reinforced by the assumption that management development can help the individual to avoid redundancy. This emphasis on the individual ignores the organisational and external aspects of job loss, while some management development theories ignore the other contributory factors such as personality and the political aspects of surviving in management hierarchies.

There have been a number of studies which have used data from personality questionnaires to profile redundant

The authors would like to acknowledge the assistance received in this study from Pauline Hyde, Christine Barclay and John Handyside, whose contributions to an earlier report on the first study was acknowledged in the monograph *The 'N' Factor in Executive Survival*[26] which contains a detailed analysis of the results discussed above.



executives. Hartley[8] used the 16PF Form "C" to test the hypothesis that unemployed executives would conform to a stereotype of failure: being less entrepreneurial, less shrewd and less emotionally stable. She found on the contrary that their self-image and self-concept were not lower than average and that their personality profile showed them to be more assertive, more conscientious and more self-sufficient than the norm. They were more resourceful, had a higher super-ego strength and were more imaginative. However, they also were less outgoing, had fewer religious values, less interpersonal tolerance and were less persistent at routine tasks than their counterparts still in employment. Overall, she concluded that organisational factors may be more influential in job loss than the manager's personality *per se*.

A similar range of issues was examined by Scissons[10] who concluded that there were significant personality differences, since redundant executives in his sample were less conservative in their values, more independent and critical, less concerned with the opinion of others or with creating a favourable social image than the control group. McLoughlin, Friedson and Murray[14] also used the 16PF in an attempt to test the assertion that personality profile differences exist between the employed and recently terminated executives. Once again they showed that there were statistically significant differences on eight of the 16 personality factors, including being markedly more assertive, self-assured, independent minded, stubborn and persevering, with markedly lower scores on easy going, good natured, soft hearted, attentive to people, and emotionally expressive than the control group of Cattell's profile of the American manager.

These findings do not refute the arguments of those who regard redundancy as a consequence of organisational requirements changing. Huczynski[9] considered "not fitting into the organisation" as the most common criteria of selection for redundancy, but Fineman[15] (also using the 16PF) found no indication in the personality of the unemployed sample of poor adjustment or inferiority. Genders[6] argued that non-situational and non-personality factors such as age and work performance are primarily responsible for redundancy. Even if environment is deemed to be a determinant of survival, the way one conducts oneself in a social situation is partly a function of personality.

The studies quoted above are the two sides of the same coin. The assertive, independent, imaginative, but insensitive and self-absorbed executive may not fit into top management's vision of the future competences required. At times when there are good organisational reasons for redundancy, the choice of who should go may well revolve around the extent to which the person's approach "fits" the organisational requirements of the future. Team players may be preferred to individuals.

One factor which does seem to recur constantly in the 16PF studies is the "N" factor which distinguishes between

naïveté and shrewdness: those being made redundant being more likely to be genuine, if socially clumsy, as opposed to polished and socially aware, spontaneous and natural instead of calculating. Although different approaches have been adopted in the research studies quoted, the overwhelming conclusion is that although certain personality characteristics may predispose the manager to survive, survival only occurs when the manager's approach matches that of the organisation. This would explain why redundant executives possess the same basic characteristics as those still with organisational careers.

The research quoted above is based on samples which may not be representative of the unemployed population as a whole. For example, Hartley's research draws on a sample of redundant executives enrolled on a management skills training course, sponsored by the Manpower Services Commission. Scissons' sample includes only those made redundant on the stated grounds of corporate reorganisation, amalgamation and behaviour. Frequently those studies have an age bias, as in Morrison's[16] study of 21 Canadian executives aged over 40, and Ferguson *et al.*[17] likewise used a similar sample with an inherent age bias. However, the evidence from these studies relating to redundant executives does seem to contain a sufficient number of common threads to indicate that there are grounds for seeking the distinctive characteristics of executives who are selected for redundancy. What seemed to be required was a research study which used a wider sample and which was comparable with a group of employed executives.

## Study 1

### **Personality Characteristics of "Outplaced" Executives**

Outplacement is now widely used, especially for more senior executives at a time of enforced job change. An outplacement consultancy therefore, provides a useful framework in which to investigate the personalities and careers of redundant executives. The sample should contain a significant proportion of managers who have spent their careers in large organisations. Although one might expect most of them to be in the upper age bracket in view of their seniority, there is no limitation on age. There are no restrictions on reasons for redundancy, specialists are included, as well as general managers. No sex bias was sought, but it was recognised that it would be difficult to find a significant number of senior female executives who had been made redundant, owing to the small number in the senior executive population.

The researchers were offered access to data on redundant executives in order to explore questions about executive personalities and careers by Pauline Hyde and Associates, which is a human resource consultancy specialising in career transition and re-employment. This outplacement consultancy offers a non-directive counselling approach



**TEXT BOUND  
INTO  
THE SPINE**

to recovery from redundancy and assists in the job search process. Redundant executives are offered career counselling and guidance which includes completion of the 16PF questionnaire.

The sample obtained from Pauline Hyde and Associates was randomly drawn from their records. The sample consisted of 204 executives of whom three were female. All had completed the 16PF as a routine part of their career counselling. Testing had been not less than two weeks from the time they were made redundant. The reasons for redundancy were given in 137 cases. The most frequent of these were "Reorganisation" (34), "Retrenchment" (24), "Closure of unit or firm" (21), "Personality clash" (10), "End of contract" (10), "Inadequate performance" (7).

The average age of this group was 47 years with a range from 32 to 60 years. Twenty-five of them had been

managing directors, 55 directors, 37 had been other senior executives and 70 had been executives whose job titles did not suggest special seniority. All the main functional areas such as marketing, finance, production and personnel were found in the sample, and there were 22 technical specialists (chemist, design engineer, etc.)

**Mean Score of Redundant Executive**

The mean scores (using general population norms in Form A) with the standard deviations and the general population percentile for the mean score of the redundant executive group are as shown in Table I.

**Comparisons with Two Other Managerial Populations**

We were able to compare the group with two other managerial populations. The first was the 178 business executives whose scores are quoted on page 200 of the

**Table I.** Mean Scores (16PF) of Redundant Executives

Factor	Description (high score end)	Mean sten	SD	Percentile
A	Warmth	6.31	2.06	66th
B	Intelligent	8.39	1.46	92nd
C	Calm	6.00	1.84	60th
E	Assertive	6.77	2.00	74th
F	Cheerful	5.78	1.84	56th
G	Conscientious	6.36	1.68	66th
H	Socially bold	6.52	1.99	70th
I	Sensitive, tender-minded	5.00	2.22	40th
L	Suspicious	4.89	2.08	38th
M	Imaginative, unconventional	7.48	1.84	84th
N	Shrewd, sophisticated	4.26	1.86	26th
O	Self-critical	4.26	1.85	26th
Q1	Radical, free-thinking	5.57	2.05	51st
Q2	Self-sufficient	5.78	1.79	56th
Q3	Controlled	5.82	1.94	56th
Q4	Tense, driven	4.81	1.96	37th
<i>Second order factors</i>				
	Exvia	6.47	1.77	69th
	Anxiety	4.38	1.65	28th
	Cortertia	6.35	1.87	66th
	Independence	7.04	1.66	78th
	Cool realism	4.71	2.10	35th
<i>Criterion indices</i>				
	Creativity	6.93	1.68	76th
	Leadership	6.71	1.50	73rd
	Technical leadership	8.98	2.10	96th
	Effective leadership	7.40	2.24	83rd
	Freedom from accidents	5.11	2.14	40th
	General job success at the professional level	6.26	1.57	65th



1970 *Handbook for the 16PF*, the second was a population of managerial applicants to a British electronics manufacturing company. This second population was younger than the research group, and had a higher proportion of design engineers and fewer sales and marketing applicants. However, it covered 855 experienced industrial managers and technical specialists who had passed through the initial (pre-test) screening for more than "run of the mill" managerial appointments and it was considered a reasonable comparative group.

For comparisons of the redundant group with the two other populations respectively mean scores were used to compute point-biserial correlations. These gave indications of the ways in which the populations differed. This analysis revealed that there are some instances in which the differences are in opposite directions. The redundant executives scored significantly lower than the business executives (USA) on reserved/detached (A) but scored significantly higher than the British managers on this trait. The redundant executives scored higher than the business executives (USA) on group joiner/follower (Q2) but scored significantly lower than the British sample. However, there are also striking similarities for the larger correlations. The redundant executives scored significantly higher for assertive (E) and imaginative (M), and significantly lower for shrewd (N), self-critical (O), and radical (Q1) (significant at the 0.1 per cent level on a two-tail test) compared with the two other populations of managers.

### **Relationships between Biographical Data and 16PF Measure**

16PF scores, when compared with data about reasons for being made redundant, job level, type of job held and length of time to become established in a new post, showed none with statistical significance. When we compared the discriminant function scores (D1 and D2) against the biographical data a similar homogeneity of the redundant executive group was apparent.

### **Conclusions to the Redundant Executive Personality Study**

- (1) There were few significant interfactor correlations between the 16 personality factors which are not normally expected amongst groups of managers.
- (2) There was no evidence of "stress" or physical tension as might be expected amongst a group of redundant managers.
- (3) Those who had left because of inadequate performance showed the lowest intelligence scores. In examining the reasons for leaving compared with mean length of time "unemployed" it is noted that, where a personality clash was recorded, the mean of 4.6 months unemployed compared with a mean of 9.4 months where the manager had "resigned" and 7.2 months when the redundancy was due to a merger. Those managers who left due to

personality reasons had higher intelligence scores and higher warmth scores.

- (4) An examination of the mean sten of this group shows significant differences from those described in the comparative groups of British managers.

The redundant managers were:

- more calm
- more socially bold, uninhibited
- much more imaginative and unconventional
- less shrewd, more natural, forthright
- less self-critical
- less tense, overwrought.

The findings show this group's profile to be close to McLoughlin, Friedson and Murray's study [14]. The overall findings support the view that it is those executives whose "N" factor profile indicates a lack of "political" skills, who are likely to be made redundant, compared with other executives.

- (5) In terms of the broader criterion indices, redundant executives were alert, intelligent, independent with good leadership scores and good emotional adjustment. They showed up worse, however, on "cool realism".

The conclusion may be drawn that as with other studies the unemployed executive was significantly different from other executives in certain respects. We may conclude they were not "organisation men" but were more independent minded, conscientious, imaginative and unconventional.

## **Study 2**

### **Redundant Executives' Experience of Redundancy**

Much research has tended to focus on the personality characteristics of the redundant executive and if, as is suggested by the "N" factor study, those selected for redundancy did not "fit" the social environment of their workplace at the time of their redundancy, we felt it was worth exploring the more dynamic aspects of the job change experience. In particular we wanted to examine the impact of redundancy and outplacement to find out what executives learned from their experiences and to elucidate the effect of the redundancy and outplacement on subsequent career expectations and patterns.

### **Career Transition**

"Career" has been defined as the sequence of work-role related experiences over time, both objectively and subjectively interpreted by the individual. The psychological factors associated with career have been incorporated in a model by Hall [18] which is based on the concept of a *psychological success cycle*. Career goals are set and achieved. This provides a sense of self-esteem and enhanced competence which in turn promotes satisfaction, involvement and the setting of new goals. As this cycle is repeated it is argued, career growth occurs.



Transition periods appear within this sequence, including the small steps within jobs such as the acquisition of new skills and experiences. More serious transitions also occur in terms of changing jobs and job loss. In the event of job loss, the psychological success cycle is broken. For professionals this is often a traumatic event which can consequently have profound psychological effects on the individual.

Recent downturns in the economy have meant that career progression is not as linear or predictable as it was in the past and redundancy has become an increasingly realistic "fact of life" for many mid-career managers. However, the majority of the literature on careers has focused on transitions from one role to another rather than on the loss of the career role or on the event of redundancy as the precursor to career transition. Many of the psychological aspects of career transition equally apply in the redundancy situation but there is a distinct lack of hard data on mid-career issues and in particular on what those executives who have experienced enforced job change feel about the experience and what they subsequently do in their careers.

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## A new job may provide opportunities for psychological success

Rapoport[19] suggests that those in mid-career often experience dissonance to some degree as this is a period in the life-cycle when people move through many reappraisals of their life. He emphasises the concept of crisis and suggests that "unless there is a sense of crisis — some kind of important turning point — then development is much less likely to occur" (p. 137). These crises are usually relatively unexpected and unwanted and usually mean some kind of traumatic change for the individual. Redundancy is one event which obviously creates dissonance, precipitates a crisis and leads to a career transition.

Latack and Dozier[20] argue that a positive aspect of the job loss transition is career growth. Career growth in this context can adopt two definitions. Growth can be achieved through finding a new job which provides *new* opportunities for psychological success or alternatively a new job may provide *more* opportunities for psychological success. Therefore, individuals may re-enter a new psychological success cycle. The whole process of the job change experience combines many factors which can affect the degree of career growth achieved. Subsequently the manner of the termination, social and family support, resolution of grief and anger can, depending on age and

other factors, influence continued career growth. Latack and Dozier suggest that: "in a normative sense growth has occurred if one . . . can conclude that . . . the gains outweigh the losses" (p. 380).

The present study was designed to explore what happened to executives who had experienced redundancy and passed through the outplacement service. The areas investigated included work-life before and after redundancy, the experience of redundancy and outplacement and career issues.

### Methodology

The population comprised the database of individuals who have undergone outplacement with Pauline Hyde & Associates over the past ten years. This included 1,159 contacts, geographically distributed throughout the UK, with a small number now residing abroad.

### The Questionnaire Survey

Owing to the geographic spread of individuals a postal questionnaire survey methodology was adopted. An interview schedule was compiled which covered a range of topics including work-life, the experience of redundancy, career and personal details. The questionnaire was piloted in individual face-to-face interviews with nine clients who had been outplaced. The schedule was then reformatted into a self-completion questionnaire which was used in the postal survey of the client database.

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## Managers made redundant are often not "organisation men"

A response rate of 28.4 per cent was achieved in the postal survey (299 responses). The data presented below is an extract from the main points of the questionnaire survey.

### Career Issues

The results of this survey revealed that there was a shift in the size of company for whom redundant people worked. A substantial number of individuals worked for large companies before the redundancy (47 per cent worked for companies of 5,000+ employees) while more individuals were working for smaller companies (65 per cent were employed in small companies of less than 1,000) or were self-employed (23 per cent) after the redundancy. This is a similar result to a previous survey[21] which found that about 20 per cent of all managers who lose their jobs subsequently start their own firms. This movement into smaller companies or self-employment may



be an indicator that those managers made redundant are not 'organisation men' as suggested by the 'N' factor study. They may prefer the flexibility and challenge of smaller companies or self-employment.

Previous research has shown that older workers are generally less likely to be re-employed[22]. In the present sample (average age 46, SD 6.3 at redundancy) all the executives except one had been re-employed and 91 per cent had obtained a position within 12 months of their redundancy. These findings may relate to the fact that most of the sample were of higher intellectual ability and having been helped by the outplacement service were able to find subsequent employment and find it relatively quickly.

The major reasons for redundancy were quoted as rationalisation/reorganisation (69.5 per cent). In the present climate this could be accounted for by the tendency for organisations to become flatter and leaner. However, a further 18.5 per cent indicated that the redundancy was due to 'conflicts of personality and internal politics'. The results of the 'N' factor study indicated that many of the redundant managers tended to lack 'political skills' therefore this finding would support the contention that a high proportion of those selected for redundancy are the ones who do not appear to be 'organisation men'.

## Some organisations handle redundancy in an unprofessional way

Almost 39 per cent of our sample indicated that they were not satisfied with the way the redundancy was handled by their employers. The major reasons for dissatisfaction were the insensitivity (often political) of handling the termination (58 per cent) and wrangles over the exit package and pay (29 per cent). In support of the findings of a previous study of redundant executives[3] which suggested that these individuals often feel angry and betrayed, the overwhelming impression of the redundancy experience in our sample was a sense of alienation, a lack of job security and a lack of loyalty to companies (57 per cent).

Latack and Dozier[20] suggested that a 'professional approach' in the handling of redundancy appears to make it a less stressful event. However some organisations, despite considering their employees as important human resources during employment, handle the redundancy in an unprofessional way. For example the decision is often communicated in a way that is inconsistent with the employee's perception of status and is felt to be 'downright dehumanising'.

Some of the suggestions proposed by Latack and Dozier[20] which are defined as a professional approach to the termination may help the individual to maintain self-esteem and re-establish a sense of control. These include giving advance warning and a full explanation of the reason for redundancy, providing a chance to resolve the grief and anger, and they stress the importance of re-employment within a relatively short period of time. These all help, it is argued, to ameliorate the adverse effects of the redundancy experience and promote a career growth perspective on the experience.

Within the present sample the spectrum of reactions to the job loss experience ranged from the negative 'disbelief', 'shock', and 'loss' to the very positive and optimistic senses of 'freedom' and 'challenge'.

## Redundant executives were more socially bold, uninhibited and imaginative

Almost 57 per cent indicated a sense of alienation or loss and expressed a strong lack of loyalty to companies. However, over 12 per cent of the sample saw the experience as a liberating one through which they attained a greater sense of freedom and challenge for the future. Almost 7 per cent indicated an increased desire to remain self-employed in the future and 5.5 per cent perceived the redundancy as an opportunity for self-examination and 3 per cent indicated that the experience had no lasting detrimental effects.

The majority of individuals (92 per cent) had held three posts or less since the redundancy, however 24 per cent had been made redundant a second time. This may be an indication that they are repeating a similar pattern in their careers and may support the hypothesis that there are personality factors at play, or it may be an indication that there is a certain pressure on individuals to take a post where in some cases they perhaps ought to wait in order to find a more suitable position.

The literature also suggests that when re-employed, older workers are less likely to move to higher-status jobs[23] and that, in general, ambition levels do tend to decrease over time[24]. The majority of respondents (53 per cent) did not have a career plan before redundancy. However 73 per cent of those who did have some kind of career plan, indicated that their career expectations had changed since redundancy. Of the present sample 34 per cent indicated that they are now in a less senior position or did not expect to attain as high a position as before.



However, a further 25 per cent indicated that they were now more aware of their career potential and 16 per cent stated that they now placed a much greater emphasis on self-employment, therefore the adverse effects of the redundancy experience can be turned into productive career growth opportunities. The redundancy experience had forced a re-evaluation of the individual's attitude towards work, in many cases creating a different balance between work and non-work life.

## Conclusions

At the time of the first study reported here, in the mid 1980s researchers were suggesting that redundancy was either a consequence of situational factors such as work performance or of personality characteristics. There is strong evidence from this research that those selected for redundancy had a different personality profile from other executives. The redundant executives were more socially bold, uninhibited and imaginative but were less shrewd and more natural: perhaps more naïve than other managers. Since those studied were more independent minded and unconventional, we may conclude that they were not "organisation men" in W.H. Whyte's terms[25].

## The impact of redundancy can be quite traumatic

Personality — and organisation — fit models need not be mutually exclusive. If we accept that the social situation is one determinant of success, the way an executive conducts himself or herself in the many different situations faced may well be a key issue in performance. One would expect much behaviour to be strongly influenced by personality. The personality variables identified (especially the "N" factor of the 16PF) are most likely to have situational significance at a time when judgements are being made about the capacity of managers to cope with the many organisational problems faced when there is pressure on margins, retrenchment and redundancy.

The idea of a single career path or organisation career is currently being challenged — it is no longer the case that an individual plans or maintains a career path within a single organisation, now people may pursue career journeys and lifestyles which are quite unique. The potential for being made redundant is increasingly real in the current economic climate and the results of the following study present evidence that the experience of enforced

job change has had a lasting effect on individuals. Careers can be dramatically altered by redundancy.

Those executives who are made redundant are often from a population whose members invest time and money in their careers and therefore have a lot of ego involvement in their job. In the event of redundancy it may be difficult to sustain a positive, successful self-image and the impact of redundancy can be quite traumatic.

There are wide variations in the response to redundancy as it is a very multifaceted situation. Some experience it as quite devastating. However, many of these individuals are also creative, enthusiastic and entrepreneurial and therefore use the event of redundancy as an experience with a lot of growth potential whether this is in terms of moving into self-employment or achieving the potential for a fulfilling semi-retirement or retirement phase in their lives.

## Smaller organisations are likely to be less impersonal

Given that those forced to change jobs are amongst the most imaginative and the most intelligent it is not surprising that the majority found other jobs quickly. Although the previous experience of redundancy was no protection against a further redundancy experience for around a quarter of the sample, for the majority there would seem to have been some lessons well learned: many are exploiting their considerable talents working for themselves, and for smaller organisations than before. Smaller organisations are likely to be less impersonal and employees may be valued more as individuals.

If those who have suffered an enforced job change are working for smaller organisations, and at a lower level than before where the politics are easier to handle, that does not detract from the contribution they can make. Rather, this is a reflection on the organisations which lost some of their most gifted executives, and which are unable to accommodate the peculiarities of able people within their own notion of "social fit". There is an opportunity for further research, particularly longitudinal studies, to discover how the image of oneself, following redundancy, changes, and how these changes influence career choice and job satisfaction. Our study, it is hoped, will be a useful starting point for future researchers who wish to follow the linkage between personality and careers.



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# A Positive Policy? Corporate Perspectives on Redundancy and Outplacement

A Positive  
Policy?

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## **Downsizing, Rightsizing, Redundancy and Lay-offs**

The UK is in the most serious recession since 1945 and many organizations are under pressure to restructure and reorganize in order to remain competitive. *Downsizing* and *rightsizing* are euphemistic terms which are all too familiar in today's business vocabulary. Reorganization, closure of parts of businesses and layering of management have resulted in widespread job losses across all industries and in organizations of all sizes, irrespective of occupational level. Even organizations which have previously espoused "no redundancy" policies have had to reduce their numbers and the management of change relative to reorganization and retrenchment provides just as serious a challenge to organizations as rapid expansion. This has promoted redundancy and job loss policy formulation to centre stage for corporate boards and HR executives. In this article we will describe how organizations are developing important elements of their HR policies to manage such change.

## **Planning for Redundancy**

The purpose of downsizing or rightsizing may be presented as essential to make an organization more successful, productive and competitive but the impact of redundancies on those who remain may actually inhibit this. We are already familiar with the effects of redundancy on departing employees and the problems and opportunities it brings for those leaving[1] but layoffs are *traumatic for everybody involved*[2] especially so if the organization has not previously used enforced redundancy policies.

Thus, the impact of the job loss situation on an organization can be far reaching. Departing employees are subjected to considerable stress but the remaining workforce can also be severely affected by uncertainty and suspicion and there may be detrimental effects on customer and supplier relationships, making the organizations' external and internal relationships potentially difficult and possibly damaging.

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This article is based on the results of a recent survey, sponsored by Pauline Hyde & Associates and supported by the IOD, which covered over 600 UK organizations from all industry types and sizes. The report entitled *Organisational Perspectives on Outplacement* [3] is available from the Human Resource Research Centre at Cranfield School of Management.

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In the event of such turbulent times it is suggested that organizations should be encouraged to implement positive policies as careful planning can help to minimize the trauma[4]. A positive policy should cover a number of issues before, during and after the event[5]. The organization should clarify its business objectives, communicate clearly and design the downsizing programme in order to avoid the uncertainty and anxiety created by the situation. The positive results arising from a proactive approach include the organization meeting its ethical commitment to its departing employees, encouraging remaining employees to accept the situation more readily, allaying their fears about the future, showing the organization in a favourable light in the business community and in society in general. Therefore, planning for retrenchment and in particular planning for the impact from a human resource perspective are very important. There is evidence from the organizations' point of view that the most successful downsizings are those which are strategically thought out in terms of both the business and the human resource implications[6]. The adoption of a positive policy in the event of redundancy can therefore be seen as a central part of a human resource management philosophy which aims to secure the organization's long-term survival.

### **The Benefits of Outplacement**

The use of outplacement, a concept imported from the US in the early 1970s, may be seen as an integral part of the downsizing plan to help implement the change with as little trauma as possible both to departing and remaining employees. Outplacement is designed to help the redundant individual with the job search process, providing practical services such as the use of an office and more specific help in the form of personal counselling. The initial focus of outplacement service provision was at the senior executive level. Increasingly services are being modified to address the needs of the non executive employees who are made redundant and outplacement provision now ranges from individual one-to-one counselling and job search activities to group programmes where CV compilation and job search strategies are applied with groups of individuals.

### **Outplacement in Recession**

Due to the increasing number of redundancies on a large scale in the late 1980s and early 1990s in the UK, there has been a surge of clients for outplacement consultancies. In the UK, the "outplacement industry" has grown exponentially from a £2 million turnover in 1978 to over £55 million in 1992, now divided among about 200 firms offering these types of services[7].

In most instances the organizations initiating the redundancies incur the cost of outplacement programmes and, although we are in the midst of a major recession, outplacement services are still very much in demand. UK companies even through these financially difficult times are continuing to engage external consultants to provide services to ameliorate the detrimental impact of redundancy.



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### Why Do Organizations Use Outplacement?

Many organizations have been forced to face redundancy situations in the past few months and a number of these have provided outplacement for departing employees. Outplacement is becoming an integral part of severance packages. Although some research has explored organizations' reasons for using outplacement[8] many aspects relating to the corporate perspective still remain unknown.

Issues relating to the job losses and the use of outplacement which have not so far been exposed include: corporate views on the redundancy situation, what policies have been instituted to deal with redundancy, how are organizations locating outplacement services into their HR policies and practices, what do they see as the benefits, how are they evaluating the use of outplacement and what are the future requirements of industry for outplacement services ?

### Methodology

A large scale survey of organizations was implemented to address these issues. The survey population consisted of companies from all industry sectors, ranging from 200 to 50,000 plus employees from throughout the UK. This included users and non-users of outplacement services. A total of 628 organizations participated in the survey (a response rate of 16.2 per cent), the range of organizations responding representing all industry sectors and company sizes. The survey data were obtained via a self completion questionnaire, covering the organizations' job losses, job loss policies, the effect on remaining employees, the services provided for departing employees and the use and perceptions of outplacement services. The sample showed no systematic bias and we therefore assume the views expressed are representative of these organizations. The data were gathered over the period from September to December 1992.

### Corporate Perspectives on Job Loss

This survey, spanning a sample across all industry sectors and company sizes gave some indication of the severity of job losses in the UK. We found that 88 per cent of the responding organizations had encountered job loss situations resulting in enforced redundancies and 57 per cent of the responding organizations had used voluntary redundancies to reduce their labour forces.

We found that many organizations were *planning* for redundancies and, in particular, were considering how they could best manage the event itself. A large number of organizations responding (over 86 per cent) had some type of formal job loss policy. This finding corresponds with another recent survey on severance practices[9] where 82 per cent of organizations indicated that they had a formal severance policy which went beyond the statutory requirements.

A Positive  
Policy?



### **Policy on Outplacement**

In our survey 75 per cent offered some form of outplacement (internal and/or external) service to their departing employees. External outplacement services were offered by over 62 per cent of organizations. Even in recession and for large numbers of departing employees, organizations are providing outplacement services. Given the small scale of outplacement in the 1970s, we believe that in previous years this type of caring approach from organizations would have been the exception rather than the rule. This is an indication that organizations now have normative policies and practices which include the provision of outplacement services in the event of redundancy. Is this an expression of the caring face of the 1990s?

During the recession of the 1980s some organizations used outplacement provision for senior level employees, however this trend appears to have mushroomed in the 1990s. Many organizations are now providing outplacement as standard across all levels of employees. Now not only senior executives but blue collar workers are being offered some type of outplacement provision. This is quite significant compared with the level of help and services being offered to those made redundant in the 1980s. Large numbers of individuals are now being provided for and organizations are picking up the cost. The underlying philosophy for this change becomes more apparent in the reasons quoted for using outplacement and the perceived benefits accrued by organizations.

### **The Perceived Benefits of Outplacement**

Outplacement "won't turn a layoff into a day at the beach but a good outplacement programme can solve a whole lot of problems"[10]. The problems which organizations perceived to be most widely addressed by the use of external outplacement were mainly of a resource nature. Organizations used external outplacement services primarily because they provided specialized expertise (20 per cent) and could provide the resources and the time (18 per cent) which were not available internally. The perceived independence of external consultants was also a major factor for 16 per cent of responding organizations, external outplacement being perceived as more credible, professional and objective third party help for the redundant individuals.

Practical help with preparing CVs and learning job hunting skills (8 per cent) and specific help such as counselling (6 per cent) were also cited as important contributions from external outplacement services. PR was quoted by over 6 per cent of the organizations as a reason for using external outplacement services. By offering outplacement services organizations convey the image that they are doing the best for their employees.

Another recent survey[8] also cited PR as a major reason for employing external outplacement services and improvement of the company image as one of the primary objectives (7 per cent). In our survey the organizations indicated that this objective was met, as 56 per cent stated that one significant impact of using external outplacement services was that they helped the external reputation of the organization.

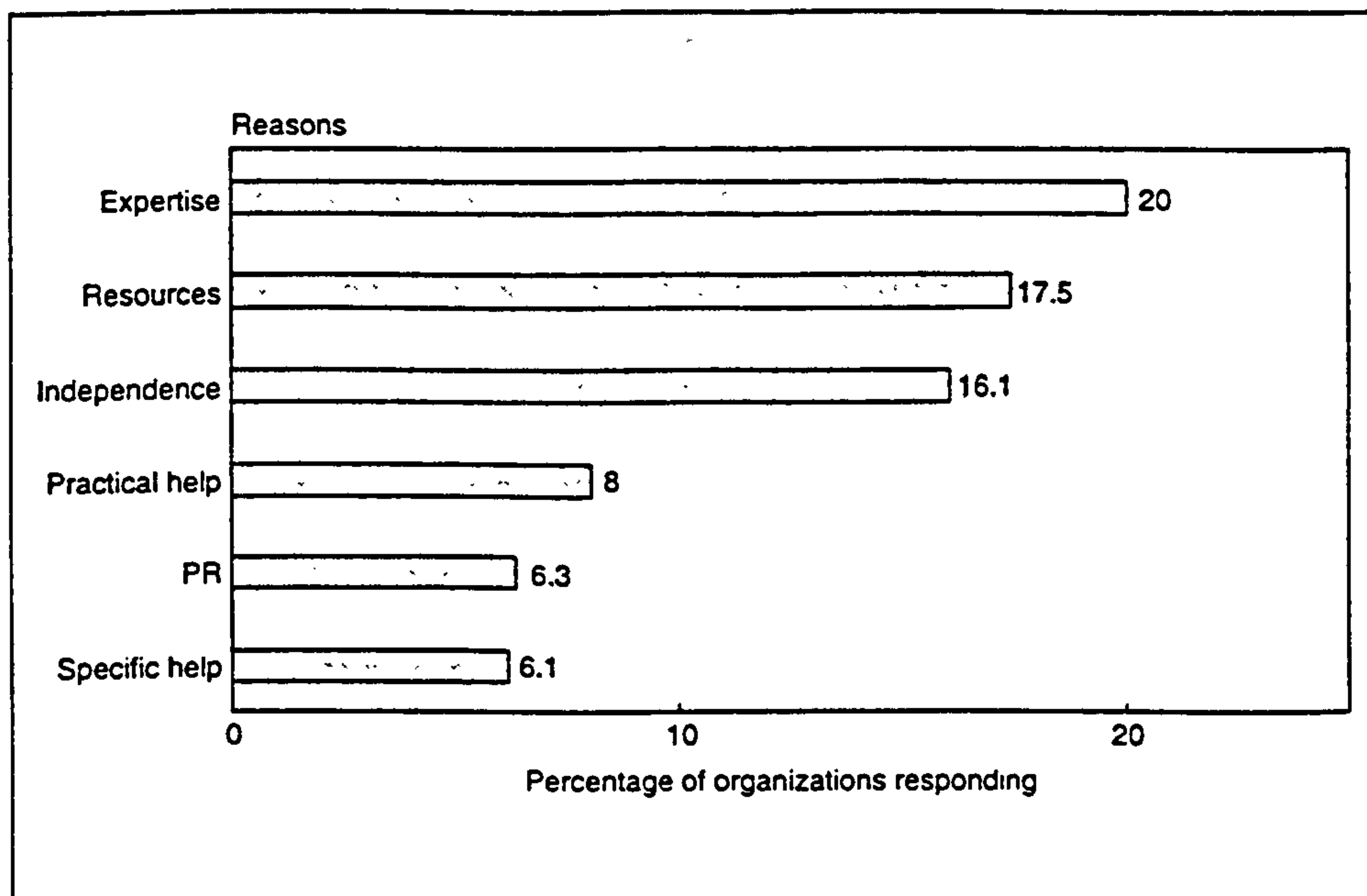


Figure 1.  
Reasons for Using  
External Outplacement

Other corporate reasons for using outplacement highlighted in the previous survey[8] included helping staff to obtain new employment and reducing the emotional trauma of redundancy (57 per cent and 22 per cent respectively). Again the findings of our survey indicate that these objectives are met, as 93 per cent of organizations noted that external outplacement services both helped the individual's career and also helped with the separation process for the individual and the organization.

### The "Survivors Syndrome"

Adopting a proactive job loss policy means taking a positive stance in the management of the situation by not only providing help for those who leave but also for those who remain. After the actual downsizing event another real problem can exist for the organization. Research has indicated that there can be a degree of survivors guilt[11,12] often termed "survivors syndrome" among those who stay in the organization. The reactions of the remaining employees can range from shock, animosity towards management, concern about their colleagues who have left, guilt that they still have a job, to fear about the future. This may result in the low morale, decreased confidence in the company and fragmented communication which are sometimes reported.

Ultimately any lack of trust may have a detrimental impact on the organization's performance. Outplacement has been described as beneficial not only to those departing but also to easing the trauma for the remaining employees.



### Addressing the "Survivors Syndrome"

Over 46 per cent of the responding organizations perceived decreased motivation among remaining employees, an indication of the potentially detrimental effects of redundancy on "survivors". "Survivors syndrome" is a significant area for consideration in the light of its impact on the subsequent productivity and success of the organization. A large number (78 per cent) of organizations also perceived that external outplacement had a positive impact on the maintenance of morale.

The positive philosophy being adopted by organizations was apparent in the actions they took subsequent to the redundancies. As a consequence of the job losses a significant number of organizations (42 per cent) indicated that they had increased communications with employees and over 17 per cent indicated that they would increase communications in the event of further job losses. Such practices as providing individuals with support through the redundancy experience and increasing communication were perceived as ways to decrease some of the impacts of "survivors syndrome".

However, for the majority of organizations the use of external outplacement did not appear to have longer-term effects in relation to retention. The use of outplacement consultancies had *no observable effect* on the retention of key players or on retention in general (82 per cent and 84 per cent of respondents respectively). Although the use of external outplacement was perceived to have a positive effect on the external reputation of the organization (56 per cent), this was not reflected in customer/supplier relations (87 per cent of organizations reported that the use of outplacement made no observable change to customer/supplier relations).

It would seem that although organizational motives for using outplacement include its perceived ability to address survivors syndrome issues and act as an external PR exercise, the actual impact of outplacement has less longer-term influence on the remaining employees or on customer relations.

This data provides some clarification as to the organizational impetus for promoting the provision of outplacement as a normative practice. There appears to be a shift in values in the HR philosophy now adopted by organizations which are driven not only by a sense of duty towards individuals but also by the desire to ensure that a good corporate image is promoted in the marketplace and that the subsequent success of the organization is not adversely affected by the redundancy situation. This is manifested in the perception that outplacement not only helps those who leave but is also beneficial to remaining employees and to organizational image. There are dual motives in operation from the organizational point of view. These are not only humanitarian in nature but are also grounded in business self-interest and our research shows that some organizations do consciously make use of outplacement as a retention and damage limitation strategy during major change.



### **Price Sensitivity to External Outplacement**

Nearly a third of the organizations surveyed did not use external outplacement services because of the perceived expense. However, for those organizations which did use external outplacement services, 42 per cent perceived the cost of the service as less than 5 per cent of the total redundancy package and 88 per cent indicated that the cost of outplacement accounted for less than 15 per cent of the total cost of redundancy.

The previous survey[8] considered the perceived value for money and found that 49 per cent of organisations felt that they were getting value for money for the one-to-one programmes and 56 per cent felt that they were getting value for money for the group programmes. There is an obvious discrepancy here between the perceptions of cost of outplacement services and the perceived value for money. In combination with the findings of the report[8] these data would suggest that the discrepancy may be due to organizations perceiving the less expensive group programmes as cost effective but viewing the more expensive one-to-one programmes as less cost effective.

Other reasons quoted for not using outplacement services were also cost-related. In our sample 10 per cent of organizations quoted limited numbers, and 6 per cent the level of job as a reason for not using an external service, implying that they would provide group based, jobshop services for their more junior staff if there were sufficient numbers to justify the cost. Nearly one in six organizations did not use outplacement services because they felt that they had sufficient capability internally to handle the situation themselves.

The qualifications, professionalism and services offered by some outplacement agencies have recently been questioned[13] suggesting that they often do not give value for money. More businesses are now attempting to obtain feedback. Over half the organizations in our survey (57 per cent) evaluated the benefit of external outplacement services. The major methods of doing so were; interviews with the departing employees (84 per cent) and peer group feedback (60 per cent).

These methods of evaluation provide some feedback from the individuals who have used the outplacement services. While the survey[8] found that the major method for evaluating the benefits of external outplacement was through feedback from the consultancy, just over 8 per cent of our sample evaluated the benefits in this way.

This is a strong indication that due to the large scale use of external outplacement agencies, organizations are now looking more closely at the cost and benefits of the services by obtaining feedback from the end users as opposed to the consultancies themselves.

### **Changing Career**

Many organizations are aware that career development is in a period of change. We are now in the age of "knowledge workers" who are not only aware of their bargaining power in a skills-based market but who are also more prepared to move to achieve career advancement. The HR philosophy of many



organizations is changing to reflect the changing management of this population of people. A large number of organizations in our survey provided development reviews, succession planning and career counselling (85 per cent, 67 per cent and 66 per cent respectively) as standard services for their employees. The propensity for increasing internal outplacement type activities may be an indication of organizations expanding their internal career development services in the light of the changing demands of employees in the 1990s.

### The Future of the Outplacement Industry

In the present climate there is an almost unlimited pool of material for the outplacement industry, however we should ask whether this trend will continue. Our survey examined opinions on the types of services organizations would require in the future event of more redundancies. The predominant emphasis amongst responding organizations was a need for training. If faced with the need for redundancies again, responding organizations indicated that training managers in successfully handling the separation interview (48 per cent) and training in coaching and counselling (48 per cent) would be the most beneficial services.

In British companies little or no training is given in how to handle redundancies. One survey[14] found that only 16 per cent of people who conveyed the news had been given external advice on how to make staff redundant. There is generally a poor standard of training in British management. As managers are often ill-equipped to fulfil this difficult task, training would be useful to help them perform it sensitively and appropriately. This may be one future development for outplacement consultancies to consider. Even if their prospective clients wish to undertake outplacement activities internally, the staff who are performing this work will require training.

Therefore with the changing needs of the work force and the expansion of internal outplacement programmes the future for the outplacement industry may well lie in the provision of more *up-stream* type services such as training and development for managers in handling the redundancy situation or the more broad-based career portfolio management for the increasingly flexible careers of the future. Undoubtedly, the outplacement industry will need to review its positioning in the market place as "the 1990s may mark the coming of age, but with client companies and individuals demanding an increasingly professional service for their money, outplacement firms will have to prove why they are a vital component of the redundancy and career development process"[15].

### Conclusions

It appears that many organizations are developing a more pragmatic and positive approach towards the management of redundancy and lay-offs. Policy making regarding redundancy is becoming standard practice and an integral



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part of the HR philosophy of many companies. Normative policies now also contain common elements of outplacement provision as standard for all levels of employees. Organizations are continuing to make use of externally provided outplacement services, mainly because of the perceived expertise and objectivity provided by consultants from outside the organization and a number of initiatives in the provision of internally delivered services are also gaining popularity. The impetus for such a value change appears to contain elements of both a more caring attitude towards employees in parallel with a concern for bottom line results which may be affected by the way redundancies are dealt with. A planned downsizing exercise is more likely to work effectively when both sets of objectives and outcomes are considered.

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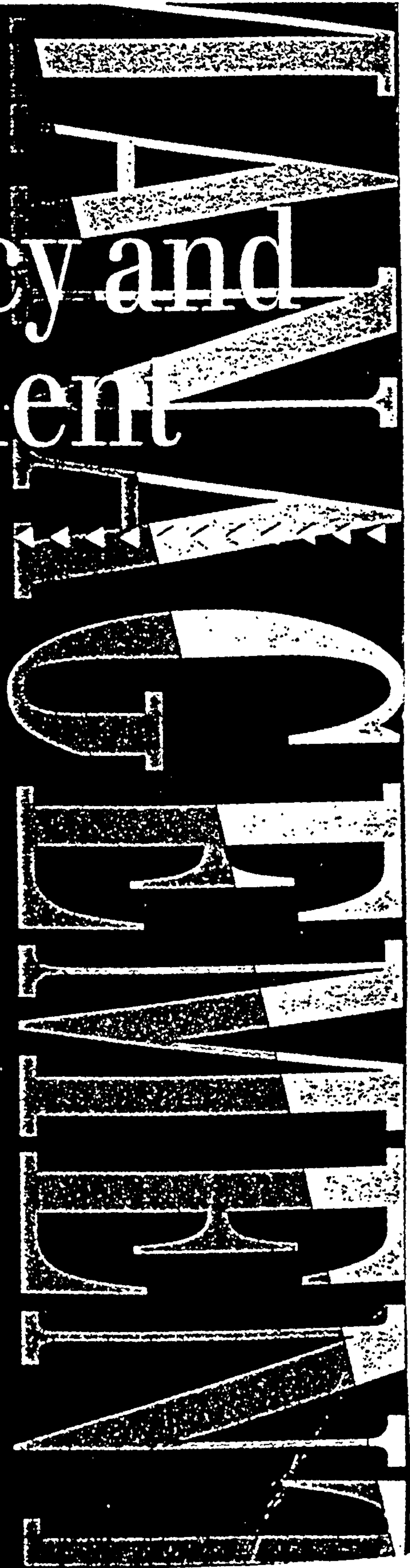




# Executive Redundancy and Outplacement

*Noeleen Doherty  
and Shaun Tyson*

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## FOREWORD

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It is now a truism to say that the business environment is changing at an ever-increasing rate. In a frantic effort to keep pace, organisations are also transforming themselves in order to survive. In terms of structure, many have delayered and work more in project teams, less in professionally-based divisions. The consequent implications for people's careers are immense, and only just being understood. Instead of movement up career ladders within an organisation, job transitions are increasingly across functions and between organisations. Sometimes transition is into a period of unemployment or self-employment.

Noeleen Doherty and Shaun Tyson paint this changing scene with a broad brush, yet at the same time they dissect it with a scalpel. The analytic instrument they use is the development over the last two decades of the outplacement industry. What does the provision of outplacement counselling for redundant executives tell us about the policies of organisations towards their employees? What light does it throw upon the changing nature of managerial careers? What does it say about the very nature of work and organisation?

These are among the most profound questions of our time. It is to the immense credit of this book that it addresses them, using rare evidence about outplacement.

Yet it is not only at the level of policy and issues that this book gives us insights. It is also at the individual human level. Some of the authors' quotations hint at the immense variety of people's reactions to redundancy. For some, it is the shattering of their carefully constructed identity and the end of the world as they know it. For others, it's a great burden rolled from their back. If ever we needed to appreciate individual diversity, it's now.

Peter Herriot  
Sundridge Park



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We must also acknowledge our gratitude to the respondents who replied to our surveys and who gave interviews.

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Claire Viney was actively involved in the analysis and the interpretation of the policy survey data at Cranfield and the secretarial skills of Ann Davies and Jean Loughlan helped to put the book together.

However, the views expressed here are those of the authors who alone remain responsible for any errors or omissions in the text.

## THE CHALLENGE TO HUMAN RESOURCE MANAGEMENT

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In the vocabulary of management new words are entering everyday usage. 'Downsizing', 'de-layering', 'rightsizing' have joined phrases such as 'managerial shake out', 'reorganisation' and 'redeployment' to mean redundancy for senior corporate executives. The use of euphemisms to cover the tragic reality of the enforced job losses experienced by many managers in the 1980s and 1990s is perhaps not surprising. The extent of industrial, commercial and public sector closures, mergers and restructuring exercises in the last twenty years has made redundancy commonplace for managers.

This book describes a research programme into managerial redundancy and outplacement. The twin aims of our study are to establish how the human resource policies which manage the transitions by using outplacement are operated, and to explore the individual's experience of redundancy and the outplacement assistance they have received. 'Outplacement' is the term used to denote the services provided, usually by independent consultancies engaged by an employer, to guide departing personnel through the redundancy experience and to offer various forms of practical help



### *Executive Redundancy and Outplacement*

and counselling. Sometimes these services are available through experts within the organisation's own personnel function.

## STRUCTURAL UNEMPLOYMENT AND HUMAN RESOURCE MANAGEMENT

Redundancy has always existed. Few organisations have been able to guarantee work for all their employees indefinitely. For casual workers, and for those in occupations and industries where contracts are relatively shortlived, for example in the construction industry or the entertainment industry, jobs are expected to be transitory. Blue collar workers have for generations been 'laid off' when times were hard, and more recently shopworkers, clerical and administrative staff have also been cautious about their long-term prospects. Over the last twenty years this casualisation of work has spread to managerial and to professional occupations. Of course, individuals within the management hierarchy have always been selected for redundancy. What is different now is the sheer number of people who are selected out, who are made redundant, due to the two recent recessions.

There are no precise statistics on redundancy, but those recorded by the Department of Employment, which are likely to underestimate rather than overestimate the total since they derive from notifiable cases, show that redundancy grew by over 300 per cent in the 1980s and peaked at 25 redundancies for every 1,000 people employed. Redundancy cases have peaked so far, during the 1990s recession, in 1991 with 19 cases for every 1,000 people employed (*Employment Gazette* January 1993). There are no separate figures on executive redundancy but, given the changing nature of employment in the last two decades – for example the move to more specialists and away from generalist middle managers, and the tendency towards fewer executives – we must assume that managers of all kinds have been as affected as other occupational groups.

One characteristic of the 1980s and the 1990s recessions has been the pressure felt by organisations to become leaner, and to maintain a competitive advantage by divesting themselves of middle management staff. The large bureaucratic headquarters has in many cases been converted into a small corporate office, with most of the decision-making passed down to divisional or company levels. Restructuring has been a preoccupation for giant corporations such as ICI, IBM and

### *The Challenge to Human Resource Management*

BP. For smaller organisations, restructuring has often been because of mergers, and because parts of their businesses were no longer viable during the periods of high interest rates.

The concern to reduce numbers was one aspect of the efficiency drive in the 1980s and also arose from a belief that organisations in the UK had become 'overmanned': that there was overemployment which should be revealed, in order to reduce unit costs and become more efficient. The privatisation of telecommunications, gas, electricity, steel and other state-owned businesses added to this wave of restructuring. All these activities produced a managerial fall-out, often through voluntary wastage and early retirement schemes. Government policy since 1979 has consistently attempted to drive down the numbers employed by the state. The number of civil servants was reduced by 250,000 during the 1980s. The government reorganised departments by creating agencies to deliver services, while hiving off activity into the private sector and keeping only the central policy-making offices in Whitehall. Local government reorganisation has also become a continuous process brought on by repeated attempts to control and reform local government finances. The 'peace dividend' is now being paid by redundancies in the armed forces and in weapons manufacturers. These public sector restructuring exercises must therefore be added to the welter of closures and reorganisations in the private sector in order to gain some idea of the scale of career changes which have been forced upon managers of all kinds.

The 1980s recession prompted new policies in personnel management. A new industrial relations emerged, based on direct communication with the workforce, local level bargaining and the simplification of bargaining arrangements (Bassett 1986). Work restructuring, around the principles of flexibility – of time, task and contract – and new technology applications required new responses from the personnel function (Brewster and Connock 1985). The individualisation of contracts and rewards, and the move towards more delegation, 'empowering' employees to solve problems, encouraging quality consciousness and removing the need for multiple middle management layers helped to create a belief in new approaches to management. This mixture of new industrial relations and stylistic changes, new organisation structures and a strategic purpose to personnel policies has encouraged the notion that there has been a



### *Executive Redundancy and Outplacement*

paradigmatic shift, which can be encapsulated under the term 'human resource management' (Guest 1987, Legge 1989, Storey 1989, 1992).

Storey sets out 27 points of difference between personnel management as he thought it was practised, and the human resource management model he was seeking to investigate. He used a case study approach to gather data in 15 organisations which had all experienced major strategic changes. Among the most significant differences were the values underpinning the beliefs and assumptions governing the work of human resource managers. These included the need to go beyond the basic contractual terms, to take a unitarist, rather than a pluralist stance, and to rely on transformational leadership. These changes all represent a more normative position for human resource management (Storey 1992 p35). The importance placed upon values, that is management's values, and on the company's mission, on its climate, and culture, and on a teamwork approach all indicate that, if this version of human resource management is accurately described, management has indeed endorsed a new paradigm. The way the management process is conducted, and the importance top management now give to this process was revealed by the evidence Storey collected. Similar evidence from the USA (Schuler and Jackson 1987) and from the more prescriptive texts of Peters and Waterman (1982) has strengthened the case for the idea that by defining the vision for human resources, and by developing appropriate human resource strategies, business performance can be improved (Connock 1991).

Although we might suppose that these texts are very much a product of the 1980s when managements believed optimistically that it was possible to manage one's way out of a recession, the evidence brought out of new management practices cannot be denied, and the shift in values is worthy of more considered research. The recession which deepened in the UK in 1991 was different in kind from that which had afflicted the older industries a decade earlier. Whereas in the 1980s it was shipbuilding, heavy engineering, mining and manufacturing which suffered in their traditional heartlands, of Scotland, Northern Ireland, Wales, the north-east and north-west of England, and in parts of the Midlands, the 1990s recession hit service industries such as banking, insurance, retail, leisure and travel, as well as manufacturing, and the building industry. The south-east of England, East Anglia, and the home counties have experienced redundancies on an unprecedented scale. People in white collar jobs, technical and pro-

### *The Challenge to Human Resource Management*

fessional occupations, and managers in all types of organisations have therefore become vulnerable to redundancy. The three million unemployed in the UK (at the time of writing) are part of a total of 17 million people jobless throughout the European Community. This structural unemployment represents more than a temporary halt in the general rise of living standards.

Given that since the early 1980s there has developed within organisations a new paradigm for managing people which may be termed 'human resource management', the 1990s recession presents a stern challenge for those who believe in a normative human resource management (HRM) perspective. We could see the human resource management response to the 1980s in the flexibility agreements and communication packages which attempted to transform industrial relations. The 1990s recession has brought a reorganisation response to the new needs in managing people, and with this we might anticipate policies which actively assist the process of managing the painful transitions employees must experience. For those who are to remain, there are management development and training initiatives. For those who depart, there are outplacement and termination packages.

This does raise some important questions. How compatible are the normative versions of HRM with economic rationality? What happens to the people whose 'transitions' are being managed – where do they go, and how do they feel about these policies? To what extent should organisations take responsibility for managing their employees' careers? Are we seeing new conceptions of 'career' becoming accepted, as redundancy forces the corporate executive to accept that his or her career will be between, rather than within organisations in the future? We will attempt to answer these questions in the pages that follow. Many of the changes we have touched upon so far were already occurring before the second recession in ten years came upon us. Social, economic and technological change are inevitably reflected in careers and in HRM policies. This book explores one such policy area, by taking 'outplacement' as our point of departure for considering these questions.

### OUTPLACEMENT

The scale of redundancies has encouraged the development of new policies and new systems to cope with them. Structural unemploy-



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ment has made executive redundancy a social issue. The emergence of the outplacement industry is a natural consequence of the need for services to be available to handle the transitions which are now a part of daily HRM practice, a practice in which career management now includes ways to manage the exit as well as the entry of managers to the organisation. Societal standards are changing. The basic legal minimum financial package has for long been seen as inadequate for senior executives (Woodger 1992) and in many cases the termination package will be negotiated around the interpretation of clauses in the executives' employment contracts relating to pension benefits, car, stock options and the like. The move towards formulating more attractive financial termination packages is complemented by the extensive use of outplacement services to assist in the psychological and career adjustments which the redundant executive must make.

The use of some kind of support systems in the event of redundancy underpins 'best practice' models of handling the situation. The Institute of Personnel Management (IPM) redundancy code advises that 'Employers should provide a redundancy service in order to assist employees to cope with redundancy and to help them to find alternative employment' (Hogg 1988). Therefore, the notion of supporting and helping individuals through redundancy has been assimilated into UK guidelines.

The early history of outplacement can be traced back to the 1940s in the USA when war veterans were helped back to work after the war. Originally, the individual paid for this himself. There was help with career planning and with adjustment to civilian life. Some commentators credit a British surgeon, Bernard Haldane, with originating the idea in the USA (Crofts 1992), but the idea was certainly not common in the UK until the 1960s. One reason for the different interpretations of the history of this idea is that various agencies provided services to jobseekers 80 years ago, such as letter writing for applicants living in the British colonies, and services for expatriates returning from colonial posts, long before these elements were put together with counselling and advice to form an outplacement service.

The combination of services into packages being offered exclusively to executives proliferated in the USA, culminating in outplacement being proclaimed as 'a unique American tool which has come of age' (Newman 1988). The industry has enjoyed extensive growth in the United States, commanding \$400 million per year and



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growing rapidly at 30-40 per cent annually in the late 1980s (Piccolino 1988).

A professional outplacement consulting firm in the USA tradition was typically retained to provide the displaced executive with skills assessment, résumé development, training in interview techniques, job search and counselling to enable a smooth career transition. In some cases this was motivated by the threat of litigation.

The maturity of the outplacement industry in the USA has lead many commentators to prescribe best practice examples of what outplacement agencies should offer. These include the use of qualified counsellors and assessment of the type of facilities offered and quality of support given (Branham 1983).

The level of sophistication of outplacement in America extended to tailored one-to-one executive level packages which had become almost of a standard content in the 1970s. Further development of programmes now extends the scope of services, from the Cadillac version at between \$5,000 and \$15,000 per person to the lower-priced models that run from \$50 to \$500 per person for group programmes (Simon 1988). In the UK these types of outplacement are now also proliferating within similar models of service provision.

It is the very nature of outplacement, according to the claims of the reputable consultancies, to provide a broad form of support and advice during a difficult phase of the individual's life, and it may include a whole range of individual services. The objectives espoused by outplacement services are to assist in the termination of employment so that this is conducted in a responsible and humane way, to help clients through the initial trauma of being made redundant, and to rehabilitate the client's self-esteem. We can see that, if these objectives are achieved, considerable benefits accrue to the individual, and to the company which pays for the services.

Therefore, outplacement aims to provide independent and objective, practical and therapeutic support. This is achieved through establishing counselling relationships which involve both personal counselling and career counselling. Counselling is designed to help the person through the initial emotional trauma and re-adjustment to the redundancy situation. The individual receives psychological support at a time when he or she is very vulnerable, and much in need of an independent counsellor who has wide experience of the problems faced by redundant executives.



### *Executive Redundancy and Outplacement*

A second purpose is to facilitate re-entry into the job market. This includes the use of psychometric assessment to help the person, through self-analysis of their strengths and competences, to discover what they need to do to re-establish career growth. Thirdly, outplacement provides support in the form of practical help to address the job market environment. There is practical advice in the formation of a job search strategy and practical help in access to contacts. The physical resources such as office accommodation, a reference library and secretarial help are also benefits which are most needed at this time, when in most instances they would have been lost or withdrawn by the ex-employer.

In cultivating the counselling relationship – particularly at the executive level where intensive one-to-one counselling is a major element of the programmes offered – most outplacement consultants recognise the need to pair the counsellor and client to ensure the development of the right 'chemistry' and facilitate the development of a relationship based on trust. This trust relationship is fundamental to facilitating the rekindling of self-esteem, bolstering of self-image and instilling confidence in the person to get back into the job market. Most reputable outplacement consultancies employ the services of trained counsellors and occupational psychologists to play this role of confidant and mentor.

The potential benefits to the employer who uses outplacement include the mitigation of the negative effects of redundancy. One might expect some public relations damage limitation, the avoidance of confrontation, and the restoration of morale for the individual, and perhaps for those employees who remain. Outplacement as one aspect of the redundancy package could facilitate agreement with any trade unions who are involved. The selling benefit for the outplacement consultancy is its strategic value before, during and after the redundancy. Outplacement can provide management with the tools to help individuals through a major life change and help employees to readjust their careers.

The services offered by outplacement consultancies range from the deluxe versions of highly valued counselling and advice on a job search strategy for a senior executive, to a range of variations on the theme which include the provision of job shops and notification of vacancies for shop-floor employees. The typical process is outlined by the IPM as falling into five stages (Hogg 1988). The notification that

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there will be redundancies, 'breaking the news', can be done with outplacement consultants standing by to receive the person immediately after he or she has been told. The counselling stage is perhaps one of the principal stages in which outplacement consultants can help the individual to come to terms with his or her situation. This is followed by a period of analysis, including psychometric tests, and stage four, when the client is given training with oral, written presentation and job search skills. Finally, clients are involved with the consultant in a research process, building up data and networks to help with their job search strategy.

Clients very often receive practical help during this sensitive time. An office may be provided by the outplacement consultancy with secretarial assistance, access to telephones, fax machines and photocopiers for example. These are useful benefits to someone for whom these support systems, having been taken for granted for many years, are withdrawn. From the moment people realise they are about to lose their livelihood, communications with old friends, colleagues and prospective employers are vital. In addition, the psychological lift which the redundant person receives through having an 'office' still to go to, even if it is just a desk in the corner of a room, should not be underestimated. 'Going to the office' gives life a semblance of normality and purpose. To sit at home is almost a symbol of failure and reinforces a feeling of 'not being wanted', as the word redundant implies.

Services are in some instances provided for redundant people further down the organisation. Outplacement is no longer exclusive to the executive cadre. This spread to all levels in an organisation results usually in the majority of employees receiving a 'group' approach, which has been defined as 'a term used where a number of people are made redundant by one organisation and dealt with on a combined basis, with or without private counselling attached to group activities' (Hogg 1988). This was exemplified in the Duracell case study, where the company closed their UK operation and concentrated production in Belgium:

The company aimed to provide the same service for everyone, although about half a dozen senior managers had access to Pauline Hyde Associates' executive service at its London offices. This was needed because searching for a senior management position is more com-



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plex and requires 'a more comprehensive approach and personal marketing to a more sophisticated audience.

(Pickard 1993 p.53).

Outplacement in Europe has grown rapidly. An American import, it has grown in Britain from being an industry with a turnover of approximately £2 million in 1978, to a £50 million industry with over 120 consultancies offering outplacement services (Crofts 1992). The idea has spread elsewhere also. Outplacement was started in France in 1972, where it became increasingly accepted in the 1980s, there being around 85 outplacement consultancies by January 1990 (Boutry 1992). The provision of outplacement as an element in the redundancy package is increasing. From our research, 75 per cent of all organisations used outplacement in job loss situations. This is part of an increasing trend. A recent survey by Right Associates showed that 82 per cent of companies have formal severance policies, a figure which rises to 95 per cent for companies with more than 5,000 employees. A comparable position was found in the USA and Canada (Woodger 1992). There is evidence therefore that HRM policies on employment termination are becoming more formalised, and are embracing outplacement services for executives and increasingly for all employees when the company is faced with large-scale redundancy.

The growth of outplacement is not confined to corporate clients. Outplacement services are now offered to private individuals by some consultancies, which raises ethical questions, principally the issue of whether the individual is in a position to be able to ensure the best service when he or she has an insecure status. There are now more and more small operators entering the industry. The debate about a 'retail' outplacement service, the massive growth in the industry, and the fear that untrained, unscrupulous people will enter the field has prompted a move towards common ethical standards. Seven of the main players with established reputations, Sanders and Sidney, CEPEC, Coutts, DBM, Focus, Pauline Hyde and Associates and Right Associates have formed the UK branch of the Association of Outplacement Consulting Firms which is based in the USA (Crofts 1992). The IPM has likewise now circulated a code of conduct for career outplacement consultancies with a mechanism for dealing with

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complaints and a statement of the minimum qualifications for those who practise this type of work.

Concern expressed about the standards adopted by outplacement consultancies is just one manifestation of the growing importance attached to this topic. The massive shake-out within managerial occupations is causing former executives to adopt portfolio careers. Working at home, working for more than one employer, working in a self-employed capacity, the twenty-first century executive is unlikely to see his or her career within a single industry or company (Handy 1984). Managing the transitions required is thus a challenge for the human resource function, itself balkanised into various sub-specialisms and heavily reliant upon consultants (Tyson 1987, Torrington and Mackay 1986).

We sought to discover, through the research published in this book, whether the outplacement policy option was being used as one response to the strategic changes occurring within organisations. If the human resource function is adopting a normative stance, or if outplacement policies are servicing business needs, we may be witnessing here a significant policy shift to cope with redundancy as part of human resource work.

As the members of the European Community face structural unemployment, we must not forget the impact of redundancies. At the societal as well as the organisational level of analysis, redundancy has serious implications. If people cease to belong to work organisations, where do they belong? What is the impact on individual executives when after many years of service, they are told they are redundant? Human resource policies regarding redundancy are not, or should not be abstract intellectual exercises. The impact is felt in the lives of employees and their families, sometimes for very long periods of time.

### THE EXPERIENCE OF REDUNDANCY

Work is a social activity which provides us with an economic means of existence. To lose one's job is to lose the basic financial security upon which housing, eating, transportation and the care of loved ones are based. At a time of structural unemployment the prospects of finding other work are limited, and since redundancy implies that the timing of the job loss was not of one's own choosing, a period of adjustment will probably be necessary. The social effects of redundancy



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derive from the social identity granted according to one's economic status. Not only does the redundant employee suffer, but so too does that person's family. For men the failure to provide for one's family may result in a general feeling of failure as a man. For women made redundant there are also family consequences, and a similar knock to personal confidence. Children suffer because the parents can no longer afford the educational and lifestyle purchases which children need or value. Dependent relatives are also subject to the loss in financial support. Job changes may lead to relocation, with problems again for children's education, for dual careers and in recent years the financial problems associated with selling and purchasing property. The possibility arises that some marriages may be threatened by the redundancy of either partner.

All these dire consequences may seem far fetched to those who happily move from job to job, and there is a trend within careers for greater mobility, and a more individualistic career orientation. Redundancy can occur in any occupational group, and, we might argue, it is only the imprudent, and unwary who, lacking the foresight to save and to guard against financial misfortune, would be caught out in this way. But, how many people anticipated the fall in house prices throughout the UK during 1990-2? How many people have their assets in such a liquid form that they can live comfortably when unemployment strikes suddenly? How many families depend on dual incomes, and are already in debt before one of the partners becomes redundant? How easy is it to find another job when aged 40 or 50?

In 1980 the Granada Television Programme 'World in Action' reported on a study they commissioned into the human costs of unemployment. In the programme, 'Death on the Dole', they claimed there was a link between rising unemployment and certain causes of death, including suicide. The programme covered three case studies of suicides in the West Midlands. Geoff S aged 25 was a factory worker (qualified as an electrician) who killed himself two weeks after he had lost his job. He was worried about paying the mortgage on the house that he and his wife lived in, and he had never been unemployed before. He searched for jobs, but found nothing: sometimes there were 40 applicants for one job. His wife found him in his car in the garage with a pipe from the exhaust into the car window:

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. . . on the seat there was his tools, his certificate and a book, and inside the book there was a list of places where he'd gone for jobs, and scribbled out because they'd got nothing for him.

Fred M was an older man, a plater who repaired furnaces. He was married with two daughters and had been employed at Bilston Steel Works for 40 years, where his grandfather, father and three brothers had worked. In the words of his family:

. . . he was a chap what wanted to go to work and not sign on, he always liked to go to work, work hard and go out, have a drink, have a bet on the horses or the dogs, and he enjoyed life.

He was a proud man, who did not want to go down to the labour exchange to draw dole money. He committed suicide. 'It was the indignity of going to pick up his dole money and the prospect of never being able to work again.' He did not even cash the dole cheques. Frank S was a 57-year-old unmarried man who was close to his family and had worked for 40 years at the local engineering firm. He also 'lived for his work', and was frightened by the redundancies he saw every day. He feared he might be next and took his own life.

The three cases are sad but instructive. We might expect a television programme to show the effects of redundancy dramatically, but what is important here is that these were real people who were driven to suicide from their experience of redundancy. The word 'redundant' carries an overtone which is deeply affecting to those who believe in the work ethic. Such people have internalised the value of working to such an extent that work has become the dominant characteristic of their being: their social and economic identities have merged. For such persons to be told they are 'redundant' is therefore a major psychological blow. Their life has become meaningless to them. In order to understand the stigma of redundancy we must appreciate that it can affect some people very deeply, whilst others may quickly come to terms with a job loss.

As members of the community, we cannot shrug-off responsibility for the Geoffs, Freds and Franks of this world, who are part of our society.

One of the constitutive elements of every national temperament consists of a certain way of estimating the value of existence. In fact only Society can pass a collective opinion on the value of human life...For



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individuals share too deeply in the life of society for it to be diseased without their suffering infection.

(Durkheim 1952 p213).

Managements carry some responsibility for the consequences of their actions. Suicides are extreme consequences, and who knows what other problems the three men here were experiencing, but these are outcomes to managerial actions. In the words of one of Fred's relatives: 'I think the price of redundancy isn't counted in money. I think it's being counted in lives and unhappiness.'

The economic and social turbulence we currently experience has provoked wide-scale organisational change. The purpose behind our book is to discuss the managerial transitions which are one aspect of these changes. For executives caught up in the turbulence, the experience of redundancy can be as traumatic as for other employees. Often, such managers have no special skills to sell, are vulnerable because their success is very organisation specific and they may not be of much value to another company. In the two major recessions during the last decade, executives who have worked their way up the ladder to reach a senior position in their late 40s or early 50s, have found themselves redundant with few opportunities.

The strong attachment to the work ethic is usually encouraged by organisations, and rewarded by all the symbols of success; the company cars, executive offices, and various status reinforcements all denote approval. The collective opinions of all employees have been moulded to support the status systems which express organisational values. Redundancy implies a rejection by the organisation in which so much personal identity has been invested.

Redundancy entails a loss of dignity, bitterness, anxiety and a loss of confidence. This is the moment when the executive must plan his or her career, and undertake the job search. Emotionally and intellectually the executive is not likely to be at his or her best, and the cycle of inadequacy is reinforced by successive rejections from job applications. How effective the outplacement solution is to these problems we will discuss in the chapters that follow.

### HUMAN RESOURCE POLICY RESPONSES

Outplacement is not the only policy response to the need for the management of redundancy. In this book we are not attempting an

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exhaustive account of all the options available, in handling the problem of reducing the numbers of employees in any particular category. Such options include the provision of venture capital for employees to start their own businesses, job sharing, retraining, long notice periods, sabbaticals with a chance to gain educational qualifications, and redeployment to more satisfying, if lower paid jobs. These are amongst the imaginative solutions attempted by companies. Management buy-outs (as in Leyland Daf), and networking from home, using the employer as one contract, whilst the redundant executive seeks other consultancy contracts (as in Rank Xerox) are already well tried policy solutions which offer alternatives to redundancy.

However, where there is a forced need to reduce the number of managers or where the restructuring brings some managerial 'casualties', redundancy – perhaps modified by early retirement and voluntary redundancy schemes – is likely to be necessary at least for some managers. Outplacement is therefore a complementary policy response to most of the options available. When redundancies occur for individual managers, as opposed to whole teams, the redundancy with outplacement help is the most likely option. With companies experiencing enormous cost pressures, there may not be time for the longer-run solutions to be offered. Structural unemployment and the depth of the recession mean venture capital and networking type solutions are less attractive options for the redundant executive.

Outplacement is intended to be a mechanism for supporting people through the redundancy experience. Having started as a top management benefit, the normative position taken by many companies has been the driving force for others to offer a version of this service to those at a lower level. This may have occurred because organisations have seen the potential benefits in public relations and company image, and may have sought to sustain the morale, productivity and motivation of the employees who remain. The two aims of helping the departing employee and retaining the morale of those who remain could be compatible objectives. Those who leave are not only potential future customers of the organisation, but they also remain ambassadors for the good name of the company, while those who remain are the company's future.

The unitarist perspective can be continued, if we see that in career management there is also a convergence of interests possible between the needs of the individual for the 'portfolio' career, and the needs of



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the organisation for flexibility, in the types of people, the competencies, and the numbers of people they employ. Organisations seek flexibility in order to become more adaptable to their changing environments. Individuals are forced to become more adaptable, and the requirement within human resource policies can be described as a need for support systems such as outplacement to enable that flexibility to operate, and to make it acceptable to employees.

### THE RESEARCH PROGRAMME

The research we describe in this book was first began in 1986. It comprises three separate studies. In each case we have been pleased to have the cooperation of Pauline Hyde and Associates, one of the first outplacement consultancies in the UK, and still a major player in the field.

We aimed to discover three aspects of the management of redundancy through outplacement. These were:

1. The policies adopted towards redundancies and the reasons for using outplacement.
2. The reasons for selecting people to be made redundant, and the personality characteristics of redundant executives.
3. The experience of redundancy, and research into what happened to redundant executives after they had been made redundant.

Chronologically we researched questions around the selection for redundancy first, in what came to be known as the 'N Factor' Study; we then went on to look at the redundancy experience. The final study which was completed in December 1992 examined human resource policies relating to outplacement. This means our conclusions on policies reflect current organisational thinking.

We have followed a structure in our book which takes up this issue at the start of the text, because we wish to see the questions relating to executive redundancy in the broader context of the changing nature of human resource management. The 'N Factor' study is reported in Chapter 3, and we go on to look at the experience of redundancy in Chapter 4. The question of what happens to the careers of those who have been made redundant, that is how they have survived, is the subject of Chapter 5. Finally, in Chapter 6 we

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consider the broader issues of new career concepts and our conclusions to the project. The methodologies adopted for each of these studies were different, reflecting the special requirements of data gathering in each case. We have described the methodologies in the appropriate chapters and our survey questionnaires are contained in Appendix 1 and Appendix 3.

We believe this to be the most comprehensive research programme yet mounted on executive redundancy and outplacement, since our research has included hundreds of individuals, and of organisations, covering a substantial part of the UK labour force. We are nevertheless cautious about our findings. Research into human resource policies is in its infancy. Policies change and are responsive to new needs. Our caution arises from this fact and because, in order to produce generalisable findings, we have usually adopted survey type methodologies which take us outside the organisational context. Nevertheless, we believe we have still produced useful results. We have tried, by the size of our samples and by designing the surveys using appropriate independent variables, to generate representative data from which general conclusions can be drawn. Our research has elicited data from approximately 500 individuals and from 614 organisations throughout the UK, whose policies cover over 3½ million employees. By building on previous research and locating our findings within the literature we also believe we have made a contribution to understanding about managerial redundancy.

We are pleased to have taken a stage further our knowledge of the policies used to manage human resources at a time of rapid change. In doing so we have gone beyond the rhetoric about human resource management, and have evaluated a practical policy area which has been growing as a part of new management thinking.





## ORGANISATIONAL POLICIES ON OUTPLACEMENT

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Outplacement policies represent one element in the portfolio of policies organisations now adopt in order to manage executive redundancy. Along with other mechanisms for managing 'downsizing', this technique for easing people out of organisations is designed to manage the transition from being an employed, high status, financially secure individual to being unemployed, with an uncertain future and only one's own personality, experience and skills to fall back on. The normative aspect of the policy arises because the purposes behind outplacement are sold to organisations as a technique to help the person survive the experience and to go on and prosper in a new career. This brings us to a significant question which is the point of departure for our study: why, at a time of structural unemployment, should organisations pay for outplacement services for their redundant ex-employees?

Managing people in recession and recovery presents challenges to human resource management. By examining the questions of why and to what extent outplacement services are used we can explore this major policy area which attempts to manage change and which



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has grown so much in popularity in recent years. We should therefore go on to ask: what are the perceived costs and benefits of using outplacement and, as far as we can judge, what is the expected impact on organisations? We will describe the research to date on this topic, including our large survey on outplacement policies in the UK, in this chapter.

Search as one might the libraries of books on human resource management, few authors discuss how to make decisions about redundancy, except for occasional references to the statutory requirements. Indeed there are few commentators who will venture to describe how to tell people they are fired. It is almost as though reducing the numbers employed is a sign of failure. Dismissals imply a failure to plan, or failure in total as a business. By contrast, there is no shortage of advice on recruitment and selection processes; from advertising to phrenology there are techniques in abundance. When the bad news has to be broken, when business is winding down and not winding up, few authors are prepared to comment. No one likes to bring bad news:

‘Though it be honest, it is never good  
To bring bad news; give to a gracious message  
A host of tongues, but let ill tidings tell  
Themselves when they be felt.’

Shakespeare *Anthony and Cleopatra*  
Act II Sc V

### CORPORATE ATTITUDES TO OUTPLACEMENT

There are two opposing attitudes we might posit. The alternative extreme reasons for using outplacement are either for normative or business purposes. From a normative position, to make redundancy acceptable to the individual and to the remaining employees suggests a degree of consistency in values about the management of people, implying that the organisation places a high value on its employees and on their welfare.

The unitary frame of reference which characterises the normative approach to human resource management suggests that we are all part of the same team. The rationalisation for redundancy within this ideology would thus be that the sacrifice of some jobs will improve

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competitive performance, and that this will allow the remainder to survive. Accepting redundancy according to this ideology is an act of altruism. Outplacement policies would fit such a perspective. After all, it would be said, the redundant executives were given every assistance, and outplacement consultants will help them to find another position. Outplacement is used to preserve the unitary frame of reference, to preserve a management ideology which brings many benefits, including the unquestioned belief that the company acts in the best interests of its employees. Sustaining this belief system allows senior managers to claim their actions are not selfish or self motivated, but are caused by the desire to see the company succeed.

The business reasons which might be advanced are to preserve the corporate image, externally (with customers and suppliers), and internally with other senior managers and with employees. The motivation and retention of good people is vitally important for companies struggling for survival. The message which the use of outplacement services might convey is that the organisation is not careless of the needs of its employees. The 'good company' image has knock-on effects on customer relations, for example, through the way employees interact with customers and suppliers.

When businesses are reducing their activities, the run-down frequently has to take place over a period of months. Retaining high-quality, knowledgeable employees during this time is essential to sustaining the business, and also allows time for redundancies, job search and outplacement. In these circumstances, executives have a leadership role which they will all the better maintain if they are leaving with an attractive severance package. Outplacement policies are a rational choice if they give scope for operations to continue and ensure a smooth transition even when closure, merger, reorganisation or acquisition are imminent.

Redundancy policies are now quite common in the UK. These policies offer some security and certainty during the management of change. The format often found in these policies was prompted by the 1972 Code of Practice. Early examples usually follow the procedure of seeking to avoid redundancy by suspending recruitment, transferring staff to fill vacancies, using retirement policies and retraining existing staff. If redundancy is still unavoidable, there is a domino effect, characterised by: the reduction of overtime, short-time working, then the dismissal of casual, temporary, and contract workers before



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permanent staff are under threat (Eggert 1991). All these schemes urge employers to adopt various methods in order to reduce labour surplus. However, given the employment policies of the 1980s which have sought to exploit the secondary labour market to the extent that workers who are part time, temporary, casual, subcontracted and self-employed now outnumber those on 'standard' full-time contracts, it is unlikely that redundancies in the core of permanent staff would be avoided at the expense of losing the flexibility gained over the last decade.

Positive proposals which are sometimes contained within these schemes include spreading the redundancy programme over time, to help people to find alternative employment, and retraining otherwise redundant individuals to fill other vacancies. An early example of good practice is found in the Model Redundancy Agreement produced by the Civil Service Department in 1975. This policy recommended all the now normal, positive steps, including ceasing recruitment, transfer of staff to lower level jobs at protected pay rates and if redundancy is inevitable suggests resettlement.

When redundancies occur the department should appoint a resettlement officer to advise and assist staff who are made redundant in finding alternative posts either within or outside the Civil Service, and with retraining or other problems arising from the redundancy. If specialist staff are involved, an officer with knowledge of their problems should be available to assist with resettlement.

(Civil Service Department 1975)

This early description is close to the outplacement role as we now know it, and the idea of 'resettlement' is continued by the Ministry of Defence which has a department concerned with the resettlement of armed service officers.

The increasing trend towards voluntary redundancy schemes which are written into redundancy agreements has gone hand in hand with formal statements of the company policy on redeployment and retraining which are now more often written into redundancy and new technology agreements (Gordon 1984). Similarly, it is increasingly common for employers to offer more than the basic statutory entitlement within their severance policies. Of 175 agreements examined by the Labour Research Department in 1984, 90 improved upon one or more features of the basic entitlement, usually by giving a greater

### *Organisational Policies on Outplacement*

multiple of the statutory redundancy pay which is based on years of service.

A 1992 survey by Right Associates and PM Plus showed that of the 550 organisations responding to their questionnaire, 82 per cent had formal severance policies, and that 91 per cent of those with more than 5,000 employees had formal policies in this area (Woodger 1992). For around one quarter of those responding, severance policies were not normally disclosed. As Cleopatra might have added, personnel departments clearly do not like to spread bad news. Unless the package has to be activated, 'why worry people?' is the attitude. Perhaps a more pertinent reason for this secrecy is that, by not declaring the contents of the severance packages, employees will have difficulty in negotiating any improvements. When redundancies are announced and the severance terms are revealed there will be little opportunity to negotiate, with the threat of redundancy in the background. A further reason for secrecy was the desire to retain discretion and flexibility so management can decide how much to pay any individual.

**Table 2.1** Which benefits would be included in severance packages for key executives (UK)

<i>Benefits offered</i>	<i>% of Companies</i>
Bonus/incentive plans	N/A
Club memberships	N/A
Company product/service discounts	11
Disability insurance	7
Financial planning	48
Life insurance	21
Medical benefits	33
Outplacement services	64
Retirement planning	59
Retraining	14
Secretarial help	25
Stock options	20
Tuition reimbursement	6
Use of company car	45
Use of office space	18

*Source:* Woodger 1992, p31



### *Executive Redundancy and Outplacement*

This survey showed again that most companies give more than the statutory minimum to executives made redundant. Only 5 per cent gave the minimum, while 21 per cent had no upper limit. British companies seem to prefer a lump sum payment for the severance package, and various types of early retirement schemes are also popular for executives. As Table 2.1 (quoted from the Right Associates and PM Plus survey) shows, outplacement is the most popular benefit.

### RESEARCH INTO OUTPLACEMENT POLICIES

We attempted to discover why corporate outplacement policies exist by conducting a survey, sponsored by Pauline Hyde Associates and supported by the Institute of Directors. This project sought the corporate perspective and tried to elicit the methods used by organisations on the use of outplacement in deciding outplacement policies and the evaluation of services and to establish what were the future requirements for this industry (Doherty, Tyson and Viney 1993).

There were three specific objectives for our survey. First, we wished to locate the provision of outplacement services as a positive policy area within a best practice approach to human resource management.

Here we were seeking to explore the normative stance adopted in organisations through their use of outplacement services. As a second objective we wanted to establish the costs and benefits associated with outplacement services, as the policy-makers saw them, and in particular we were interested to discover whether they believed outplacement had any motivational value for those employees who were to remain. These perceived benefits would reveal the economic argument for adopting outplacement policies. Finally, we were interested in the future requirements policy-makers anticipated for outplacement services, in the light of changes to careers.

We accordingly designed a survey covering all industry sectors, public and private, with company sizes ranging from 200 to 50,000 plus employees. The questionnaire we designed was distributed to over 3,800 organisations. (See Appendix 2 for details of the methodology and the sampling frame.) Of the total distributed 614 organisations (15.8 per cent) responded, a response rate which provides a very good proportion of the total sample for analysis, given that this was a postal survey (Krejcie and Morgan 1970).

The responding organisations covered over 3½ million employees throughout the UK, and there was no systematic bias in the results.

### *Organisational Policies on Outplacement*

This gave us confidence that we had polled a representative sample of opinions from the survey population to whom the questionnaire was sent.

### OUTPLACEMENT SERVICES

Of the organisations responding to our survey 88 per cent had been recently involved in enforced redundancies, and 56 per cent had used voluntary redundancy as a way of reducing the number of employees. As is the case of the survey reported by Woodger (1992), the vast majority of organisations had a severance policy (85.7 per cent in our slightly larger survey).

Around 75 per cent of organisations offered their departing employees a form of outplacement service, either run 'in-house' often through the personnel or human resource department, or externally, through a consultancy, usually specialising in this work. For those companies which did offer outplacement services 36 per cent used only external outplacement while 25.4 per cent used a combination of both in-house and external outplacement services. The larger the organisation, the greater the use of external outplacement services. (See Table 2.2.)

**Table 2.2** Company size and use of external outplacement

Total number of employees	% of organisations offering External Outplacement
1 -500	25.2%
501 -1,000	41.6%
1,001 -2,000	48.0%
2,001 -5,000	62.6%
5,001 -10,000	73.4%
10,001-20,000	75.4%
> 20,000	78.3%

The most significant industry sector differences were between the public and private sectors. In the private sector 66.4 per cent of companies offered external outplacement as opposed to 36.6 per cent of the public sector organisations. The public sector did provide more in-house services (46.5 per cent) compared with the private sector (36.8 per cent).

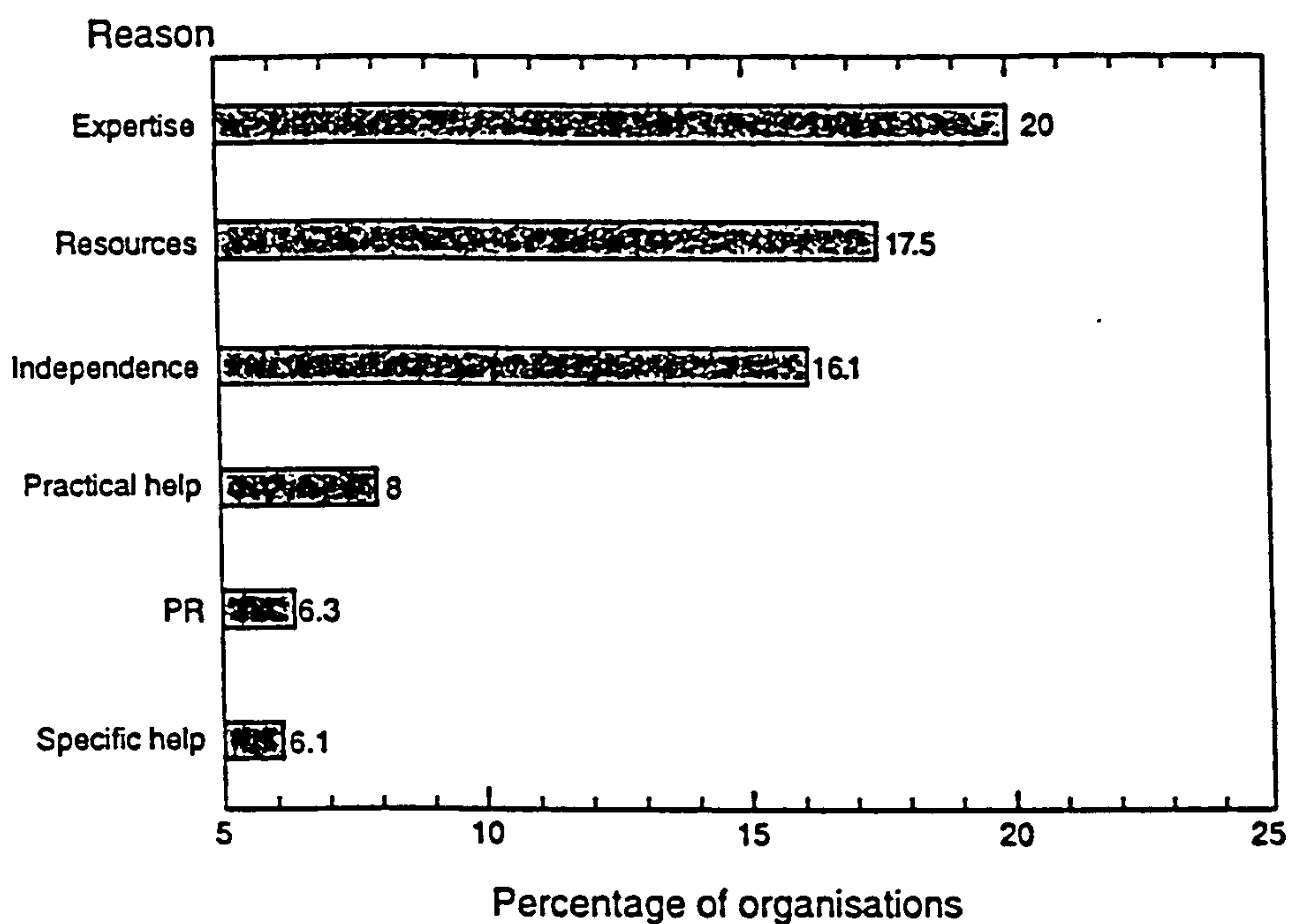
The reasons most often cited for using external outplacement were the expertise, professionalism and the quality of the services offered



### *Executive Redundancy and Outplacement*

by external outplacement consultancies (quoted by 20 per cent of the sample). An almost equal proportion of organisations indicated that external outplacement services were used because the resources, facilities and time needed were not available in-house. Similarly the independence of external outplacement services was seen as an important reason by 16 per cent, which stressed the objectivity of external outplacement. Employers also mentioned the way in which external outplacement services were able to assist with the general practicalities of job loss situations, their ability to provide specific help with job contacts, and professional counselling as reasons for using external consultancies.

For around one-third of our respondents in-house outplacement was preferable, on the grounds that they had sufficient resources internally and that this was more cost effective than using external services. Our respondents indicated that the level or status of the redundant executive was also a factor. External services were seen as appropriate only at the most senior level for some organisations. (See Figures 2.1 and 2.2.)

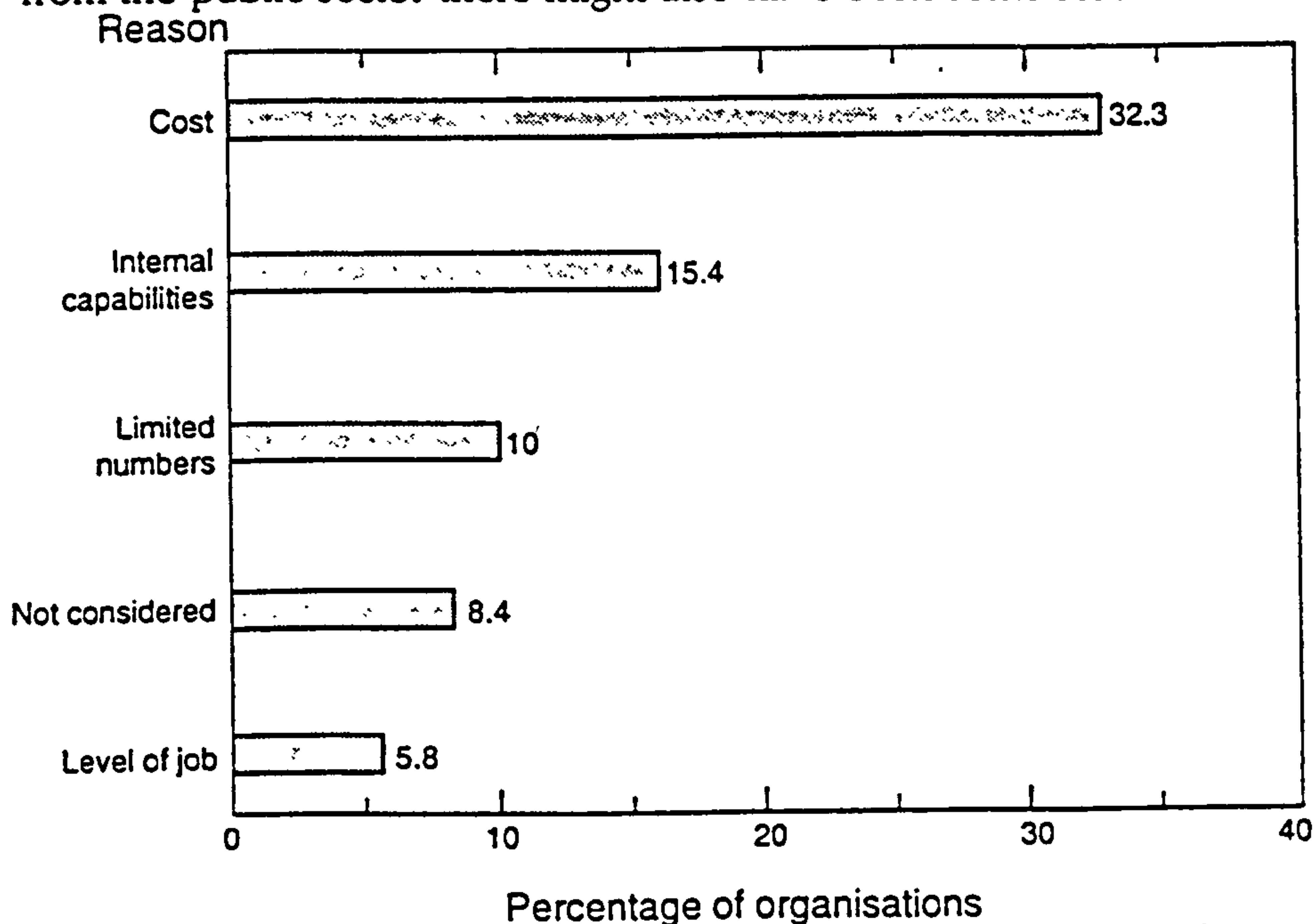


**Figure 2.1** Reasons why organisations use external outplacement

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There is conclusive evidence therefore that organisations see outplacement as an important policy area, and that the issue for most human resource managers is not whether or not to use outplacement, but rather the choice between in-house versus externally supplied services. The most frequently cited reason for not using external suppliers was cost which influenced the decision for around one-third of our respondents.

The numbers voting for the in-house preference are not surprising, when we recall that resettlement officers and career counselling have been available, especially in the public sector, for many years. In addition the perceived cost of outplacement may be higher than the actual cost. Of those organisations which used external services 42 per cent stated the cost to be less than 5 per cent of the total termination package, and 85% said the cost was less than 15% of the termination package. It is possible that those opting for in-house services might still have felt the cost was too high if they were regarding the otherwise unused capacity within their own organisations as free. However, from the public sector there might also have been some resentment or



**Figure 2.2** Reasons why organisations do not use external outplacement



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distrust of private sector external consultancies profiting from the reduction in public sector employment. One might also speculate that it is in the interests of all managers, including career counsellors in the personnel function, to be seen to be busy when redundancy is on the agenda.

We have established some of the reasons why this is an important area for human resource policies in recession and recovery, and the extent of the take-up of outplacement services. To provide a more complete picture we also asked about the impact of external commercial outplacement services on the organisation.

The commercial outplacement services were quoted most frequently as 'helpful to the departing individual's career' (by 93.5 per cent), and were perceived to help the 'separation process' for the individual and for the organisation by 93.1 per cent of organisations. Assistance with the separation process and the individual help which is provided to people in the redundancy crisis are undoubtedly the fundamental reasons for using outplacement. This interpretation is confirmed by the responses summarised in Table 2.3 which included practical and specific help to individuals as significant reasons for using these services.

**Table 2.3** The impact of external outplacement

<i>Impact</i>	<i>Helped</i>	<i>No observable effect</i>
Departing individuals' career	93.5%	6.2%
Separation process for individual and organisation	93.1%	6.9%
External reputation of the organisation	55.4%	44.4%
Maintenance of morale of remaining employees	77.2%	22.5%
Retention of key players	17.5%	81.6%
Retention in general	15.6%	83.6%
Customer/supplier relations	13.2%	86.5%

In the broad human resource policy area, outplacement was believed by our respondents to have a positive effect on the maintenance of morale. We might anticipate that for those organisations seeking to continue in business, creating a high level of commitment among the remaining employees would be necessary, but was acknowledged as difficult to achieve. As employees see their friends and future colleagues disappearing into the dole queues, remaining staff must feel

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vulnerable and insecure. Yet, this is a time when customer relationships, levels of output and the quality of work are, if anything, even more important than usual. The future performance of the business is dependent upon many of the same employees who were working for the organisation prior to the redundancy. For human resource and other managers therefore, managing the process of change is a super-ordinate goal, with the redundancy exercise as only one aspect.

Interestingly our survey revealed that the use of external, commercial outplacement services does not have an observable effect on employee retention, or on customer or supplier relationships.

According to 45.5 per cent of the respondents, the redundancy situation resulted in decreased motivation amongst staff. This is shown in Table 2.4. Although there is the perception that outplacement is beneficial to morale maintenance among the remaining employees, we could find no statistically significant relationship between the use of outplacement and the motivation of the remaining staff.

**Table 2.4** The effect of the redundancy situation on the remaining employees after the departures.

<i>Effect</i>	<i>Increase</i>	<i>No Change</i>	<i>Decrease</i>
Staff turnover	6.3%	65.4%	28.3%
Number of disputes	2.4%	85.1%	12.6%
Motivation of staff remaining	16.5%	37.6%	45.5%
Communications with employees	41.8%	56.3%	1.9%
Quality of trade union relations (as applicable)	16.3%	78.0%	5.7%

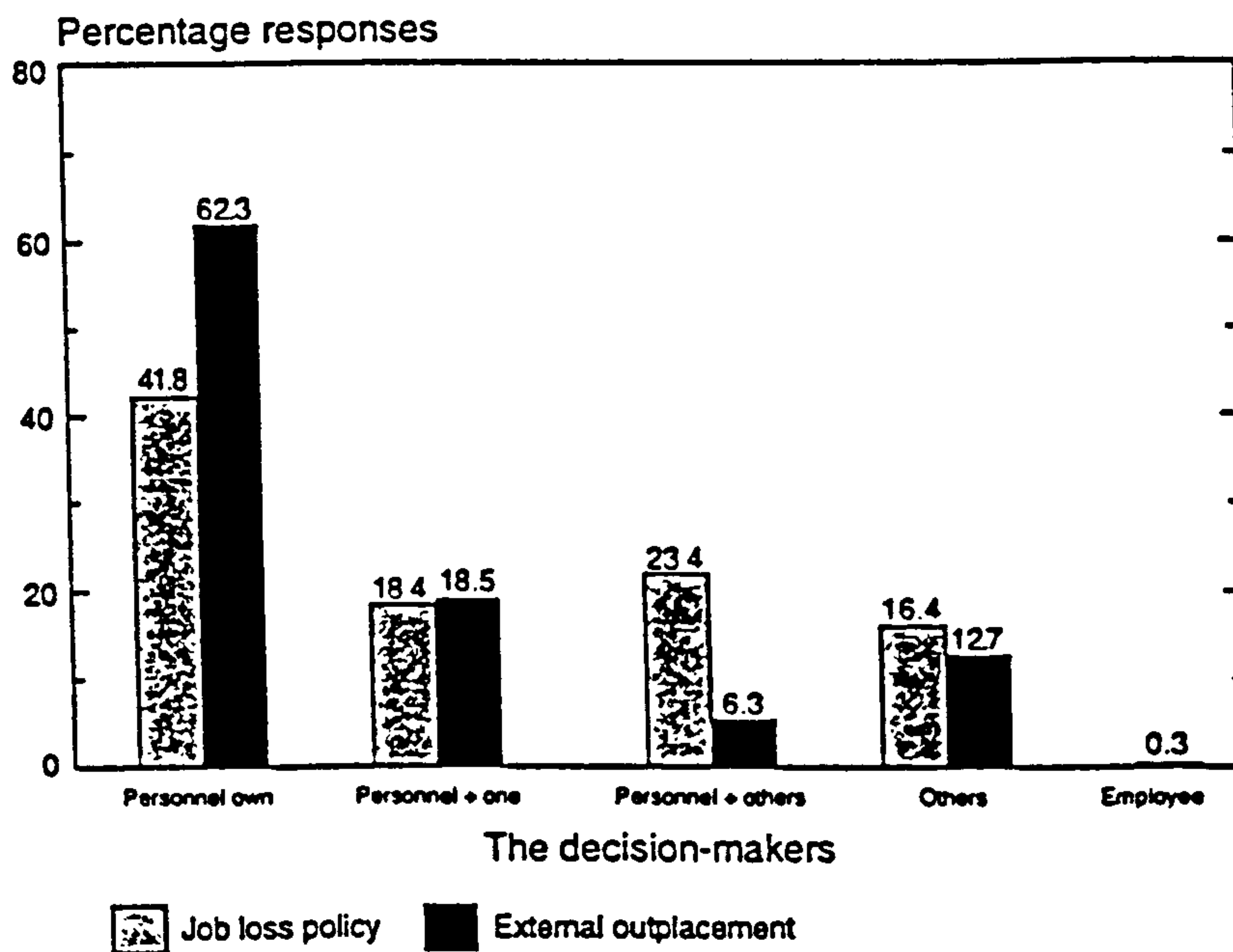
However, we can interpret the statistics in Table 2.4 as showing some beneficial effects on organisations which have faced redundancies. The decrease in labour turnover is inevitable with high unemployment, and may not be a consequence of the redundancy threat. If there are generous redundancy schemes one might expect those at risk to wait until they can be picked up by such schemes through management action, rather than leaving voluntarily. No change in 65 per cent of cases is good news therefore. Similarly, disputes are likely to become fewer if a company can be seen by its employees to be struggling for survival, and the increase in communications is surely because of the need to communicate the changes necessary, to explain why there are redundancies and to reassure existing employ-



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ees about their future. The general state of trade unions relations seems to be relatively unchanged, and the statement that these relationships had improved in 16 per cent of cases is a tribute to the successful management of change. The strategy adopted by British Aerospace in closing its Weybridge plant is a good example here, where employee involvement strategies were used to ensure closure without disruption, maintaining continuity and the smooth transfer of work to other sites (Guest and Peccei 1992).

Who manages the redundancies? (See also Figure 2.3.) The human resource (HR) function usually plays the biggest part. In 16 per cent of the organisations, the policy was set by groups such as the board of directors, senior managers and managing directors in collaboration with the trade unions, without involving the human resource department. For around 42 per cent of respondents, HR policy on redundancy was set by the personnel or human resources department alone, whilst a further 18 per cent of HR departments collaborated with one other senior executive, such as the managing director, and 23 per cent created the policy jointly with more than one other, for



**Figure 2.3** Decision-making regarding job loss policy and outplacement provision

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example with the trade unions or other directors.

As a result of the redundancies 38 per cent of the organisations made changes to their existing severance policies or implemented new policies. Changes to financial packages and the provision of external outplacement were the two most frequently mentioned changes, showing the importance of tangible policy responses to redundancy. (See Table 2.5.) One assumes that in some of the organisations these improved severance terms were negotiated with other interested parties such as the trade unions, as one aspect of the dialogue between human resource departments and the other stakeholders.

**Table 2.5** New policies/policy changes

<i>Nature of Policy</i>	<i>Percentage of organisations</i>
Financial packages	40.5%
External outplacement	35.3%
Retraining / redeployment	15.5%
Internal outplacement	9.0%
Voluntary redundancy	3.4%
Communications	1.7%
Others	10.0%

Decisions about the use of external outplacement were typically taken by human resource functions even if they were not responsible for deciding the overall severance policy.

Because downsizing itself often has considerable strategic importance the board may well be involved in this policy area. This is well illustrated by the Chairman's Statement which appeared as part of British Telecom's Annual Review and Summary Financial Statement:

As a Board, we have acknowledged the responsibilities we bear to those who leave the company as part of the downsizing programme. The financial terms have recognised the contribution made by leavers to our past success and they have been accompanied by an innovative package, including help with job placement, counselling and other support measures.

This voluntary reduction in our workforce was one of the ways in which management was successful in controlling costs, achieving a sound underlying performance despite a flat turnover.

Iain Vallance, 18 May 1993, pp2 and 3

The responsibility for both the severance policy and the decision to use an external outplacement service were in the majority of cases



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within the remit of the human resource function and 43 per cent of respondents stated they would not change the way they handled the redundancy situation if further redundancies occurred. Of those who did propose to make changes the most frequently cited were to increase communications (17 per cent) and to carry out the process more quickly (5.5 per cent). In 4.5 per cent of cases, respondents stated they would like to revise the method by which they select executives for redundancy, a topic which we examine in the next Chapter.

Within our sample around three-quarters of organisations offered in-house, or external outplacement, or a combination of these services. (See Table 2.6.) The one-to-one executive programmes are for managers at the senior level, and this is where external consultancies are most commonly brought in. The responses in Table 2.6 also indicate a wide spread of services, and show the tendency for outplacement to be used at other levels besides the most senior staff. There is a trend towards group-based, jobshop type services for those performing basic level jobs. The Right Associates/PM Plus survey separated out staff levels, and found that 64 per cent of general managers as opposed to 36 per cent of more junior staff received outplacement services (Woodger 1992). The range of services now offered as part of outplacement extends to counselling for the spouse of the person made redundant and stress counselling. This reveals how some organisations are providing distinct 'products' in order to manage the transition process. This may well reflect a recognition of the potentially wide-ranging effects of a redundancy, which we explore further in Chapter 4.

**Table 2.6** Outplacement services offered to departing employees

<i>Service offered</i>	<i>Via in-house sources</i>	<i>Via external sources</i>	<i>Via both in-house and external sources</i>
One to one executive programmes	8.4%	67.1%	8.9%
Group-based programmes	21.9%	39.2%	8.4%
Jobshop/centre	24.2%	14.3%	3.5%
Voluntary career transition	11.3%	6.5%	1.3%
Relocation counselling	15.6%	6.5%	2.4%
Counselling for spouse	3.0%	9.3%	0.4%
Stress counselling	12.1%	10.2%	4.5%
Others	10.5%	5.5%	1.4%

Our survey also revealed that many organisations (56.6 per cent) try

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to evaluate the effectiveness of their outplacement policies. The main techniques used were through interviews with departing employees and through peer group feedback. One wonders how accurately the responses to the interviewers' questions reflect the value of outplacement, which is almost by definition a long-term process. Since those departing would most likely be feeling vulnerable, angry, stressed or have come to a state of acceptance without enthusiasm for their fate, a simple interview seems unlikely to be able to capture the depth of feelings the redundant executives possess. However, the desire to evaluate policies comes through strongly as a need to obtain value for money. This implies that outplacement services have important business purposes, and that even if there is a normative philosophy behind the policy, its effects must be measured in business terms.

Evaluation also suggests an examination of policies so that they can be improved. Almost half the sample were definitely planning to use outplacement services in the following twelve months. This reflects a perceived continuing need for assistance in managing future downsizings and reorganisations. In the event of future changes, if faced with another redundancy situation, there was a need in many cases to train managers in handling the separation interview successfully, and to train them in coaching and counselling. Many UK companies lack expertise in handling redundancy situations; for example only 16 per cent of those managers who had to convey the 'bad' news had been given any external advice on how to make staff redundant (Lewis 1991). This is a reflection of a generally poor standard of training for British management which many of our responding companies recognised. (See Table 2.7.)

**Table 2.7** Other beneficial services required

<i>Services</i>	<i>% response</i>
Training managers in coaching and counselling	48.5%
Training managers in successfully handling the separation interview	47.5%
Assistance with improving production and morale during downsizing	28.4%
Assistance in reducing head count via encouraging voluntary separation	22.6%
Assistance with satisfying legal and best practice requirements	14.8%
Assistance with strategic planning and implementation of downsizing	13.5%

Redundancy occurs as a regular phenomenon for some organisations. In many cases, organisations have well established career management policies, and have sought through career development reviews, career planning and the many different management development



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strategies to prevent redundancies, by redeployment and retraining, or to phase imbalances in the demand and supply of labour so that they can carry the surplus or shortfall for a brief period, while action is taken.

There is some further evidence here of the way human resource management is changing. The extensive provision of career development and career planning by organisations (Table 2.8) has to be juxtaposed with the growth of severance policies and the use of outplacement. There are a number of possible explanations for this apparent paradox.

**Table 2.8** In-house career counselling services provided

<i>Services</i>	<i>% response</i>
Career development reviews	84.9%
Career planning	67.3%
Coaching / training for managers	54.5%
Development centres	29.2%

First, the research described in this chapter concerns human resource management at a time of recession. Career planning now includes moving people out of organisations, and is no longer synonymous with promotion. A second, related issue is the flexibility now required in managing the human resource. In order to respond rapidly to changing needs, much more has to be known about the human resource. This information about career aims, motivation, changing competencies and the like is provided by career reviews and development centres. Thirdly, we have suggested human resource managers provide products. Severance and outplacement products meet a particular set of needs, and can be counted as part of the total product offering of the function, alongside career development policies. Career development is well established in the public sector where in-house outplacement is most common. Finally, we can see in both the career management and the severance policies using outplacement, a normative trend towards managing all transitions, including lateral transfers and redundancy in an effective way, whilst preserving standards in the way people are treated.

### **SEVERANCE POLICIES AND ORGANISATIONAL CHANGE**

The most serious recession since 1945 has left few organisations unscathed. Even companies which espoused a 'no redundancy'

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policy, such as IBM and Marks & Spencer have had to succumb to the economic imperatives driving organisations to reduce their operational scale, to reorganise, and to adjust rapidly to reduced business levels. Widespread redundancies have encouraged new policies and tactical reactions to pressure, with outplacement services playing an important role.

'Rightsizing' or 'downsizing' means creating flat organisational structures, smaller organisations which are more flexible and responsive to the market where costs have been pared down to the minimum. Job loss policy formation has therefore put human resource managers centre stage in strategically vital reorganisations. Human resource managers have been shown by this study and by others to be heavily involved in managing these downsizing operations (Boynton and Thomas 1991). The extension of outplacement services to lower level occupational groups, the wider services available, and the involvement of senior executives and trade unions in outplacement policy decisions reflects the scale of the changes. The exponential growth in outplacement provision is a market-driven response to the need for personal services provided at the employers' cost, to assist individuals through the transition process.

In this chapter we have described the main reasons why organisations have invested in outplacement. At the beginning of the chapter we proposed two apparently dichotomous reasons for severance and outplacement policies. As we have examined the results of our survey, it has become clear that the normative and the pragmatic business reasons for using outplacement are not in opposition. There are good business reasons for treating people well at a time of major change.

### **SURVIVORS' SYNDROME**

In the aftermath of a lay-off exercise considerable attention has focused on the impact of the redundancy situation on those leaving the organisation rather than on those remaining. After the actual downsizing event another real problem can exist for the organisation in the form of survivors' guilt. The term 'survivors' syndrome' gained popularity in the mid 1980s following research which simulated the impact of a lay-off situation. This research indicated that co-worker lay-offs can have a dramatic effect on the subsequent productivity of



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survivors (Brockner *et al* 1985, 1986). Since it is the actions and reactions of the employees who remain that dictates the organisation's effectiveness, survivors' syndrome has become an increasingly legitimate concern for both researchers and organisations.

The reactions of the survivors, like those of the redundant individuals, can vary considerably between individuals and even within organisations. They can range from shock, animosity towards management, concern about their colleagues who have left, guilt that they still have a job, to fear about the future. This may result in low morale, decreased commitment to the company and fragmented communication. Ultimately, these reactions may result in a lack of trust and loyalty to the organisation which may have a detrimental impact on organisational performance and adverse effects on bottom line results. Often the very reason that the organisation institutes a downsizing operation in the first place is to increase output and consolidate competitive advantage. The effect of survivors' syndrome can severely undermine this intention.

### ADDRESSING SURVIVORS' SYNDROME

However, Brockner (1992) suggested that many of the factors that contribute to the reactions of the survivors can be influenced by the management and that managers should plan to manage the exercise with special consideration for the survivors.

The most fundamental of these is the perceived fairness of the layoffs. Survivors' perceptions of the fairness of how the situation was handled are determined by beliefs about why it occurred. Fairness is influenced by a number of factors including the justification for the layoffs. Management must be prepared to be asked questions: are the layoffs really necessary? is the corporate culture one which is consistent with redundancy? Until recently IBM had espoused a no redundancy policy and used other means of reducing the workforce, including early retirement and voluntary resignation. When such organisations then resort to layoffs this runs contrary to the employees' beliefs about the corporate culture and may therefore be more likely to be perceived as unfair.

The handling of the redundancies is also an important factor in determining survivors' reactions. Survivors appear to be concerned

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with what might be considered the detail of the layoff procedure: for example how the notice is communicated, what decision rule was used to determine who would go, whether good services were provided to soften the blow for those leaving, including severance pay, outplacement counselling and the continuation of benefits.

All these actions on the organisation's part have significant symbolic meaning to survivors, as attention to these details may be interpreted as an exposition of the covert philosophy of the organisation. In general the productivity and morale of survivors and their subsequent loyalty and commitment to the organisation is less likely to be adversely affected if they view the redundancies as having been conducted and handled fairly.

Other variables which impact on the survivors include the working conditions. After the redundancies, the working conditions may be significantly changed often involving different threats and opportunities. Job security often decreases after layoffs as employees may perceive the threat of additional layoffs. In addition, for many survivors their job is likely to change, workload often increases in the first instance and the nature of the work can also vary. These changes can create uncertainty about future prospects within the organisation as the layoff situation often creates a lack of clarity and mission within the organisation. These variables may all impact on the reactions of those who remain in the organisation and are potentially detrimental to its success in the future, therefore this type of transition needs careful management. One case in which management tried to react with sensitivity was the well-documented example of British Aerospace. Following the redundancies carried out by British Aerospace in 1986 a study of the employee involvement strategies adopted by the organisation was implemented (Guest and Peccei 1992). This revealed that the involvement strategy was extensively used and highly valued by a large proportion of the workforce. However, despite concerted efforts to alleviate the effects of survivors' syndrome, 42 per cent of those who had been redeployed believed they were definitely *not* better off as a result of the closure and 59 per cent still found the exercise a stressful event – a potent indicator of the difficulty in attempting to address the whole range of issues which arise in a redundancy situation.



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#### REDUNDANCY COUNSELLING FOR REMAINING EMPLOYEES

Lane (1988) studied a group of 50 senior and middle managers from organisations (both public and private sector) which had recently undergone a major restructuring, redeployment or redundancy exercise resulting in a substantial loss of positions. He identified three main sets of issues which required consideration in successfully implementing the redundancy. Management need to recognise that *a sense of loss* will be felt by both those made redundant and those who remain. *A sense of realism* was required to show that management was aware of the potential impact of the redundancies and that they considered the needs and priorities of the workforce. Remaining employees needed to feel *a sense of support*. When management was not well regarded, internal advice was treated with suspicion and high levels of stress were reported by remaining key managers who did not have access to external counselling services, resulting in the subsequent loss of many of these key people. Lane concluded that redundancy counselling for those who have not been made redundant is essential. Unless organisations handle reorganisations responsibly, key people may quickly exit the organisation and the workforce in general will be underperforming. The management of such situations is important not only from a humanistic perspective but because it is fundamental to the effectiveness of the organisation. The case of Duracell, which had to find a way to keep the operation going while planning redundancies, illustrates how the survivors' syndrome was incorporated into a human resource policy.

Many organisations are now painfully aware of the need to manage the redundancies, with attention to those remaining as well as those leaving. The case example of how Duracell employed the services of an outplacement agency (Pauline Hyde Associates) to help the change process resulting from their downsizing and reorganisation was outlined by Pickard (1993). An intensive intervention by a team of consultants from Pauline Hyde and Associates working in partnership with the organisation alleviated some of the negative aspects of the downsizing and helped to smooth the transition. Production was brought back to normal within two days of the announcement of the closure and even increased during the run-down period.

It has been suggested that one of the fundamental ways in which the management of an organisation can ease a transition situation is

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by implementing a positive policy (Weinstein and Leibman 1991). This incorporates outplacement as an integral element which provides remaining employees with the tools to cope with the changes and also communicates that the organisation puts a premium on performance and effectively but humanely deals with those who do not meet the organisation's standards. The use of outplacement is now gaining popularity as a strategic tool in the management of redundancy.

In our survey almost half the responding organisations perceived a decrease in motivation among the remaining employees, a hardly surprising result, but one which exposes the potentially detrimental effects of redundancy on survivors. Around 77 per cent of organisations stated that external outplacement had a positive impact on the maintenance of morale. This indicates that such practices as increasing communication, and providing individuals with support during the redundancy experience, are now perceived by management as a means of minimising the impact of survivors' syndrome. Improvements were expected to 'morale' in general through using outplacement, presumably because employees would see that the company had planned a system for helping people into the change process. Outplacement may be experienced as a free 'gift': expenditure upon a personal service with no expectation of any reciprocal gesture from the employee. However, the response to our survey showed that the latent function of outplacement is to elicit a sense of reciprocal loyalty from the survivors. It may well be a 'hygiene factor', in Herzberg's terms, because it just offers help when the individual's security and physical needs are threatened, and when the sense of personal identity is under siege (Hertzberg *et al*, 1959). The importance of such hygiene factors should not be underestimated. At the very least, outplacement keeps people attending to their work during the redundancy period, or allows departure with dignity, and without a breakdown in trust between the individual and the company.

Our research confirms the importance organisations attach to their public image. Corporate affairs, or public relations is at the heart of relationship marketing, and to be seen as a 'good employer' fits the marketing strategies which seek to exploit notions of quality, customer service and attention to the wants and needs of customers and employees. Corporate advertising which portrays the business as caring (for example 'the listening bank', or 'everything we do is driven



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by you') has to be built on a public perception of genuineness and trust. The significance of the public relations pay-off from outplacement was confirmed in our results, supporting a similar finding by Boynton and Thomas (1991). Ironically, organisations which have had to handle large-scale redundancies themselves, and have established in-house expertise to carry through such policies, have now started to seek other clients for their services, as exemplified by British Coal Enterprise who advertised a new video training package as coming from 'Britain's most successful outplacement consultants' (*Personnel Plus* May 1993 p8).

Career development is changing. The lifetime company career is no longer on offer to most people. Career management is now a matter of managing the entry and the exit from organisations as well as developing careers within companies. Of all the transitions, the management of redundancy for staff surfaces organisational values, setting out for all to see what the senior managers really believe about the people who work for them.

## PERSONALITY AND REDUNDANCY

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Redundancies occur under all economic circumstances, reflecting the labour market effects of organisational change. Redundancy is a personal tragedy for many people. This is not only because they are being forced by unforeseen circumstances to seek other work, perhaps also to move to a new location, to disrupt their family life, and to suffer economic hardship. Of equal significance is the question 'why me?'. Even if a whole company is closing, the question in a more subtle form remains – why did I choose to work for a company which closed down? For executives who have invested their ideas and judgements over many years in an organisation, to be made redundant raises a particularly strong connotation of failure.

During our examinations of the whole phenomenon of executive redundancy and the growth of outplacement services as a response to policy needs driven by rapid change, we should seek to understand what kinds of people are made redundant and why. In this chapter we will discuss research on the reasons why executives are selected for redundancy, and explore the question of whether there are any characteristics which tend to result in some executives finding organisational survival difficult (Tyson, Barclay and Handyside 1986). At once let us be clear that our objective here is not to discuss whether the selection for redundancy was well made. On the contrary, we do



### *Executive Redundancy and Outplacement*

not know whether redundancy decisions are in economic, social or ethical terms 'correct'. The sensitivity which surrounds discussions on unemployment is a good starting point for understanding the reasons why redundancy is so often felt to be unacceptable to the person concerned.

Work is a social activity. To work is to take part in a process of economic exchange, through which one's identity is sustained, and one's economic and social status is created. The notion that work is morally good, and not to work is therefore a sign of moral laxness is not just a product of eighteenth- and nineteenth-century political ideologies. It was presumably the work ethic which inspired former Cabinet Minister Norman Tebbit to exhort the unemployed to 'get on their bikes' and to seek employment further afield. One may be surprised that unemployed people would need so much urging since they would surely wish to remove the undesirable condition of being unemployed, in order to become an income earner, accepted by friends and family as having achieved a measure of success. However, if we think through the implicit personality theories which go with the work ethic we can see how the motivation to work is thought to diminish through unemployment, partly because it is easier not to make the effort, and partly because the desire to work is thought to be stunted by years of 'failure'. This implies some moral weakness – brought on by misfortune. Unemployed people may become unemployable is the argument. Curiously, shock therapy (the workhouse, or withdrawing benefits), exhortations (by Cabinet Ministers) and disapprobation from those in work are thus thought to help the unemployed to 'mend their ways'.

This approach to treating unemployment found its strongest expression in the 1834 Poor Law Amendment Act where the principle of 'less eligibility' was enshrined, this being the rule that those who wanted relief would only be granted help if they agreed to enter the workhouse, where conditions would be kept lower than those suffered by the poorest labourer, in order to encourage the paupers to leave the workhouse as soon as possible:

The normative doctrines of political economy defined work roles as the central human activity. All other activities, sentiments and needs were supplementary to the status of work. The best and only way of meeting

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these supplementary needs was to engender a desire to work in slothful and demoralized able bodied men.

(Pinker 1971 p56)

It was Chadwick, the architect of the Poor Law, and his colleagues who believed that wages were kept low by the old system of relief and that wages would rise for labourers when the effects of the Act were felt (Cole and Postgate 1961 p278). The system prior to 1834, although humane in its application, was chaotic, irregularly applied and expensive. The intervention by the state in 1834 was not always supported by employers, who regarded this social engineering with distrust:

...the Lancashire manufacturer had few illusions about some operative causes of industrial unemployment, for he was the 'deus ex machina' directly responsible for discharging hands, and the evidence suggests that he could be sensitive to the moral responsibility involved, but that, of course, he liked to have a supply of surplus labour near at hand. He knew many of his operatives personally, sometimes presided over the industrial settlement in which they lived, and – to judge from the controversies...of the time and place – did not feel at all disposed to punish them for being out of work.

(Marshall 1968 p45)

The work ethic with its strong connotations of moral good has a long history, has been reinforced by governments both in the name of social justice and of laissez-faire capitalism, but is treated with more discrimination by those actively engaged in hiring and firing. It is not surprising, given the fear of failure and the sometimes dire consequences of dropping out of the labour market, that unemployed people are stigmatised. Goffman defines stigma as an attribute that is deeply discrediting (Goffman 1968). In the case of the unemployed, the person is not accepted so readily by friends and family: 'Former acquaintances and friends of better times are not so cordial – their eyes seem to say: you are not worth it, you don't work...' (Zawadski and Lazarsfeld 1935, quoted in Goffman *op cit* p28). The loss of social identity is felt by unemployed people just at a time when the help and respect of friends is needed most. One of the main reasons for the outplacement service is to provide ways to manage the transition, and to offer practical help when, for the redundant executive, all the normal support systems have gone, whether it is the company car, the



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secretary or even the telephone and fax service. Using Goffman's terminology, we could say that outplacement services may help to manage the information about the client's redundancy, to help the client to present himself or herself in a socially acceptable way, to trade on the inside knowledge of those who are used to selecting redundant executives, and most importantly to assist the redundant person to manage his or her self-image. The aim is to help the redundant executive both to come to terms with the redundancy, and then to develop a job search strategy. As in the case of the nineteenth-century Lancashire employers, it is necessary for the executives to convince those who have been responsible for discharging managers that an application from a person who has suffered redundancy is worth considering. The building of the redundant executive's self-image is likely to be essential in such a task.

### STUDIES OF THE UNEMPLOYED

The reasons for redundancy, which is only one major category of involuntary job loss, vary: mergers, company reconstructions, changing market conditions and policy disagreements can all result in redundancy for executives (Hyde 1984). We cannot argue therefore that unemployed people are a homogeneous group, but there is evidence that redundancy situations may be used to settle old scores, or at the least, to rid the organisation of people whose performance is not satisfactory. Technological change and functional obsolescence were cited by Williams and Sneath (1973), which implies that the individual concerned failed to keep up to date, and the same authors suggest that reasons for discharging executives also sometimes include 'troublemaking' by the redundant executive, and revenge by others in the organisation. Incompetence was mentioned by Williams and Sneath, and by Scissons (1980) and Genders (1971).

The contrasting labour markets for executives covered during the varying recessions and booms when the many different studies were taking place may give us confidence that these studies reveal results which have some consistency over time. Among the most interesting studies have been those concerned with 'organisational fit' (Hartley 1978, 1990, Huczynski 1978).

Hartley used the well known psychometric instrument, the 16 Personality Factor (16PF) Questionnaire, originally developed by

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Cattell, to test the hypothesis that unemployed executives would conform to the stereotype of the unsuccessful executive: being less entrepreneurial, less shrewd, and less emotionally stable. She found, on the contrary, that their self-image and self-concept were not lower than average and that their personality profile showed them to be more creative, more conscientious and more self-sufficient than the norm. The only really significant difference between the unemployed and the employed control group was that the former were more prepared to take risks. Her findings were that the unemployed managers were:

- higher on assertiveness
- more self-sufficient
- more resourceful
- high on super-ego strength
- more imaginative
- more independent
- less outgoing.

In short, by comparison with the employed group, the redundant executives were a capable, adjusted group, assertive and conscientious. She concluded that the unemployed group had a higher need for autonomy, and were less outgoing and comfortable in their interpersonal relationships; were not motivated by selling, and were not so tolerant of others. She believed that organisational factors may be more influential in job loss than the manager's personality.

Huczynski (1978) in his research review also took the position that not fitting into the organisation is the most common criterion for selection for redundancy. Although Fineman (1979), also using the 16PF to investigate the relationship between unemployment and stress, found no indication in the personality of the unemployed sample of poor adjustment or inferiority, a repeating pattern does emerge from the many research projects on this subject, that redundant executives do not possess social skills and the capacity to adjust their behaviour to organisational norms.



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While research into unemployed executives' personality, and research into whether there were questions about organisational fit, may seem to offer different explanations of selection for redundancy, we may be observing two sides of the same coin. The reasons for not fitting into organisational norms may not be a consequence of personality differences but could be a result of poor social skills or a lack of adaptive behaviours. Scissons (1980) concluded that the redundant executives in his sample were less conservative in their business orientation and values than the employed control group; they were more independent and critical, less concerned with the opinions of others or with creating a favourable social image. They showed a less caring attitude, and were preoccupied with self.

The need for independence was echoed by Morrison (1976) in his study of a sample of redundant executives, testing the hypothesis that they would demonstrate characteristics of non-adaptivity. Using a battery of ten tests he found that they exhibited greater tolerance to change than the control group, they had a higher need for independence, were more dogmatic, less tolerant of ambiguity and less decisive under timed and stressed conditions. Similarly, the research of Williams and Sneath (1973) found their unemployed group lacking in social skills, and suggested that 'marginal' or average performers are more vulnerable to redundancy, since their effectiveness is more situationally dependent.

What is being described in these studies seems to be a sub-set of behaviours which results in some executives failing to adapt readily to organisational norms, or to be sensitive to what is expected of them. Such individuals would, one anticipates, be especially vulnerable at times of major organisational change. There is no evidence that unemployed people are pathologically different. This is confirmed in the study by McLoughlin, Friedson and Murray (1983) which used a similar methodology to that of Hartley's British study, to research the personality profiles of American executives whose employment had recently been terminated, who had received outplacement career counselling. The 'control group' was Cattell's profile of the American manager (Cattell, Eber and Tatsuoka 1970), in this case. McLoughlin *et al* found statistically significant differences on eight out of the sixteen personality factors, between the unemployed and the employed group. Their findings were as shown in Table 3.1.

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The indications from this research are that these American redundant executives were insensitive to others, had an abrasive, intimidating, bullying style, and a cold, aloof, arrogant manner. Their overall conclusion, however, was that these differences were within normal limits and were not 'demonstrably pathological'.

**Table 3.1** Differences between unemployed groups and Cattell's profile of the American Manager

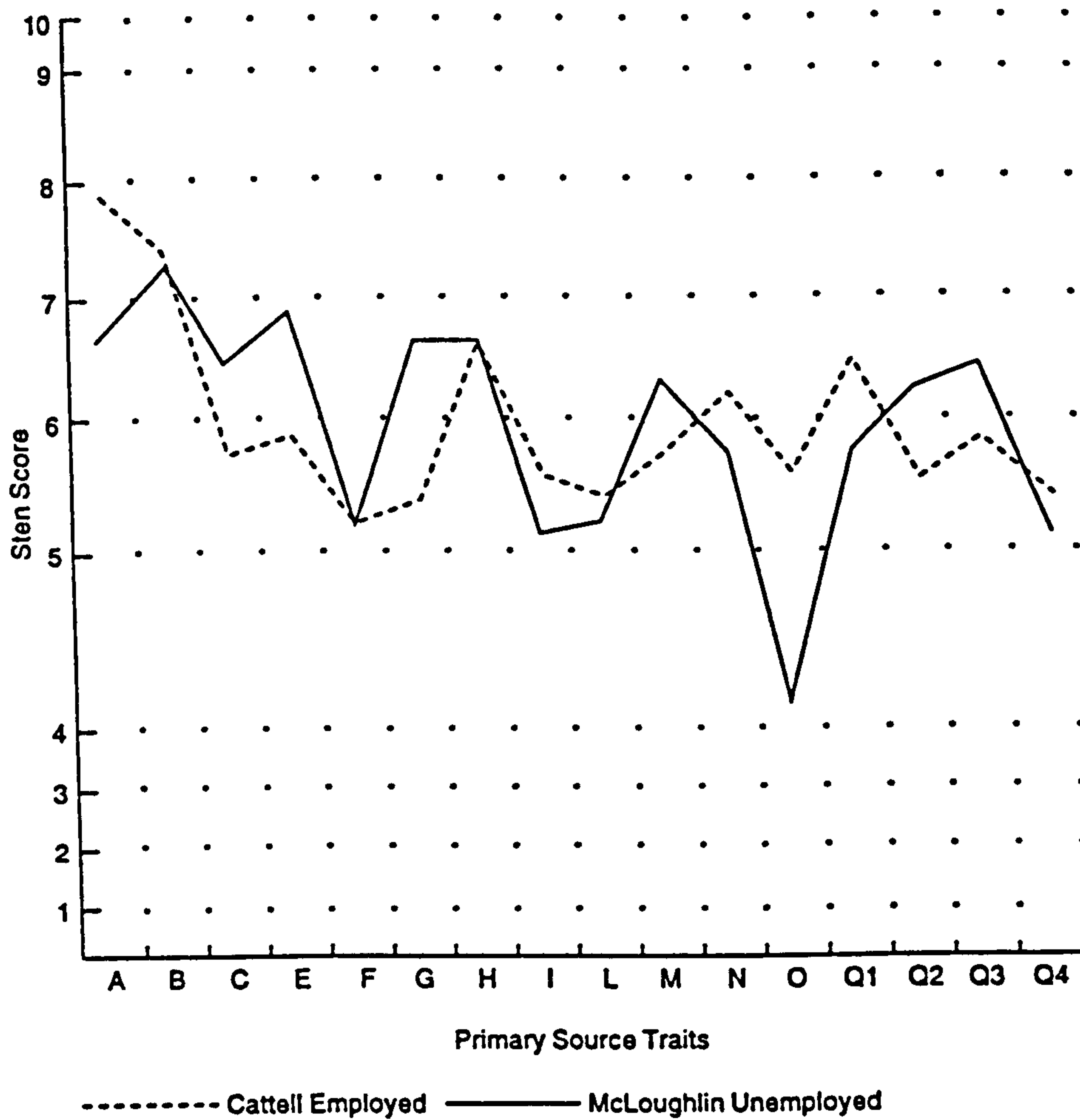
<i>Unemployed executives were</i>	
Markedly less	warmheartedness good natured easy going emotionally expressive ready to cooperate attentive to people softhearted kindly adaptable
Markedly more	self-development assertive self assured independent minded aggressive authoritarian competent stubborn perceiving proper, moralistic, rule bound

*Source:* McLoughlin, Friedson and Murray (1983) 'Personality profiles of recently terminated executives'

Executives chosen for redundancy may well be out of tune with the prevailing company ethos and, being insensitive to feedback, fail to pick up the messages about the need for new behaviours when changes are imminent. When their personality profiles are compared with those drawn from successful, employed executives there is little difference. There are many possible reasons. The need for varying abilities amongst a management team and at different stages of an organisation's growth might well result in a variety of personality types. Even if there is a professed management style, this does not mean all the managers must be clones. It is also possible that interpersonal skill weaknesses and inappropriate styles may only be inferred



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**Figure 3.1** McLoughlin, Friedson and Murray's data compared with Cattell's American managers

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from the personality data, as in the McLoughlin *et al* and the Hartley studies we have described. This helps to explain why the profiles of the redundant executives follow the patterns of the 'normal profile' for executives, but are a slight exaggeration of them (Figure 3.1 and Table 3.2). We may conclude that success in organisational roles is more a consequence of 'organisational fit' than of some inherent tendency.

**Table 3.2** McLoughlin, Friedson and Murray's data compared with Cattell's American managers

<i>Factor</i>	<i>Primary source traits</i>	<i>Standard score</i>	
		<i>Cattell employed</i>	<i>McLoughlin unemployed</i>
A	Reserved/warmhearted	7.8	6.7
B	Less/more intelligent	7.5	7.4
C	Affected by feelings/emotionally stable	5.7	6.4
E	Humble/assertive	5.8	6.9
F	Sober/happy go lucky	5.3	5.3
G	Expedient/conscientious	5.5	6.6
H	Shy/venturesome	6.6	6.6
I	Tough/tender minded	5.6	5.1
L	Trusting/suspicious	5.4	5.2
M	Practical/imaginative	5.7	6.3
N	Forthright/shrewd	6.2	5.7
O	Unperturbed/apprehensive	5.5	4.3
Q1	Conservative/experimenting	6.4	5.9
Q2	Group oriented/self sufficient	5.5	6.4
Q3	Undisciplined conflict/self controlled	5.8	6.5
Q4	Relaxed/tense	5.3	5.1

The studies into managerial excellence, which may result in 'success' (Rawls and Rawls 1968) or 'effectiveness' (Sank 1974) also use a combination of abilities and attitudes which are in part situation and in part personality determined. Most of these studies and the more prescriptive texts such as Peters and Waterman (1982) show that those skills and styles normally deemed necessary for success such as aggression, competitiveness and the desire to please people and win approval can be liabilities if not tailored to changing organisational circumstances. All the available evidence shows that interpersonal skills are most important, and are accepted as a basic requirement for success, although there may be overriding qualities such as the 'need



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for power' (McClelland and Burnham 1975), stability (Eysenck 1967), intelligence (Sank 1974) or adaptability (Eaton 1963).

From our review of this literature we can say that there are executive skill clusters and tendencies which may be more successful than others, and that although redundant executives may have similar personality characteristics to those possessed by their working colleagues there is some evidence that it is the failure to fit or adapt to organisational needs which could have been an underlying reason for their being made redundant, in those cases where there was a choice between executives. This is shown by the lack of 'interpersonal skills' in some cases. But so far in our discussion we have not explained why it was the lack of skills at a particular moment which was critical to their organisational survival.

### THE 'N' FACTOR STUDY

We undertook a research project at the behest of Pauline Hyde in 1986 which sought to investigate this question more thoroughly. Our research objectives were:

1. To determine whether or not there were common characteristics among executives who have to undertake enforced job changes.
2. To determine the degree to which redundant executives possess specific social or interpersonal skills and in particular to discover any personality trait or associated skill which may influence an executive's survival ability.

### *Methodology*

In our discussion of the literature on redundant executives, we have seen that Hartley's 1980 study and the research by McLoughlin *et al* in 1983 used the Sixteen Personality Factors Inventory or Questionnaire (usually known as the 16PF). Its originator, Raymond Cattell, first published this test in 1949. The test has been subject to extensive investigation to establish its reliability, its direct and indirect concept validity and its concrete validity (Cattell 1964a, 1964b; Cattell and Gibbons 1968; Cattell and Bolton 1969; Gocka and Marks 1961).

The test uses 187 forced choice questions to measure sixteen functionally discrete dimensions which are called primary source traits

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of personality. These are listed in Table 3.3 There are culturally and educationally specific norms which enable many different populations to be scored against suitable comparators. The test's long history and its adaptability and reliability help to explain why it is so popular., and one particular reason for the popularity of the 16PF in redundancy research is its extensive use by redundancy counsellors.

**Table 3.3** The primary source traits

<i>Factor</i>	<i>Low score description</i>	<i>High score description</i>
A	Reserved, detached, critical, cool, impersonal	Warmhearted, outgoing, easygoing participating, interest in people
B	Less intelligent, concrete thinking lower scholastic mental capacity	More intelligent, abstract thinking bright Higher scholastic mental capacity
C	Affected by feelings, emotionally less stable, easily upset, changeable	Emotionally stable, mature, faces reality, calm, patient
E	Humble, mild, accommodating, easily led, conforming Submissiveness	Assertive, aggressive, authoritative, competitive, stubborn Dominance
F	Sober, prudent, serious, taciturn	Happy-go-lucky, impulsively lively, enthusiastic, heedless
G	Expedient, disregards rules feels few obligations	Conscientious, persevering, proper moralistic, rule-bound
H	Shy, restrained, timid, threat-sensitive	Venturesome, socially bold, uninhibited, spontaneous
I	Tough-minded, self-reliant, realistic, no-nonsense	Tender-minded, intuitive, unrealistic, sensitive
L	Trusting, adaptable, free of jealousy, easy to get on with	Suspicious, self-opinionated, hard to fool, sceptical, questioning
M	Practical, careful, conventional, regulated external realities	Imaginative, careless of practical matters, unconventional, absentminded
N	Forthright, natural, genuine unpretentious	Shrewd, calculating, socially alert, insightful
O	Unperturbed, self-assured, confident, secure, self-satisfied	Apprehensive, self-reproaching, worrying, troubled
Q1	Conservative, respecting established ideas, tolerant of tradition Conservatism of temperament	Experimenting, liberal, analytical, likes innovation Radicalism
Q2	Group oriented, a 'joiner' a sound follower Group adherence	Self-sufficient, prefers own decisions, resourceful Self-sufficiency
Q3	Undisciplined self conflict carelessness of protocol, follows own urges	Controlled, socially precise, following self-image, compulsive
Q4	Relaxed, tranquil, torpid, unfrustrated	Tense, frustrated, driven, restless overwrought



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There is a debate about the reliability of the 16PF and its usefulness to managers when compared with the more recently developed OPQ, a shorter, clearer, more up-to-date questionnaire which was created to be useful in occupational terms. Swinbourne (1985) has claimed that the 16PF is able to measure a broader range of emotional factors while the OPQ explores the cognitive factors more thoroughly. A rebuttal to this argument has come from Saville and Munro (1986 p34), the purveyors of the OPQ at Saville and Holdsworth, who seek to show that the OPQ is more reliable than the 16PF, and that although it does not attempt to measure factors A and I which the authors suggest would be more appropriate if used in occupational interests rather than personality, the OPQ explains most of the 16PF factors and 'does a considerably better job of measuring the 16PF reliable variance than the 16PF does of measuring the OPQ'. Some factors within the 16PF seem to be especially difficult to measure, for example factor N. Factor 'N' is not really covered in the OPQ, this being the factor which describes the range: 'Forthright, natural, genuine, unpretentious - shrewd, calculating, socially alert and insightful'.

There are no correlations above 0.34 between 'N' and any of the OPQ's factors. As Swinbourne points out, the factors M and N are seen as clear dimensions in the 16PF Handbook (Cattell, Eber and Tatsuoka 1970), but are acknowledged to be difficult to measure.

The 'N' factor is of special interest to the study of executive survival, because it is the nearest within these scales to the skills of organisational politics, and therefore to organisational survival. It was the lack of sensitivity and political skill which Hartley (1978) identified as one difference between employed and unemployed managers, and it was this similar area of 'insensitivity', lack of insight and failure to be able to receive feedback from others, which McLoughlin *et al* showed to be contributory towards redundancy.

Irrespective of any unreliableness with the research instrument, there may be inherent biases within a given sample. Hartley's research was based on a sample drawn from redundant executives enrolled on a management skills training course, sponsored by the Manpower Services Commission, but at the time only 12 per cent of redundant executives attended such courses. We could expect them to demonstrate a degree of initiative and self-confidence which may not be representative. Potential biases may have entered Scissons' (1980) samples which only included those made redundant on the stated

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grounds of corporate reorganisation, amalgamation and takeover, and age bias may have occurred in research by Morrison (1976) and Ferguson *et al* (1977) which used samples of executives over 40 years of age.

While we can all agree that measuring personality characteristics which may or may not exist is not easy, there is a substantial amount of evidence to suggest that executives are often selected for redundancy because they no longer fit the organisation's projected future scenario. The question remains as to precisely what attribute or lack of attribute leads them into that position. If we accept that the 'N' factor covers more than one strand within its broad definition, we can explain its lack of independence as a single characteristic. Its significance in the redundancy studies is that it is the nearest measure we have to the 'naive'/politically astute dimension which we believe is helpful to organisational survival.

Even if this is a cluster of attitudes and related skills, perhaps built on a tendency rather than a clear, robust personality characteristic, its presence may determine organisational survival. At times of rapid change when snap judgements about employees have to be made, such subtle, arcane matters are important. The studies quoted so far, which have used the 16PF have been valuable pioneering efforts, revealing what is worthy of further investigation. Any inherent biases they contained could be removed by widening the sampling frame and including more subjects.

#### *The sample for the 'N' Factor Study*

With these considerations in mind, we decided to utilise the data already available from executives who had completed the 16PF as part of the outplacement counselling services provided by Pauline Hyde and Associates. A sample of 204 (only 3 of whom were female) was used for the analysis. The 16PF Questionnaire was completed by each redundant executive not less than two weeks after being advised of the redundancy. Follow up data was also examined to see how long the executives had remained unemployed. The reasons for their redundancies are given in Table 3.4.

The sample's average age was 47 years, with a range from 32 to 60; 25 of them had been managing directors, 55 had been directors, 37 had been other senior executives as indicated by their job titles and



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70 had been executives whose job titles did not suggest special seniority.

**Table 3.4**

<i>Reason for redundancy most frequently cited</i>	
Reorganisation	34
Retrenchment	24
Closure of unit or firm	21
Personality clash	10
End of contract	10
Inadequate performance	7
Miscellaneous individual reasons	31
	<b>137</b>

They came from a variety of industries of which the most frequently cited were chemicals/pharmaceuticals (26), engineering (21), food/confectionery/tobacco (21).

The main functions represented were

Chief executives/general managers	40
Sales/marketing	36
Accounting/finance	32
Technical specialists (eg chemist, design engineer)	22
Production/operation manager	21
Administration/planning	18
Support services (eg transport)	11
Personnel, IR, training	7
Purchasing	6

The average time they took from the time when they were accepted for outplacement to become re-established in new appointments after their redundancy was 5.7 months. This average time included a period of 3 – 4 weeks training, the preparation of a curriculum vitae and a job search strategy, and personal counselling, before the executive commenced the search for a new appointment. Some executives were still employed by their companies during the job search period.

#### *The results from the 'N' Factor Study*

The mean scores (using general population norms on Form A), standard deviations, and the general population percentile for the mean score of the redundant manager group are shown in Table 3.5.

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From it we can see that the redundant managers were alert, intelligent, independent, with good leadership scores and good emotional adjustment.

**Table 3.5** Mean score of redundant executives

<i>Factor</i>	<i>Description (high score end)</i>	<i>Mean sten</i>	<i>SD</i>	<i>Percentile</i>
A	Warmth	6.31	2.06	66th
B	Intelligence	8.39	1.46	92nd
C	Calm	6.00	1.84	60th
E	Assertive	6.77	2.00	74th
F	Cheerful	5.78	1.84	56th
G	Conscientious	6.36	1.68	66th
H	Socially bold	6.52	1.99	70th
I	Sensitive, tender-minded	5.00	2.22	40th
L	Suspicious	4.89	2.08	38th
M	Imaginative, unconventional	7.48	1.84	84th
N	Shrewd, sophisticated	4.26	1.86	26th
O	Self-critical	4.26	1.85	26th
Q1	Radical, free-thinking	5.57	2.05	51st
Q2	Self-sufficient	5.78	1.79	56th
Q3	Controlled	5.82	1.94	56th
Q4	Tense, driven	4.81	1.96	37th
<b>Second order factors</b>				
	Exvia	6.47	1.77	69th
	Anxiety	4.38	1.65	28th
	Cortertia	6.35	1.87	66th
	Independence	7.04	1.66	78th
	Cool realism	4.71	2.10	35th
<b>Criterion indices</b>				
	Creativity	6.93	1.68	76th
	Leadership	6.71	1.50	73rd
	Technical leadership	8.98	2.10	96th
	Effective leadership	7.40	2.24	83rd
	Freedom from accidents	5.11	2.14	40th
	General job success at the professional level	6.26	1.57	65th

In order to determine whether there were any exceptional characteristics among the redundant executive groups we made a comparison with two other managerial populations. The first group comprised the 178 business executives whose scores are quoted on page 200 of the



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1970 Handbook for the 16PF, the second group was a managerial applicant population to a British electronics manufacturing company. This second comparator group was slightly younger than the research group, and included a higher proportion of design engineers and fewer sales and marketing applicants. However, it did cover 855 experienced industrial managers and technical specialists who had passed initial screening for more than basic management appointments. These two groups are therefore as good comparators as one might expect.

The mean scores for the redundant group and for the two comparator groups were used to compute the point-biserial correlations to give indications of the ways these populations differed. These results are shown in Table 3.6.

### CONCLUSIONS

From these comparisons, a number of conclusions may be drawn. The redundant executives scored much higher on the assertive (E) and imaginative (M) and strikingly lower on shrewd (N), self-critical (O) and radical (Q1). The redundant managers were:

- more calm
- more socially bold, uninhibited
- much more imaginative and unconventional
- less shrewd, more natural and forthright.
- less self-critical.
- less tense/overwrought.

The comparisons of the 16PF scores with the data about reasons for being made redundant, with job level, type of job held and length of time to become established in a new appointment, showed there were no real statistically significant relationships. Those who had left because of 'inadequate performance' showed the lowest intelligence. Comparing the reasons for leaving to the mean length of time 'unemployed', it was noted that where a personality clash was recorded, the mean of 4.6 months unemployed compared with a mean of 9.4 months where the manager had 'resigned', and 7.2 months when the redundancy was due to a merger. Those managers who left due to 'personality reasons' had higher intelligence scores and higher warmth.

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**Table 3.6** Point-biserial correlations for comparison of the 204 redundant managers with two other managerial populations (positive correlations indicate that the redundant managers scored higher)

<i>Factor</i>	<i>178 American business executives</i>	<i>855 British managerial candidates</i>
A	-.3103 <sup>1</sup>	.5153 <sup>1</sup>
B	.2792 <sup>1</sup>	.0961 <sup>2</sup>
C	.0759	-.0592
E	.2059 <sup>1</sup>	.3035 <sup>1</sup>
F	.1209 <sup>3</sup>	.2130 <sup>1</sup>
G	.2216 <sup>1</sup>	.1370 <sup>1</sup>
H	-.0205	.0042
I	-.1370 <sup>2</sup>	.0538
L	-.1209 <sup>3</sup>	-.1146 <sup>1</sup>
M	.4177 <sup>1</sup>	.5342 <sup>1</sup>
N	-.4399 <sup>1</sup>	-.3199 <sup>1</sup>
O	-.3057 <sup>1</sup>	-.2839 <sup>1</sup>
Q1	-.2045 <sup>1</sup>	-.5383 <sup>1</sup>
Q2	.0632	-.2406 <sup>1</sup>
Q3	.0047	-.1277 <sup>1</sup>
Q4	-.1226 <sup>3</sup>	-.0375
<i>Second order factors</i>		
Exvia	.1325 <sup>2</sup>	.3440 <sup>1</sup>
Anxiety	-.2177 <sup>1</sup>	-.0974 <sup>2</sup>
Cortertia	.6002 <sup>1</sup>	.1349 <sup>1</sup>
Independence	.3125 <sup>1</sup>	.1949 <sup>1</sup>

*Notes:* 1 Significant at the 0.1% level on a two-tail test

2 1% level

3 5% level

Comparison of the discriminant function scores (D1 and D2) with the biographical data of the redundant manager group showed a considerable degree of homogeneity. There were few significant interfactor correlations between the 16 personality factors which are not normally expected amongst groups of managers. There was no evidence of 'stress' as one might anticipate amongst a group of redundant managers. This may well reflect the outplacement counselling benefits which the group had experienced.

The major differences we discovered from this research were around the naive/uninhibited, unconventional, unself-critical, natural



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characteristics which once again points to the potential survival skills these managers were missing. We summed these up under the umbrella heading which we called the 'N' Factor. Our findings in this respect are very similar to those from McLoughlin, Friedson and Murray's research, which we described above.

The cluster of personality characteristics, attitudes and skills we are accessing here could all be seen as a mixture of 'political skills' and sensitivity to others, and awareness of self. It is important to note, however, that in many respects there were few differences between this group and other managerial groups. What we could be seeing here, therefore, is that these characteristics may well have made the executives successful, but as times changed, these assets became liabilities. Organisational survival is as much a question of adapting and changing behaviours, as of particular skills. For adaptability to occur, managers would need the sensitivity and political adroitness to know what is required, without being told. The absence of 'fit' between manager and organisation could be a consequence of the speed of change and the difficulties managers may have experienced not only in learning new tricks, but also in recognising quickly what the organisation was looking for in its new form. We might expect those who do not readily receive feedback or who do not easily 'read' situations to be vulnerable in this way.

What conclusions should we draw, therefore, from these results? From the evidence discussed in this chapter, we may say that although senior management redundancy is not always just a question of reducing numbers, there is no support for those who believe that redundant executives are incapable managers, or that they are less able than their retained colleagues. We can refute entirely those who interpret the nineteenth century work ethic by seeing a special virtue in those who work, and therefore a vice in those who are unemployed. The data gathered in the study reported here came from the mid-1980s when there was an expansion in employment, when we might assume a shortage in supply of good-quality managers, and yet the redundant executives were more intelligent, and showed themselves to be as stable as their employed counterparts. Even at a time when one might have expected those to be selected for redundancy to have some lack of capability, this was not the case. We might expect the population of redundant executives now (at the time of

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writing), a time of structural unemployment, to be even more indistinguishable from their former managerial counterparts.

However, our research does show one factor, or, we may say, a number of tendencies or a cluster of skills which redundant executives have in common. The cluster of skills which these executives seem to lack, are what we may describe as the 'political' skills which are needed to survive. These 'political' skills which the 'N' Factor Study has touched upon may be quite irrelevant to technical competence. Survival in organisations is not just a matter of work performance: rather it is the capacity to 'read' the situation, to interpret correctly the various power struggles, especially at a time when risks are heightened. Naivety and the inability to receive feedback from others is a fatal combination for the threatened executive. Those who are weak politically are unable to exert any influence:

Politics can be understood as the strategies individuals and groups adopt in order to maintain their power, to prevent others from taking their power or to enlarge their power.

(Tyson and Jackson 1992 p98)

Politics is therefore an influence process, through which power is exerted. At a time of major change we might anticipate finding senior executives jockeying for position, and this is when our redundant executives have become most vulnerable. Unable to utilise their power, they are marginalised, or are the victims of power struggles. It is at these times that old scores are settled, favours returned, cliques are formed and the social interactions between managers portend the new organisation structure.

As Baddley and James (1990) have pointed out, there are two dimensions to political behaviour. On one dimension individuals may act with integrity and seek to influence others for the benefit of the enterprise, or they may seek to defend their own ego at the expense of others. On the other dimension, individuals are more or less politically aware; this being dependent upon the person's capacity to read situations. Executives might be outmanoeuvred by senior colleagues who are acting with integrity therefore. Political action – that is influencing others by using various power sources – is inevitable and, it may be argued, quite legitimate if the ends sought are to the benefit of the organisation.



### *Executive Redundancy and Outplacement*

The other main common feature which may have influenced selection for redundancy is the lack of adaptivity among the redundant executives. The restructuring of organisations, whether in the public or the private sector, is not a one-off exercise. Organisations are not moving from one steady state to another, rather they are in a constant state of change. The competencies associated with adaptability – tolerance of ambiguity, flexibility, a preparedness to examine one's own behaviours and to change them, and a desire to identify with new organisational norms – seem to be lacking in the redundant executive sample we studied. For the majority of our sample, redundancy had been occasioned by reorganisation, 'retrenchment' or the closure of a particular unit. When selecting the managers one wishes to retain in such circumstances, it would be natural to choose the people most likely to adapt to the new structure and systems.

An associated quality which would also be sought would be the capacity to work as team members. The divisionalised form of many large organisations has been made even more complex by the widespread use of matrix structures. Managers are routinely expected to work in different groupings, and to move readily, with the minimum period for adjustment, from one team to another. Similarly, top team relationships are of considerable importance to organisations, and the skills of operating effectively at the top are very much those of team membership (Kakabadse 1983). The independence of mind and the strength of character found within our redundant executive group may have been their undoing. Those managers who left due to personality clashes had higher intelligence scores and higher warmth. The redundant manager group was more uninhibited and more socially bold than the employed group. As we shall discuss in the next chapter, many of these redundant executives revealed a profile which indicates their potential as entrepreneurs.

No doubt there are many personal tragedies beneath the cold statistics. A failure to adapt to prevailing organisational norms may have been taken as a general lack of capacity. We may speculate that some of these redundant executives would have served the new organisation well – their intelligence, creativity and rejection of orthodoxy might have helped their companies through the changes, and on to improved performance. There are echoes here of W H Whyte's *The Organization Man* (1957):

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As organization men see it, through an extension of the group spirit, through educating people to sublimate their egos, organisations can rid themselves of their tyrants and create a harmonious atmosphere in which the group will bring out the best in everyone. (p48)

Although one may rail against the lack of individualism within corporate life, the truth of our organisational existence is far from the standardised future which Whyte predicted. Organisations are now more diverse, more flexible, subject to greater change in response to the rapidly changing political, economic, technological and social environment. Flexibility and teamwork are effective managerial strategies in the face of such uncertainty. The rigid, rather dogmatic individual, even if endowed with a considerable intellect, is not likely to be favoured in the present scenario. To take a sporting analogy, the University Boat Race in 1993 was won by Cambridge with a less experienced and less individually gifted crew than Oxford, whose eight included Olympic champions and winners of previous boat races, because Cambridge had concentrated on their teamwork, and had trained over a long period together. Individual brilliance needs to be carefully integrated within a team if the team is to be effective.

The human resource management lessons from the 'N' Factor Study are that the selection for redundancy should ensure that the team needs of the future organisation are balanced against the loss of any brilliant, creative, if non-conforming staff. The capacity to move people in and out of organisations when needed is one reason for using outplacement policies. The treatment of highly talented individuals, or even of those whose skills are obsolete should be designed to manage the transition as easily as possible. As organisations become smaller, the need for managers to be able to lead and to show entrepreneurial skills may increase. Paradoxically, the need for collaborative styles also seems to be increasing, as companies engage in alliances and move to a more federal status in their intra-organisational relationships.

There are training and development implications here also. One wonders what attempts were made to improve the interpersonal skills and to sensitise the redundant managers to the feedback of others, at an earlier stage in their careers. British education is notoriously narrow, and it would be quite usual for highly trained accountants, economists, scientists and engineers as well as other specialists to arrive in management positions with only minimal management



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training. The burst of interest in management development shows some recognition that this is a key area for human resource policy. Helping managers to become more adaptive is high on the agenda of management development advisers and, even if belatedly, is now forced into the concerns which boards have for the future of their businesses.

For the individuals who were selected for redundancy, the choices offered to them by enforced job changes may result in them becoming aware of their shortcomings, and of their strengths. The outplacement counselling through which each will have progressed will have provided opportunities for reflection while preparing a job search strategy. Whether or not with hindsight their redundancies were experiences which resulted in new careers, executives are faced with the trauma of enforced redundancy, issues to which we will turn in the next chapter. Given the intelligence, creativity and well adjusted nature of the redundant managers in the 'N' Factor study and the similar strengths revealed by previous studies, the evidence is that these managers would be capable, given help, of moving on to new challenges.

## THE EXPERIENCE OF REDUNDANCY

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This chapter will explore the dynamic aspects of the job change experience from the individual perspective, examining the theories and concepts which may be used to gain an understanding of how people react to redundancy and reporting research on reactions to job loss and the impact on subsequent career expectations and patterns. We are therefore taking forward our debate on the personality characteristics of redundant executives, by examining what happens to people who are made redundant.

Given that we live in a work-oriented society in which occupational achievement has become one of the dominant barometers of success, recognition and fulfilment, work has become more than a means to monetary ends. Work is a central element in people's lives. It is for these reasons that the experience of being made redundant can have a fundamental impact on the individual. Redundancy may be voluntary, a deliberate choice to leave current employment, or more frequently now an enforced decision to terminate employment. In either case the result is a disruption that can be significant in the individual's career and personal life, so much so that redundancy ranks amongst the major stressful events in life, along side death and marriage (Holmes and Rahe 1967). Not only have those experiencing redundancy lost their job, but they have lost a major influence on



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their identity, self-esteem and recognition as valuable citizens. Thus, the trauma of being made redundant can be far reaching, and discovering how individuals feel about and react to the redundancy situation has found a legitimate place in research.

However, there has often been some confusion with respect to research on redundancy, including with it the concept of unemployment. 'Redundancy is not the same thing as unemployment' (Harris 1987 p25) but an analytically distinct phenomenon. Although much research has focused on reactions to the unemployed state, fewer studies have been done to address the impact of the *events* which precipitate a short or longer term unemployed status. These events include job change and redundancy, therefore our research project described in this chapter directly approached the *redundancy* experience from the perspective of those managers who had gone through redundancy, and investigated their reactions and feelings about what happened to them.

### THE IMPACT OF REDUNDANCY

In order to clarify why redundancy can result in a major dislocation to life we will first consider the underlying theories and concepts used to understand the reaction to redundancy. The work environment provides a wide variety of reinforcements. Work confers a sense of worth, a sense of belonging with colleagues, camaraderie, a sense of purpose in life, as well as status, and sense of identity attached to professional identity. This all builds to give a feeling of being a functional and useful individual. Without a job these supportive good feelings are challenged.

Many people invest time and effort and therefore a lot of ego involvement in their jobs and careers. The status attached to having a job and being productive, contributing both to the family and social economy, is taken away by redundancy. Firstly the individual has lost a job which provided a source of finance. The ability to pay the mortgage, maintain an expected lifestyle and be a provider is at risk. The individual is not only deprived of a source of income but there are also a number of other adjustments to cope with when made redundant. While at work there is a structured framework in which to operate: the days and weeks and often years are mapped out. Redundancy removes this structure, depriving the person both of a physical place

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of work, an office to go to and of the company of co-workers and colleagues. Without a job the individual has lost a source of activity, a source of purpose and interest and a source of identity, self-image and self-esteem.

### *Reacting to redundancy*

The many changes which redundancy can produce in a person's life often make it difficult to sustain a positive, successful self-image. The crisis of job loss, particularly for those people with considerable ego involvement in their job such as senior executives, may result in severe trauma and arouse such reactions as anger, anxiety and depression. The loss of a job and the threat to a career established over many years creates a great deal of vulnerability. Because of the many support systems and the sense of identity and self-worth which derive from being in employment, redundancy has been considered synonymous with bereavement: reactions to redundancy have been likened closely to those reactions exhibited in grieving as a result of the death of a loved one. As in bereavement, the redundant executive is faced with many painful experiences which must be assimilated and understood. Therefore the loss of employment is considered to be one of life's major transitions. Models of transition and behaviours observed in the bereavement context have been developed and used in an attempt to explain the reactions which are exhibited in response to transitions precipitated by such events as redundancy (Adams 1969, Parkes 1971).

## TRANSITIONS

Throughout life we cope with a wide array of changes and transitions which change our circumstances and which require an adaptation of the way we view ourselves. All changes, from home to school, from teenager to adult, from the world of education to the world of work, are stressful events which require readjustment and coping skills to deal with the problems. The development of coping skills permeates our reactions to all life's transitions and this concept has been applied to the career field in an attempt to understand and provide frameworks for helping people to cope with these transitions. Initial



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theories which were used to understand abrupt career change were based on theories about trauma.

Transitions are always deemed, to a greater or lesser degree, as stress inducing and transition theory is based on the premise that whether a change in daily life is made by choice or is thrust inadvertently upon the person, a predictable cycle of reactions is triggered (Adams 1969 and Adams *et al* 1976). Hopson and Adams (1976) argue that this cycle follows a set pattern and that the reactions evidenced within the cycle are sequential. Although individual reactions may vary, there is a tendency for a general pattern and for common types of reaction. The transition cycle has been used to provide a theoretical framework for understanding the ways in which individuals react to a number of transitions throughout life. This framework may be usefully applied to job changes and redundancies to analyse how people work through this experience (Nicholson and West 1988). Although redundancy is a very individual experience there are also commonalities in the reactions to the event and the processes by which individuals work through to resolution.

#### *Redundancy as a transition*

People who are made redundant appear to experience a cyclical sequence of reactions from denial to readjustment, in coming to terms with the new reality. They are thrown on to what could be described as an emotional roller coaster, riding peaks and troughs through the transition phase, reactions which can best be described within the transition model.

When facing the redundancy, the first reaction is usually one of disbelief and denial. The person may be overwhelmed by the event and often refuses to accept that the redundancy has happened, that the company could possibly do this to them or that they could be dispensable. Self-image is threatened by these possibilities and denial of the redundancy is a way of coping. Indeed this denial can provide a necessary temporary retreat from reality where the individual is able to focus internally and attempt to understand the event. By cutting off from the reality of the event the person can find refuge from the pain and stress that it is causing and thus relieve some of the psychological tensions associated with it.

### *The Experience of Redundancy*

Denial is usually followed by a period of anger and intense emotion. This phase is often characterised by a sense of injustice. Managers may feel that the redundancy is unfair and prejudicial to them and may vent anger at the company and others around them. The self-image is at this stage very vulnerable and possibly unstable to the degree of euphoria, where there is a search to apportion blame to anyone or anything external to the self, in an attempt to minimise the reality of the situation and ease the pain which is felt.

When the anger has dissipated a period of realisation ensues during which it is possible to withdraw and refuse to address their experience in any constructive way. In the redundancy situation this is often characterised by inertia and a refusal to attempt to seek other jobs or do anything constructive such as preparing to re-enter the job market. Throughout the period of inertia, the reality of the situation becomes more apparent and this realisation can often result in despair, apathy and a downward spiral towards depression. The person realises that he or she is alone, without the support of work colleagues and without the activity of work. At this point, the person begins to realise that he or she no longer has a job and that all future plans are jeopardised.

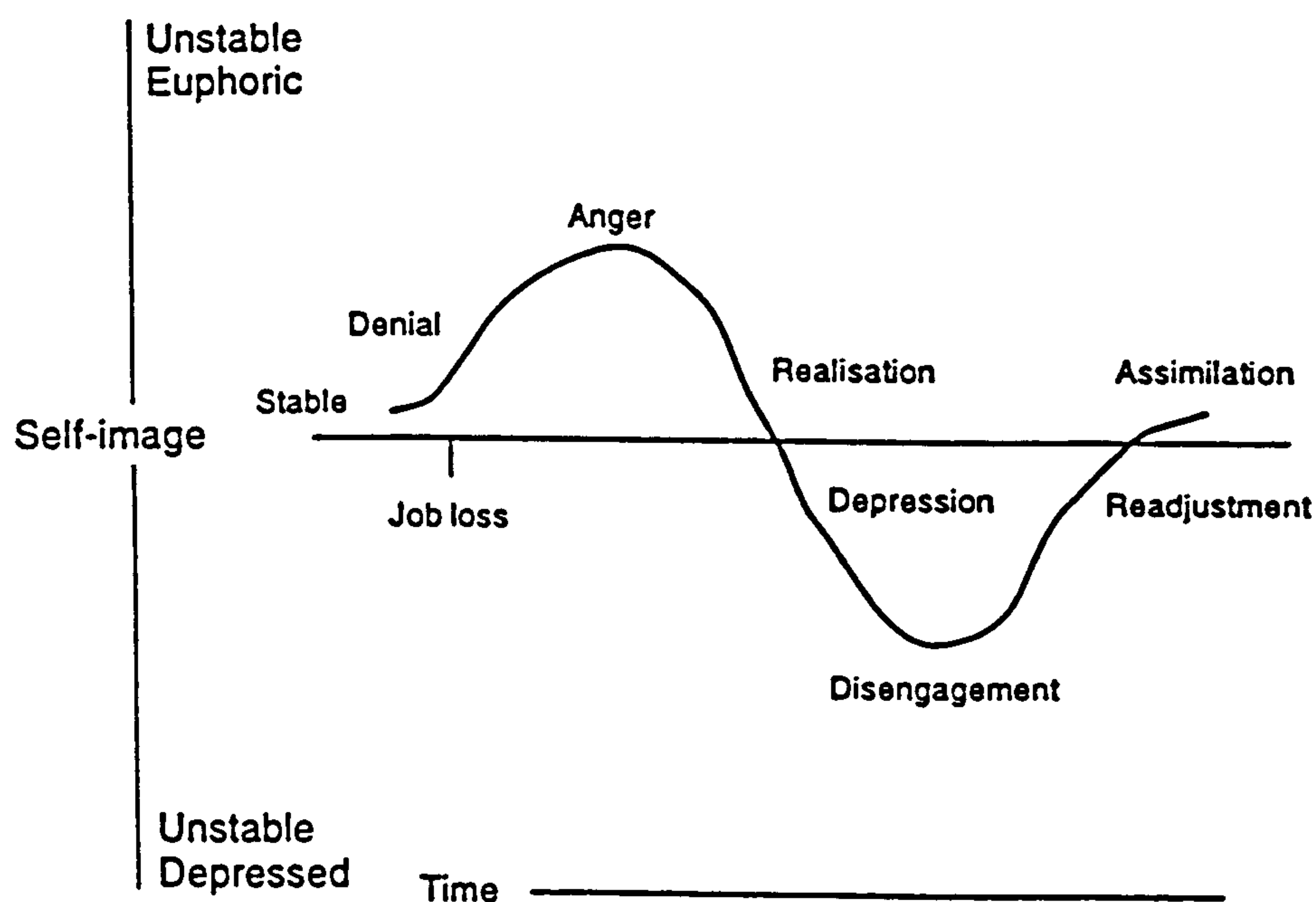
During this time the individual struggles with feelings of self-doubt, a lack of self-esteem, frustration and despair while the ego is threatened and the self-image moves from a phase of euphoric instability towards a state of depressed instability. Depression can occur because the person is beginning to accept the reality of the situation and the self-image may begin to plunge towards an unstable depressed level. Anxiety or stress can only be endured psychologically for a set time, therefore sooner or later the individual will begin to adopt a more realistic outlook. This realisation allows movement into the next stage where the person can accept reality, disengage and let go of the past and become aware that some changes must be made in order that life may progress.

Throughout this phase there is a rebuilding of self-esteem and the self-image towards a more stable level, and the individual regains some control. This period of readjustment may involve a reassessment of skills and a testing out of their marketability as the person prepares to seek a new position in the work environment. It may also include a reconceptualisation of work orientation.



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The reassessment of skills and abilities and an exploration of the job market can result in broadening horizons and new directions and in some cases may foster a more positive, balanced outlook on work and non-work life. Self-image and self-esteem begin a restoration to equilibrium where individuals can assimilate the redundancy into their repertoire of experience, and look ahead to the future. The path of this transition is outlined in Figure 4.1 which shows the progression through the different stages of the redundancy transition, relative to the stability of the person's self-image, from being informed of the redundancy through to readjustment and the assimilation of the experience.



**Figure 4.1:** The transition cycle: The case of redundancy

*Source:* After Hopson and Adams 1976.

### **COPING WITH THE REDUNDANCY TRANSITION**

The cycle of reactions is never a smooth path, with neat progressions from phase to phase for all individuals. Progressions or regressions within the cycle and the time taken to work through it are unique to

### *The Experience of Redundancy*

individuals and their circumstances. The redundancy situation is no exception and is prone to many variations between individuals. Some people handle the redundancy transition quite easily and only marginally experience the highs and lows. Others may be more profoundly effected and may exhibit the more extreme responses to the redundancy transition. Both the way in which people respond to a transition such as redundancy and the period of time required to reach resolution depend on two sets of variables (Hopson and Adams 1976). These are the degree to which the individual can manage the strain created by the transition and secondly the individual's ability to make decisions about the appropriateness of old and new behaviour patterns in a new situation.

Redundancy is a stressful event. Everyone has different levels of tolerance for and different ways of coping with stress-inducing circumstances. There are also varying abilities to adapt behaviours to new situations. The factors which are important in determining the level of stress induced by redundancy and which impact on decision-making ability can be synthesised into two categories. There are a number of factors which are internal to the person such as personality characteristics and the methods used as coping mechanisms. The second category is the group of factors external to the individual: these include personal circumstances and organisational variables which can have an impact on how the redundancy is experienced.

#### *Internal factors*

The individual characteristics which contribute to the management of the stress associated with redundancy include personality factors such as those discussed in the previous chapter. Some patterns of behaviour become dysfunctional in a new situation and the person needs to be able to adapt and adopt behaviours appropriate to the new role. Those personality characteristics associated with the redundant executive such as naivety and lack of political awareness, which make it harder to adjust or change behaviour to the requirements of the situation, may also impact on how the person experiences redundancy. The inability to change and find appropriate ways of dealing with a new situation may mean that the individual takes a much longer time to adjust to the redundancy.



### *Executive Redundancy and Outplacement*

The level of job satisfaction prior to the redundancy is another important factor. If the person was frustrated, lacking satisfaction with the company or unhappy in the job, the redundancy may come as a welcome release. On the other hand if the job was rewarding and fulfilling then the redundancy may be a devastating blow and the feelings of hurt and loss may be much more deeply felt. Age and career stage are also factors which may have an important bearing on how the person copes. The majority of executives who are made redundant have often reached middle age, having invested a great deal of time and effort in achieving their current position. Redundancy at this stage could be quite detrimental to their progression as the career path is interrupted and opportunities to re-enter the career at a more mature age may be lacking. However, Rapoport (1970) suggests that a mid-life or mid-career crisis is often an important turning point and facilitates development. This idea of 'redundancy as a developmental opportunity' will be discussed later in this chapter.

#### *External factors*

Factors external to the individual which can act as moderating variables in the redundancy include the individual's financial position, spouse, family and social support networks and the way in which the organisation manages the redundancy. The interpersonal networks available can help to diminish significantly the potentially negative effects of the redundancy experience. For example those with a supportive spouse and family may be relieved of some of the pressures.

### THE ROLE OF THE SPOUSE

Managers often try to protect their non-work lives from the impositions of work-related pressures by drawing boundaries between home and work. Scase and Goffee (1989) suggested that by distinguishing clearly between professional and personal identities managers can attempt to keep work and family life separate. However, in the event of redundancy not only is the professional identity threatened but the personal identity also comes under scrutiny. Redundancy poses a threat to both the structure and base of personal relationships and

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family life. Therefore, redundancy becomes not only a major transition for the individual but it also forces the partner and the family to become part of that transition.

Typically an 'I've been fired too' reaction from the spouse is precipitated, according to Jukes and Rosenberg (1991). Based on a survey of partners, they suggested that the impact on the spouse is as enormous, complex and varied as on the person made redundant. Invariably, the majority of spouses are women and the reactions of these women mirrored the variety of reactions of those made redundant, ranging from shock and disbelief to confusion and sometimes relief.

The spouse's life is also disrupted, often resulting in a sense of isolation and a loss of predictability and security. Those who played a home-making role were affected by the financial insecurity imposed by the loss of income. Those who had a career were troubled by the possibility of having to uproot, move and also find a new job, as two incomes were often a necessity to family and lifestyle. Also underlying these worries was the feeling of powerlessness in that they were unable to help in finding another job. The most common reaction of the spouse was anger at the organisation for treating the partner badly and for disrupting their lives. Spouses also felt antagonism against the organisation in many instances, for not providing assistance to help cope with the crisis, and the insensitivity with which the termination was handled made them feel that the organisation had betrayed the loyalty their partner had given to the company.

Redundancy imposes great pressure on the spouse and family to be flexible enough to cope with the redundant spouse who may be finding the experience stressful and also with the changes which the redundancy inflicts on them as an economic and household unit. As a consequence of the redundancy the majority of spouses had reassessed their own priorities and many couples had reordered their lives to create a more satisfying balance between work and family life, with many resolving never to be employed at the whims of an organisation again.

### THE ROLE OF THE ORGANISATION

The need for senior managers to be aware of the potentially detrimental effect of the redundancy cannot be overstated; as evidenced



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above, the organisation's approach to redundancy can evoke great resentment in the spouse. But senior management's approach to redundancy can be far reaching too for the individual and can be a major determinant of how he or she reacts to the redundancy event. Sensitive and professional handling of the termination can help to moderate the stress of the event. Research suggests that when the organisation provides advanced warning of the termination, provides explanations and communicates the decision via the individual's direct superior then the impact of the redundancy can be mediated greatly (Latack 1984, Swinburne 1981).

Departing employees can be potentially powerful messengers about the organisation. If they feel that they have been treated unfairly or that the organisation did not act in a professional or acceptable way then any sense of loyalty to the company as an envoy or as a potential future customer is jeopardised. Not only do former employees feel animosity towards the company itself but adverse feelings towards employers in general may result.

Therefore it appears that the way in which the redundancy is managed by the organisation can play a significant role both in how the individual experiences the actual redundancy transition and also in how that individual reorients to working life afterwards.

### **CAREER GROWTH AS A CONSEQUENCE OF REDUNDANCY**

We have suggested here that the pressures of the redundancy experience from sources both external and internal to the individual make for a potentially very traumatic period. But one could argue that there is the possibility for growth arising from any disruption in life and in the career field this stance has been supported. Latack and Dozier (1986) suggested that career growth can be achieved as a consequence of the job loss transition. The degree of career growth achieved after the redundancy is dependent upon the degree to which the internal and external factors discussed above impact on the individual. Therefore, personality characteristics, age, family and social support networks and the way in which the organisation deals with the redundancy all contribute to the way in which the individual reorients to work and career.

## *The Experience of Redundancy*

### *The concept of career*

'Career' has been defined as the sequence of work-role related experiences over time. Hughes (1937) differentiated between the objective and the subjective career. The objective career is the work history, the series of jobs and occupations a person follows over time. The subjective career is the image of oneself in the process of working through different statuses. Few people have a definite career plan and a sense of career is often a post-rationalisation of events. However, the subjective interpretation of career is often an important element in self-identity and self-image. The sense of structure provided by viewing life changes and work as a 'career' helps people to feel a sense of progress so that they can attain fulfilment and success.

### *The psychological success cycle*

Some of the psychological factors associated with a career have been incorporated in a model by Hall (1976) which is based on the concept of 'a psychological success cycle'. The psychological success cycle involves the setting and achievement of career goals. These goals may be small and incremental or step achievements on a larger scale. The process of setting and achieving goals leads to a feeling of increased ability to do the job and provides a sense of self-esteem and enhanced competence which in turn promotes satisfaction, fulfilment and increased involvement in the job. This results in the setting up of new goals which can again be worked towards and achieved. The repetition of this cycle, it is argued, results in career growth.

Transition periods occur within this sequence. Such transitions can be small changes within a job. The acquisition of a new skill relevant to a task required in a job would be a small transition. More major transitions can also occur. These include changing job. A promotion within a company from one level to a higher level is a transition which will require certain changes of the individual as is a move to another company. Job loss is also a major transition but is one which has more potentially detrimental effects. In the event of job loss the opportunity to set and achieve goals is removed and the psychological success cycle is broken. This leaves the person with no opportunity to set up the success cycle again and open to all the



### *Executive Redundancy and Outplacement*

adverse reactions and emotions which may result if the person does not find re-employment.

However, the redundancy experience can also give the individual the opportunity to reassess skills, abilities and marketability and can be a growth opportunity where new horizons emerge and new opportunities result. This period of reassessment may help the person to identify strengths and weaknesses and to refocus attention either on progressing the present career, changing focus and targeting a new career opportunity or reviewing his or her involvement in the world of work.

### *Career change in mid-life*

A person's career develops over time and there are certain career stages synonymous with age. The research on the impact of the job loss relative to age has shown a number of inconsistencies, with studies revealing differences in the negative and positive responses to redundancy among different age groups. Any transition which occurs during the mid-life phase is potentially crucial but Schlossberg and Liebowitz (1981) suggest that the most negative reactions to redundancy were exhibited by individuals who perceived themselves to be too young to retire but too old to find another job in the marketplace. For them the possibility of turning redundancy into a positive growth experience was most difficult.

### *The resolution*

Therefore, transitions in the career context can be turning points which simply keep the individual on their chosen career track or they can be major junctions where the balance and direction is shifted completely. The resolution of the redundancy situation may take four quite distinct directions.

Those made redundant in later life may chose to take on retirement or semi-retirement status. In this case the individual disengages from the workforce to pursue other goals, accepting that their place in full-time paid employment has come to an end. The second and unfortunately increasing possibility is to join the unemployed as another casualty of the economy and recession with little hope of finding re-employment. The third means of readjustment may involve a com-

### *The Experience of Redundancy*

plete change of career. Some individuals may use redundancy as an opportunity to start a new career and pursue a totally different direction from that of their previous job. The fourth and more usual route followed is one where the individual re-enters the job market in a similar post to the one which they left. In this case the individual returns to a position which utilises the skills and experience built up over their career to find another job which is within the same professional area.

### RESEARCH INTO THE EXPERIENCE OF REDUNDANCY

Following the research project on the personality characteristics of redundant executives (the 'N' Factor Study) carried out in 1987, we wanted to investigate the more dynamic aspects of the redundancy experience. Using the database of individuals held by Pauline Hyde and Associates, an in-depth follow-up study of the redundancy experience was implemented. This research, carried out in 1990, involved a large-scale survey of individuals who had experienced redundancy and outplacement. It included an examination of their perceptions of work-life before and after redundancy, perceptions of the experience of redundancy, how it was handled, their experience of outplacement as a service offered to help them through the event, and the consequences of the redundancy on subsequent career aspirations.

#### *Methodology*

A questionnaire schedule was developed and formatted into a self-completion questionnaire for a postal survey. A total of 1,159 people were targeted and 299 usable responses were returned, a response rate of 28.4 per cent which provides a good proportion of the total sample for analysis (Krejcie and Morgan 1970). Face-to-face interviews and telephone interviews were also used to obtain qualitative, supporting information.

The sample of respondents does not show any systematic bias in terms of the independent variables, therefore we can assume that this is a representative sample of opinions from the survey population to whom the questionnaire was sent.



## *Executive Redundancy and Outplacement*

### *The dynamics of the redundancy experience*

The set of variables which potentially make the resolution of the redundancy situation more difficult, as stated above, include the level of job satisfaction before the redundancy, age, career stage, the reason for the redundancy, how it was handled by the organisation and the support systems available to the individual. These factors were investigated in our survey.

**Table 4.1** Age of sample population before and after redundancy

	<i>Range</i>	<i>Average</i>	<i>Standard deviation</i>
Age before redundancy	27-60	46	6.3
Age now	29-67	50	7.3

Our population, being of a senior executive level, comprised individuals of an average age of 46 years before the redundancy happened (see Table 4.1). For these executives redundancy provoked more than a career change: some experienced a career crisis related to age. For middle-aged people redundancy may precipitate or be an integral part of a mid-life crisis. Previous research has shown how older workers are generally less likely to be re-employed as they are often considered too old to be retrained or to contribute to organisational life (Parker 1982). If they are employed then they are less likely to reach higher status jobs (Zahniser *et al* 1985). This is a philosophy which still persists and which in many cases is perpetuated by organisations through the use of redundancy as a means of early retirement or as an occasion to dismiss older workers under the pretext of decreased productivity. Although older workers have been shown to possess desirable qualifications and experience, as evidenced by Sainsbury's policy on the recruitment of more mature people into the workforce, there is still a predominant attitude that mature individuals will not be offered positions.

However, in our sample all but one of the executives had been re-employed and 91 per cent had obtained a position within 12 months of their redundancy. These findings may relate to the fact that the sample was of high intellectual ability and, having been helped by the outplacement service, was able to find subsequent employment and find it relatively quickly. This group of individuals had skills and abilities which were valuable to organisations as a consequence of their

### *The Experience of Redundancy*

knowledge and experience and opportunities for re-employment were available. During the late 1980s the unemployment situation had not reached the three million level of 1993 and our sample of executives was at that time able to re-enter employment relatively quickly.

### *Reasons for Redundancy*

When questioned about the circumstances of the redundancy, the most overwhelming reason quoted was 'rationalisation/reorganisation/merger or closure of the company' (69.5 per cent). The economic climate of the 1980s and early 1990s was such that many organisations were becoming leaner and fitter by divesting layers of middle and senior management and this is reflected in the number of redundancies which occurred as a consequence of reorganisation. These were executives who in many cases had contributed to the success of the organisation and who were now being ousted from the company.

The reason for redundancy is a sensitive subject which is often clouded by the organisation itself and is equally subject to a social desirability factor in the response. To rationalise the reason as an organisational change is often an easier way of explaining the redundancy than attributing it to oneself. However, a further 18.5 per cent of our respondents indicated that the redundancy was specifically due to reasons which were personal or political in nature. The types of reasons quoted were, for example, 'clash of styles', 'personal animosity', 'political restructuring', 'incompatibility of values with new boss', 'internal politics', 'corporate culture clash', 'lack of fit', 'face did not fit'.

Such reasons are personal in nature and complement the findings of the 'N' Factor Study where a major difference in those made redundant was a lack of 'political skills'. These individuals were the ones who were politically naive within the organisation, often did not 'tow the corporate line' and were not 'organisation people'. The reasons quoted in our survey of redundant executives are also indicative of this and reflect a failure to fit into the organisation mould. Such personality clashes and lack of fit can often be assimilated, accommodated and even contributory to an organisation's creativity and growth during the good times but become the very characteristics which designate individuals as targets for redundancy when times get tough.



### *Executive Redundancy and Outplacement*

#### *How respondents were informed of the redundancy*

One important factor in determining the impact of the redundancy is how it is handled by the organisation and, more specifically, how the person is told that they are to be made redundant. The majority of respondents in this instance were informed of their redundancy in meetings with their immediate superior, the head of department or the managing director (59.3 per cent). Redundancies were also communicated via written and verbal notices to 9.3 per cent of individuals. These are the most usual formal channels of communication which are used to convey the news and can allow for a professional and responsible handling of the redundancy notification.

However, a further 6.9 per cent of our sample stated that the redundancy came as a result of general discussions relating to future prospects within the company and 9.7 per cent of the respondents explicitly indicated that the redundancy was announced to them in very 'blunt', 'sudden', 'abrupt' meetings or conversations. Some organisations, whether through lack of training or experience in handling the redundancy announcement, appear to manage this situation quite unprofessionally, using channels of communication which are inappropriate and dealing unprofessionally with people who perceive themselves to be of a high standing in the organisation. This finding was supported by the level of satisfaction registered by respondents about how the redundancy was handled.

Although most respondents (62.5 per cent) were satisfied with the way the redundancy was handled a considerable number (38.6 per cent) indicated dissatisfaction with how the company had 'exited' them. The major reasons quoted for dissatisfaction were the 'insensitive/political' ways in which the respondents perceived their redundancy to be planned or handled (57.5 per cent). The following comments illustrate the types of reasons included in the above category.

'Insensitive handling', 'Management were disinterested', they were 'insensitive and anxious to get the interview over with to save their embarrassment', 'it was a political decision not put across sensitively' and there was an 'appalling lack of communication'. Many organisations are ill equipped to handle redundancies. Most British managers do not receive training in how to deal with the potentially traumatic separation interview which is a situation that can be stressful for both the manager being made redundant and for the manager conveying

### *The Experience of Redundancy*

the news. Lewis (1991) found that only 16 per cent of British managers who conveyed the redundancy news were given training in how to make people redundant.

A further 29.2 per cent of our sample indicated that their dissatisfaction was due to disagreements and 'wrangles' about financial aspects of the exit package. Comments included: the company 'had to be pushed to obtain a reasonable settlement', 'lacked a clear idea of financial obligation' and 'I lost out badly on my pension'. The recent survey by Right Associates and PM Plus (Woodger 1992) indicated that many organisations are now aware of the importance of the severance package for executives and now provide a variety of benefits including financial planning and life insurance. This survey also found that many organisations remain flexible with regard to the financial packages offered to executives, in order to be able to offer a range of financial pay-offs in accordance with seniority and performance in the company.

Some respondents (10.6 per cent) also stated that their companies 'could have been more helpful' and 'could have held more meaningful discussions' or been 'more open to considering other alternatives'. As we pointed out in Chapter 2, it is often recommended that organisations explore all other means of reducing numbers and using redeployment and retraining before resorting to redundancies. However, some organisations do use redundancy as a means of exiting individuals without recourse to other alternatives and in doing so can appear inflexible to those being made redundant.

These comments are indicative of how those being made redundant can react to an unprofessional or insensitive handling of the situation. Other research has indicated that those people informed by their direct superior in a situation that is handled in a professional manner are better able to maintain some sense of self-esteem and can re-establish a sense of control in their lives after the event (Latack and Dozier 1986). The professional handling of the redundancy is enabling, in that the individual can make sense of the situation, resolve the feelings of grief and anger experienced in the transition and more quickly reorient themselves to finding a new position and to thinking about their future career development. Therefore the way in which the organisation approaches the redundancy situation can play a major role in its final resolution for the individual.



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### *Satisfaction with the work situation*

Another variable which impacts on how the person copes with the redundancy is the level of satisfaction with their work before being made redundant. In our survey 48.8 per cent of the respondents indicated that they were very satisfied/satisfied with the work situation before the redundancy. This number rose to 69.5 per cent very satisfied/satisfied with their work situation after the redundancy, therefore there was an overall gain in level of satisfaction with the new positions, for those who had regained employment.

A more in-depth analysis of this result showed that just under 30 per cent of those who had indicated dissatisfaction with their work before the redundancy registered satisfaction with their subsequent work situation. A much smaller proportion (8.4 per cent) who had been satisfied with the work situation before the redundancy were now dissatisfied. One explanation for this is that those who are dissatisfied with the work situation before redundancy are more likely to perceive it as a positive opportunity to move to a position that they will find more agreeable.

### *Lasting impressions of the job change experience*

As evidenced in the transition cycle applicable to redundancy the experience can evoke a variety of reactions in individuals. Over recent years there has been a move towards less career stability than in previous years and, as suggested by Cole (1988), changing career in mid-stream and often in middle age is becoming increasingly common. The dislocation associated with career change whether precipitated by redundancy or the decision to change voluntarily can have significant effects on the individual.

For individuals in our sample the redundancy experience produced the whole spectrum of reactions from feeling devastated to viewing what happened as a golden opportunity: reactions ranging from the negative feelings of 'disbelief', 'shock' and 'loss' to more positive attitudes such as feeling a sense of 'freedom' and 'challenge' were expressed (Table 4.2).

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**Table 4.2** Reaction to job loss

<i>Negative reaction</i>	<i>Neutral reaction</i>	<i>Positive reaction</i>
'Alienation', 'Age' 'Loss'	'Self-examination' 'Self-employment'	'Freedom', 'Excitement'

However, for our sample of more mature executives who had already invested time and effort in achieving status within their career structures and who were of an age when job change could be construed as having a detrimental effect on their career, the most overwhelming response to the redundancy experience was at the negative end of the spectrum. The general tone of most comments was on the negative side with reiterations of the shock and bitterness felt as a consequence of the redundancy. Many respondents indicated a feeling of 'alienation' from the organisation creating a sense of 'loss' and a 'lack of loyalty to the company' (56.9 per cent). These are the responses most likely to come at the beginning of the transition cycle but these individuals indicated that this was their *lasting impression* of the experience.

A further 4.2 per cent stated that the redundancy had increased their awareness that age was, for them, 'a significant factor in any subsequent attempts at finding employment', age became a major 'hurdle' to them finding a new job and many were surprised that there was such a 'lack of interest' in the accumulated skills they had acquired. The idea that they were no longer viewed as a valuable resource in the world of work because of age was a significant impression for this group.

Those who were more able to handle their circumstances in an adaptive way gave more neutral responses indicating that the experience had left 'no lasting effects'. The support provided by structures such as the family was also quoted as important in mediating the effect of the experience. Some indicated that the redundancy had heightened their awareness of the importance of the 'family' in helping them through this crisis.

Others in the sample found that the experience had given them an opportunity to take time out to review their work-life, their skills and abilities and provided a period for 'self-examination' and 'introspection', viewing it as a 'character building life experience' which 'forces self-understanding and reappraisal'. This period of reflection resulted in a number of respondents reviewing their participation in



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the world of work with 6.6 per cent stating that they experienced an 'increased desire for self-employment', and were 'determined never to be an *employee* again'. The experience had affected them to the extent that some people stated that they 'don't want to work for an organisation again'. The feelings of alienation and lack of loyalty to organisations and dissatisfaction with the manner in which the company had treated them may have been very influential in this decision, as might the fact that a number of those made redundant were not comfortable with the political nature of large organisations, and this drove them to the decision to strike out on their own.

Although many senior executives may have disliked the enforced job change, some viewed the experience almost as a necessary evil. This was reflected in comments such as the redundancy was a shock but a beneficial experience' and 'it was not an experience I would choose but now I feel stronger'. A surprising proportion (12.1 per cent) of the respondents viewed the experience in a very positive light, welcoming the freedom that it bestowed. They indicated that they felt an increased 'sense of freedom' and 'excitement' at the new challenge presented. For these executives the redundancy had precipitated the crisis that Rapoport (1970) suggested was the necessary precursor for growth and they were reacting to this crisis by viewing it as a challenge opening up new horizons and new directions in their career.

### *Dealing with major crises and changes*

This use of the redundancy crisis as a learning experience was evident for many of the redundant executives and the majority indicated that they were now better able to deal with major crises and changes in their lives as a consequence of the redundancy experience. The redundancy had been for them an opportunity to discover inner strengths and new ways of coping with change in their lives and had led to positive ways of adjusting to life's transitions.

## THE REALITY OF REDUNDANCY

The experience of redundancy for the individual is a very real, often frightening, sometimes devastating, and for some an exciting, milestone in life. In today's economic climate the possibility of

### *The Experience of Redundancy*

redundancy is increasing for many managers as well as for the blue collar and clerical staff in organisations. Although our study was restricted to the senior executive level it could be argued that the experience for them can often be even more painful as they have invested so much time and effort, and much of their ego and self-image in achieving a high organisational status.

As managers are increasingly treated in the same manner as other employees, the experiences of previous redundancies from the earlier recessions may be illuminating for this newly vulnerable group. Westergaard, Noble and Walker (1989) tracked the fate of a group of steelworkers made redundant in the late 1970s. They followed the experiences of this group of men through the crisis of the aftermath of the redundancy experience. Most had been long-serving individuals with the company and were in middle age when the redundancy occurred. One stark finding was that three years after the redundancy nearly 60 per cent of the people followed up were not in paid work. About 20 per cent were unemployed, registered as available for work, while a daunting 40 per cent were jobless and *not* registered. These individuals were classed as in retirement or ill at home. The prominent result was that many had retired before they had intended to and very often the decision to leave the job market had been a direct result of the redundancy. Westergaard *et al* warned that the double effect of recession had not only pushed people on to the dole but had also discouraged others from re-engaging in the labour market altogether (pp170/1) with a consequent loss of experience, skills and abilities which could have been instrumental in aiding economic recovery had they been utilised.

Harris 1987 carried out another study of employees made redundant from the British Steel Corporation in Wales. Again there were contextual changes at this time which subsequently impacted on the fate of those made redundant. The situation in which these redundant individuals found themselves in 1980 was somewhat different from what was predicted in 1979. Despite predictions that many would move to different parts of the country, only 6 per cent left the region. The market did not pick up as anticipated and unemployment did not return to pre-1980 levels. The transitional nature of the 1980s was characterised by massive changes in the demand for labour, fewer people withdrawing from the labour market and an influx of young people. This created a position where even when the recession ended



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unemployment remained at high levels for some groups, with these redundant workers victims of major economic and social change.

Harris suggested that the ensuing struggle for these people was one of trying to preserve their social identity and social relationships by maintaining their position within the working class. This was not a struggle to adapt to new market conditions but rather 'what the unemployed were adjusting to was failure' (p227). There are many parallels which can be drawn with the current recession and for managerial employees. Economic and social transitions are currently happening and change as a constant is being perpetuated. Many of those now entering unemployment are faced with the same kinds of future – a life of short-term employment, retirement, semi-retirement and unemployment.

Life is a continuous series of transitions many small and marginal, others major and fundamental to the individual. All such transitions contribute to the person's development and their future direction in life and society. We are increasingly, in our organisational lives and as part of society, being forced to become flexible and adaptable. The redundancy transition can have a fundamental impact but is also an experience from which people can grow and develop if the support systems are available to help them through this difficult time. If we believe in the Darwinian principles of change then the need for individuals and organisations to recognise flexibility as a key element is fundamental to their survival and growth.

Organisations have the major role to play in the management of redundancies, and the high proportion of redundancy policies adopted show that many now recognise this. If senior managers believe that they are adopting sophisticated approaches to managing the organisation's labour market, they will ensure that their employees continue to survive and to develop and progress despite the increasingly necessary event of redundancy. People can and do survive redundancy and use many different ways of coping with this transition. The many factors which impact on the person's ability to survive redundancy can be manipulated to ensure that the potentially detrimental effects are ameliorated. The organisation has a responsibility to ensure that it plays a major role in helping people to survive redundancy if the organisation itself is to survive into the next decade.

## SURVIVING REDUNDANCY

'The redundancy was a shock but a beneficial experience'

'It was not an experience I would chose but now I feel stronger'.

These comments about the experience of redundancy cited by individuals participating in our survey demonstrate that people can and do survive redundancy psychologically intact and achieve fulfilment and success in life afterwards. Our second survey, described in the previous chapter, probed reactions to the redundancy experience, reactions to outplacement and the redundant executives' subsequent employment and career aspirations. This chapter draws together the data from our survey and collates the existing literature on outplacement to address the change in values and attitudes of those executive employees who have been made redundant. We explore the use of outplacement as a mechanism for helping individuals through redundancy and seek to define a new concept of 'success' in the work world of the 1990s.

The potential psychological trauma to individuals and the subsequent impact on organisations, make the mechanisms used to survive redundancy an important focus for research. There is an increasing number of people being forced through the redundancy transition now. Some people may experience redundancy several times in their career, making it even more important that they successfully work



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through the experience and continue to participate in the labour market. Not only do the individuals themselves need to regain self-esteem and continued aspirations to work but when the demand for labour grows again organisations need a willing workforce in order to prosper in the future. What happens to people after redundancy is a further question to be explored therefore, if, as we believe, executive redundancy will remain an established aspect of human resource policy.

As suggested by Latack and Dozier (1986), the career growth implications of job losses extend beyond the redundancy announcement. Best-practice models for the termination interview have provided standard guidelines. These include ensuring a clear statement that the job and not the individual is redundant, and that the organisation is using redundancy as the only logical solution to problems. It is also suggested that the redundancy should be addressed using factual information and not raise the hopes of the person that they might be retained. However, despite such prescriptions for sensitive handling, the redundancy often comes as a blow to the person and it is often difficult for them to maintain an objective outlook on the event. Although managers are less likely to react adversely if the termination interview is handled in a professional manner, the sense of loss and bereavement following the redundancy can be very real for those exiting the organisation. Evidence was presented in Chapter 2 of how organisations are now becoming more aware of the need to handle the entire termination process in a more carefully planned way in order to lessen the detrimental impact on individuals leaving.

One consequence of the practices recommended to help people cope with redundancy is the provision of a safety net in the form of an outplacement service. The provision of outplacement in particular for senior executives has in the 1990s become a common practice for many organisations.

### **OUTPLACEMENT HOLDS THE KEY**

The benefits of using outplacement now seem to be accepted by most organisations as reflected in the large numbers of companies and public sector organisations which have incorporated outplacement into their severance packages. Traditionally a service offered exclusively to executives in the UK, outplacement is now being used at all levels in

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organisations to help departing employees. There is considerable anecdotal evidence and there are many prescriptions in the literature regarding the beneficial effects of using outplacement as a mechanism for career adjustment for those leaving an organisation.

In the 1970s the literature focused on how to handle the obsolescent executive. With the recession came a shake-out of executives, with as many as 70,000 executives estimated to have been made redundant in the UK in 1971 (Genders 1971). This large number of executive redundancies created an impetus for putting the management of this transition on the agenda for human resource managers, and the demand for outplacement services rapidly increased with the increase in career changing in midstream and often in mid-life. Outplacement agencies were typically dealing with an executive fitting the following profile: male, 40+ years old, having given ten years service to the organisation in a senior role (Falloon 1989). Buying in outplacement services to help manage the separation process and to assist employees in managing the career transition became commonplace for companies.

Tales of the typical experiences of a redundant executive experiencing outplacement were published widely, recounting progression through outplacement programmes (Parkhouse 1988, Perkins 1990). Success stories abounded and outplacement for the executive was heralded as an invaluable new technique. Outplacement services were claimed to put people back in the driving seat and even to be the inadvertent midwife to new careers. Outplacement was seen as a way of humanising one of the very unpleasant aspects of business life particularly for the senior level executive who often expected to remain with an organisation for many years and whose ability to market their skills had become, to say the least, rusty.

### STANDARDS OF SERVICE

Prescriptions for what professional outplacement consultants should offer were also publicised. In the USA outplacement had developed in a variety of forms. Each however had common elements. These included drafting résumés, career counselling, psychological assessment and office support. In the UK the services developed in a similar vein and standard packages were offered. Outplacement agencies in the UK developed services offering career appraisal and included in



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the package the development of personal marketing strategies, job search and skills training, advice in negotiating contracts, full practical support in the form of secretarial services, office accommodation, access to telephones, help with settling in to the new appointment and an overall continued commitment to support the individual until a satisfactory career solution was reached (Hyde 1987)

Many of the major players in the outplacement industry in the UK were designing programmes in this mould and offering exclusive one-to-one executive outplacement services throughout the 1970s and 1980s as a safety net for those executives made redundant. The stated objective of outplacement is to help the individual through the traumatic period of coping with the redundancy – the outplacement counsellor becomes a combination of psychologist, confidant, aide and friend. By matching the needs of the individual as he or she progressed through the redundancy transition cycle the outplacement services at the executive level corresponded to the support and assistance needed to overcome each stage of the transition cycle and to progress to new horizons.

The success of the outplacement programme was at that time most often measured in the placement statistics – the best indicator of success was the re-employment of the executive. Throughout the 1970s and 1980s many outplacement consultants enjoyed a period of success in achieving for their clients higher status jobs with larger salaries and benefits (eg Hyde 1988).

Even in the public sector it was recognised that the 'jobs for life' concept was under threat and sometimes redundancy was unavoidable as part of an organisational change. This necessitated an outplacement service to be on hand at the time of the announcement to help with the process and to provide expert advice on the 'outside world' of work. More and more public sector organisations began to use and develop their own outplacement services as they considered that for the individual 'the interruption of a job for life need not mean the end of employment but the opportunity to re-assess goals and to make positive and satisfying career changes' (Gent and Linnecar 1991 p11). Therefore outplacement appeared to offer the total package of help and support that the redundant executive required to re-enter employment.

In the second survey in our programme of studies we were able to sample redundant executives who had gone through Pauline Hyde

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Associates, a sophisticated outplacement service, well established and with a full range of services. These individuals were questioned on a number of aspects related to the outplacement services received subsequent to their redundancy. We described the basic methodology we adopted in Chapter 4 and details of the sample are given in Appendix 3.

### GETTING BACK ON TRACK

After the initial shock of the redundancy most people progress quickly into the job search phase and our sample, with the help of outplacement, was able to reappraise both the job market and the marketability of their skills and subsequently to find further employment. For the majority of our redundant executives this was the case, with over half (50.9 per cent) finding employment within three months and about three-quarters (75.2 per cent) within six months. The majority of respondents (91 per cent) were able to re-enter employment within twelve months of the redundancy. The people taking part in our survey had been made redundant over the period 1976–1987. Therefore this is an extremely encouraging result, given that the period under research included the difficult recessionary times of the mid-1970s and early 1980s. Our redundant executives were still successful in securing new positions.

Some previous research has suggested that older workers are less likely to regain employment and even when re-employed are less likely to move to higher status jobs or have high ambition levels (Parnes 1981, Zahniser *et al* 1985, Howard and Bray 1988). The difficulty older workers face is often a prejudice from employers who consider them less able to contribute to the success of the organisation and see them as a liability rather than as a useful resource. While most redundant executives probably regard their value to be in their experience, age and experience unfortunately come very much hand in hand and there is evidence that employers prefer younger applicants even if this means sacrificing experience. The study by Westergaard, Noble and Walker (1989) following the fate of a group of steel-workers was illustrative of these negative outcomes. Many of the people made redundant from the steel industry had retired early or were still unemployed long after their redundancy.



### *Executive Redundancy and Outplacement*

For some of our sample, age was quoted as a significant factor in restricting any subsequent attempts at finding employment. However, despite our sample of executives being in the older age range many were successful in obtaining new employment and in finding it relatively quickly. These findings may relate to the fact that most of the sample were of a high intellectual ability and were helped by the outplacement service. If we accept the finding on the personality characteristics on redundant executives – that they were among the more intelligent and imaginative – it is not surprising that they found other jobs quickly. It is ironic that the skills and abilities that they possessed which may have been instrumental in their exit from their previous posts, were possibly the abilities which led them to find alternative work so quickly.

### EMPLOYMENT AFTER REDUNDANCY

Thus the fate of those made redundant can be very varied. After redundancy, individuals can move on to a range of work positions. In our sample a significant proportion of executives had obtained positions which were still at a relatively high level. We elicited data about the level of management to which the executives reported before and after redundancy. Many were reporting to the main board (20.7 per cent) or to the chairman/president of the new company (18.7 per cent) in their subsequent job. Therefore many of these individuals had obtained positions which were comparable with their previous posts and of a top management calibre. The major difference we found was that while 47 per cent of respondents worked in large organisations (5,000 plus employees) before the redundancy, 65 per cent were employed with smaller organisations (less than 1,000 employees) after the redundancy. Explanations for this apparent shift from the large to the small organisation may include a readjustment of expectations. These executives may have sought equal responsibility and status but at a lower salary within a smaller company. They may also have reviewed their expectations of working for large organisations possibly changing to a 'small is beautiful' philosophy. Since many large organisations operate promotion-from-within policies, these executives may have been more able to secure a position in a smaller organisation where they could use their experience and skills in the development of the company. These factors may have had a funda-

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mental influence in the movement from the larger corporations to the smaller businesses.

The most significant finding however was that a considerable proportion (23.1 per cent) reported that they had embarked on setting up their own company or consultancy and were enjoying self-employment. A similar finding was reported in an earlier study by Lee (1985). In that survey, after redundancy about 6 per cent of the sample described themselves as self-employed. Most of these individuals were either self-employed with no employees or self-employed, small employers, working alongside their employees. These were the classic small business entrepreneurs of the 1980s. A further part of his research considered the attitudes of the redundant individuals to the handling of the redundancy. A large proportion (70 per cent) felt that the redundancy had been handled as fairly as it could have been. However, those who felt that their redundancy had been unfairly handled made up the majority of those who subsequently went into self-employment. Those entrepreneurs were more likely to hold a negative perception of the situation which translated into cynicism and a detachment from large organisations.

Beaudoin (1988) also found that about 20 per cent of managers who had lost their jobs through redundancy subsequently started their own firms. Therefore, it is not surprising that we found a significant proportion of our executives entering self-employment as the preferred option after redundancy. An exploration of the combination of responses to the redundancy may enlighten this choice. Just over a third of our sample had expressed dissatisfaction with the way the redundancy had been handled. The reasons quoted for the redundancy were for many respondents termed as 'political'. Combined with an expressed lack of loyalty to large corporations, this led to an explicit desire for self-employment in the future, starkly expressed by one individual who commented: 'I don't want to work for an organisation again!' The evidence from the 'N' Factor Study indicated that the people who were being made redundant tended not to be 'organisation men' in the traditional sense (Whyte 1957). Therefore it is possible to infer from our survey data that entry into self-employment as a consequence of redundancy had increased in importance as a way of returning to employment for this group of redundant executives. The move to self-employment may have proved an attractive option



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through which they could escape the ties, bureaucracy and political conditions of a larger business.

This finding may be an indication that these executives prefer the flexibility and challenge of smaller companies or self-employment in which they can operate more freely and without the bounds of the bureaucratic constraints of large corporations. Also, and possibly more importantly, in the self-employed status or within the small company environment, the 'political' pressures found in larger companies are often easier to handle on a personal basis. The politics do not detract from the contribution that these individuals can make therefore.

The loss of these people from the pool of individuals in the workforce available to companies may indicate that large organisations lost many of their most gifted employees through an inability to accommodate the peculiarities of able people within their models of 'social fit'. Although this may be the case we also found some evidence which might suggest that a number of those made redundant had not been able to use the redundancy as a learning experience sufficiently to avoid further redundancies.

### SUBSEQUENT REDUNDANCIES

Although most people (91.6 per cent) had held three posts or fewer since their redundancy and outplacement experiences, 24 per cent of our sample had undergone a second redundancy. One explanation for this second redundancy may be that they are repeating a similar pattern in their careers and may support the hypothesis that there are personality factors at play. Those personality characteristics as outlined in Chapter 3 which appeared to render these executives more prone to redundancy may come into play again. Equally we could see in these cases examples of the failure of outplacement, or we might be observing with these results the increasingly hazardous nature of organisational life. Gone are the days when redundancy for the executive was an unfortunate interlude, an interruption in the career. Frequent redundancies may now be seen as normal for executives and the vertical progression until now considered the routine way to develop a career, may be challenged. A recent survey provided empirical evidence for what many have suspected – that career ladders are disappearing (Inkson and Coe 1993). The arrival of flatter organisations has resulted in an increase in the number of sideways or down-

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ward moves and a decline in the number of upward moves made by managers. Executives must adjust to the new types of opportunities available and promotion prospects are different from what they used to be.

Further analysis of our data indicated that those people made redundant again were in the older age range, between 50 and 60 years old (see Table 5.1). This may be indicative of the age factor bias in their selection for redundancy. The intricate interplay of these factors may have all culminated in further redundancies.

**Table 5.1** Subsequent redundancies

<i>Age range years</i>	<i>Experienced subsequent redundancies number (percentage of total)</i>
29-49	14 (20%)
50-59	46 (65%)
60-67	9 (13%)

### REDUNDANT EXECUTIVES' VIEWS ON OUTPLACEMENT

In the first two decades of its development in the UK the concept of outplacement was not well known. Many executives were unaware of the concept of outplacement and few knew what the industry offered. Our results bore this out as only just over half the respondents (53.7 per cent) were aware of the concept of outplacement before redundancy. Maybe not surprisingly at the time of the study just over half of the respondents were *not* personally involved in the selection of the outplacement consultancy. Companies select the outplacement agency to be used. This may have been due to the finding that most executives were unfamiliar with the industry, did not know what is on offer or did not have an opportunity to evaluate the relative merits of the types of outplacement services available and were therefore not in a position to make an informed choice about which of the many consultancies to use.

This finding may also be a function of the company paying for the service, being the customer. The redundant individual is the client of the outplacement service but because the company pays the cost they usually made the final decision about which outplacement consultancy was used. In some cases organisations used one agency as it was



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thought to provide services which they felt particularly suited the needs of their employees, but often companies were advised to keep a number of consultants in their portfolio. Since this study was completed many more executives may be aware of outplacement and more able to influence the organisation's decision as to which particular consultant they wish to use. The beginnings of this move were apparent at the time of this survey in 1990 with 41 per cent of executives having an influence in the selection of the agency and a quarter indicating that they would have preferred to select the agency themselves.

#### *How outplacement helped*

In the previous chapter the potential effects of the redundancy were illustrated. Through this chapter the argument has been posed that outplacement has been developed as a service which can help alleviate the impact of redundancy for the individual. Viewing the redundancy as a growth opportunity can be facilitated partly by the way in which the redundancy is communicated and discussed with the redundant executive and also by helping the person learn from the experience through counselling and job search training and assistance. However, the practical support seems to be what is remembered.

In our survey we elicited responses about individuals' experiences of outplacement services. The overwhelming response was the appreciation of the practical aspects of outplacement, with 69 per cent endorsing the practical benefits offered by outplacement. These included 'help in compiling a new CV', and the teaching of a 'structured approach to interview techniques' and 'the skills to market yourself'. Many senior executives unexpectedly find themselves redundant. Therefore they do not have time to prepare in any practical way for the need to launch into a review of their CV, brush up on their interviewing skills or prepare a job search strategy. Most of these individuals will not have had the need to review their CV before and will usually have been interviewers rather than interviewees in the course of their work. The skills of being an interviewee and selling oneself in the job market may be those most often lost due to lack of use, therefore the opportunity to practise these skills again was obviously of benefit in the job search process.

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Respondents also greatly appreciated the 'support services' in terms of secretarial support, the 'research facilities' and the 'administration/information resources'. Information resources and secretarial support for the production of job applications are also essential to successfully targeting and addressing potential employers (Morin and Cabrera 1991). A significant aid during the period of adjusting to the redundancy was the provision of 'a place of work', 'a base for operations' and 'an office to go to' where you realised 'you're not alone'.

Most outplacement agencies offer office accommodation to which the individual can come each day. This enables them firstly to maintain a sense of routine and structure to their days. Secondly it is important that the person can attempt to make a job of getting a job. In the office environment they can concentrate their efforts and assume a professional approach to the job search process. Possibly most importantly, by attending the outplacement offices, the individual comes into contact with others in a similar position. Often a major loss associated with the departure from a company is the support and camaraderie of fellow workers and colleagues. This very valuable support system is substituted to some extent by the new 'colleagues' found at the outplacement location. This also helps to put the individual's situation into context – they are not alone and not as isolated as they may initially have felt.

The camaraderie and the support of counsellors and mentors provided by the outplacement agency were also endorsed in explicit statements by some respondents (15 per cent) indicating that the service helped in terms of 'self analysis' and 'support', helping to 'boost self-confidence' and making them 'appreciate achievements'. There is great potential to lose self-esteem and self-confidence through the period of accepting and coming to terms with the redundancy. Outplacement provides not only the opportunity to boost self-esteem with the help of colleagues but it also provides professional counselling by trained counsellors, if required. Other comments included the 'outplacement service was worthwhile', 'outplacement was very effective', 'outplacement is a very important service', 'outplacement was vital' and this 'service is very valuable in a period of change'. One potent comment on the benefit of outplacement was that it 'helps people to help themselves'.



### *Executive Redundancy and Outplacement*

By providing practical help to the executive, the outplacement service helps him or her to regain some sense of control over the situation. This practical assistance becomes a very important part of the psychological healing process since help with the mundane tasks they face can reorient the person, particularly in the initial period following redundancy. The psychological benefits of having practical support are manifested in increasing self-esteem, self-image and self-confidence, which result in a positive attitude to the job search process.

#### *Opportunities to improve services*

Although most respondents espoused the benefits of using outplacement some (11 per cent) indicated areas where the services could be improved upon. These individuals made comments such as the outplacement service 'didn't help much' mainly because of a 'lack of direct job-hunting assistance' and it 'did not help find a job', 'the service was poor value for money', 'it didn't help me to find full-time employment', 'the service was good in parts but job search could have been better', 'aspects of it were poor ...I found my own way forward'.

Many of these comments were indicative of the perception that the outplacement agency would find them employment. Perhaps these people assumed that they were almost guaranteed a job by going through the outplacement process, a misconception which has in some ways been encouraged and perpetuated by the type of publicity that outplacement consultants issue. As indicated earlier, many of the outplacement consultants market their services on the placement statistics that they achieve. These are often the most striking results they achieve with a large number of their clients. However, placement is not the fundamental motive for using outplacement and no agency can promise that they will find their client a job. The outplacement agency can only provide the support, training, counselling and in some cases contacts in the labour market which will increase the probability that the individuals using this service will find subsequent employment. The most the outplacement consultancy can do is to stack the odds in their favour.

In a critical review of what has become an industry of the 1990s some authors outlined the pitfalls and downsides to the services being provided by outplacement consultants (Machan 1989 and 1991,

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Challenger 1989). Due to the rapid growth in the demand for outplacement induced by the increasing number of lay-offs throughout the USA and the Western world, the use of outplacement has soared. Unfortunately, according to Machan, the quality of service provided by outplacement agencies has not risen to meet this increase in use. Based on individual case experiences, he suggested that many agencies provide services which a senior executive does not require, such as career direction. Machan suggests giving a wide berth to firms that promise to find a job for the clients. He also criticises the level of help given to individuals using outplacement on a number of fronts, quoting too few counsellors with less than adequate specialised knowledge of specific business sectors and poorly resourced agencies which are not providing value for money. Challenger, who placed himself as a founder of the outplacement industry (p27), had also voiced some of these criticisms and made others. He disputed the quality of interview training, criticised outplacement consultancies for not selling reality with respect to their ability to provide job contacts, and warned that what he saw as the continued deterioration of outplacement programmes, was a serious issue. He also cautioned that unless the outplacement industry reassessed 'its goals, objectives and quality of services, the industry was inviting the prospect of outside regulation' (p30). Although based on anecdotal evidence, these comments heralded a need for self-inspection and the beginning of self-regulation for outplacement consultancies. Professional bodies such as the IPM are pressing for codes of practice and the larger consultancies in the industry are attempting to set standards among themselves through the Association of Outplacement Consulting Firms (Hogg 1988, Crofts 1992).

### THE FUTURE OF OUTPLACEMENT

With the increasing use of outplacement throughout the 1980s and particularly in the early 1990s the UK industry has enjoyed a boom time. However, we should ask whether this trend will continue. The demands of the industry are changing and as prophesied by Challenger in the late 1980s the industry is now under much scrutiny. Organisations and individuals are more aware of what they should expect of an outplacement consultancy. As Crofts (1992) warned, 'the 1990s may mark the coming of age, but with client companies and



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individuals demanding an increasingly professional service for their money, outplacement firms will have to prove why they are a vital component of the redundancy and career development processes'. This may mean a future for the industry which lies in providing much more *upstream* type services such as training and development for managers, partnership programmes with organisations planning manpower requirements on a strategic basis, and the more broad-based development issues of portfolio career management. These types of services are the future for the industry and many of the major players are already developing their services along these lines, for example the intervention at Duracell by Pauline Hyde and Associates (Pickard 1993).

### LIFE AFTER REDUNDANCY

Rapoport (1970) suggested that those in mid-career experience dissonance as they move through many reappraisals of their life. He emphasised the concept of crisis, suggesting that unless there is a sense of crisis – some kind of turning point – then development is much less likely to occur (p137). These crises are usually relatively unwanted and unexpected. Redundancy is one such event which can obviously create dissonance and precipitate a crisis. The reassessment of priorities becomes an integral part of the readjustment process and as part of the outplacement process individuals are encouraged to review their strengths and weaknesses and future directions. For many of our respondents the redundancy and outplacement experience was quoted as one of 'self examination', 'introspection', 'a character building experience' which 'forced self understanding' and 'reappraisal.' The process of self-appraisal often results in a change in direction and priorities in the non-work spheres of life as well as in work life.

Previous research which examined the interplay between the work and non-work lives of managers in earlier decades, when managers were invariably male, tended to focus on personal relationships within the context of the performance of domestic tasks and how the spouse supported and helped the manager in the pursuit of his career (for example Pahl and Pahl 1971). However, as more women achieved better qualifications, obtained higher level jobs and started to challenge the expectations of being the homemaker and support system for the husband, a number of new issues were raised in the focus of

### *Surviving Redundancy*

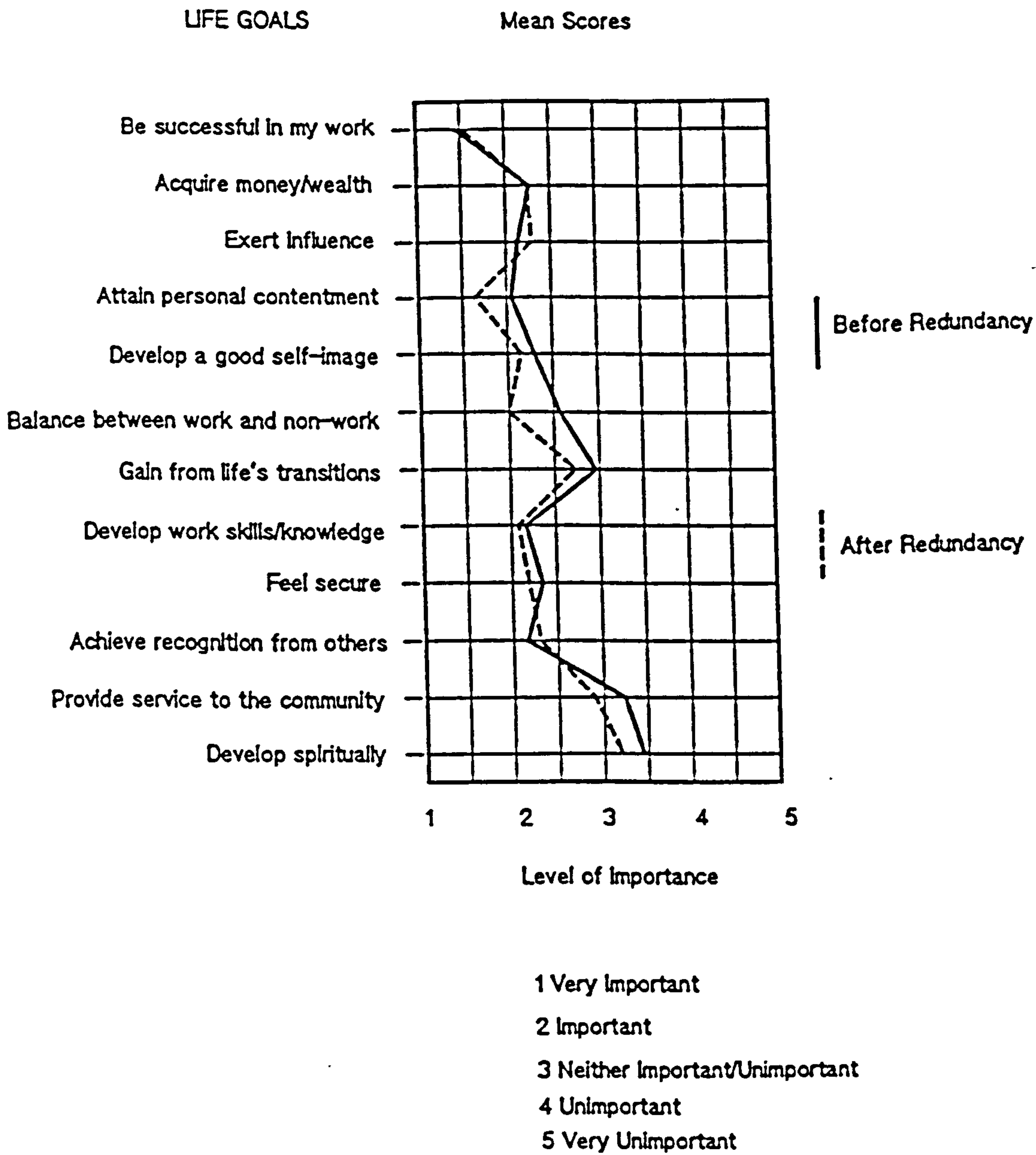
research on career. The notion of the dual-career family became popular and a number of writers addressed the implications of having both partners in pursuit of a career. (See Scase and Goffee (1989) for a further exposition of this topic.) Many managers tried to maintain separate work and non-work lives in order to protect their home life; however, redundancy can cause great disruption to the order of the work and non-work balance.

Theories regarding the mid-life period and the changes that it and such events can precipitate and further anecdotal evidence from those involved in the counselling and supporting of individuals through the redundancy experience suggested that many individuals use this period as one during which they reappraise their life. As part of our study of the effect of the redundancy we attempted to gather some empirical evidence of these changes. We asked respondents to consider the change in priorities in life goals as a consequence of the redundancy situation. Some interesting insights were apparent from the analysis of these items. Respondents were asked to rate a list of life goals. They were asked to rate how important these goals were before the redundancy and how important they were after the redundancy (from 1 meaning very important to 5 meaning very unimportant). The goals related to both work and non-work aspirations and covered a wide span of goals and ambitions. This was an attempt to discover if these life goals had changed in priority due to the redundancy experience.

Analysis of respondents' ratings of these goals revealed that they were all important or very important goals. All were rated as important or very important on both occasions, both before and after redundancy (standard deviations were all less than 1.5). However, further analysis of the data showed that there were significant differences in the way in which the goals were rated before and after redundancy (Figure 5.1). Before redundancy, work-oriented goals were rated most highly, while after redundancy non-work goals took priority. The non-work-related objectives included the wish to attain personal contentment, to achieve a balance between work and non-work life, to gain from life's transitions, to provide service to the community and to develop spiritually. The work-oriented goals appeared to be less important after redundancy with a shift in emphasis to the non-work sphere. This result lends support to the suggestion that the enforced transition imposed by redundancy had led to a reassessment of some



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**Figure 5.1** Life goals before and after redundancy

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quite fundamental priorities resulting in a realignment of life outside work as more important relative to the work orientation.

These results provide some interesting insights into how the goal orientations of those made redundant had switched from work to non-work. Although the goals listed do not all carry equal weighting, they are indicative of a shift in emphasis from the work situation to the non-work domain. Most of these managers had obtained further employment and still maintained a desire to be financially secure; the desire to acquire money/wealth had not changed. However, the change in emphasis may be related to a greater aspiration for more personally satisfying work, a desire to leave the 'rat race' and not put faith in large organisations. These changes in emphasis may be indicative of increased self-interest. These executives appear to have become more concerned with looking after themselves, putting personal fulfilment outside the work context first, rather than looking out for the organisation

#### *Career aspirations*

Many of our executives appeared to be striving for a new and more balanced perspective on work and non-work life after their redundancy experience. This is a trend which seems to be gaining ground in this decade. The concept of career development is now in a period of great flux and notions of career are changing. We explored the career aspirations of our redundant executives and attempted to discover what they saw as their future in the world of work.

The majority of our respondents (53 per cent) had no specific career plan prior to the redundancy. This is not surprising as many individuals even at executive level do not consciously plan their career, rather as Herriot (1992) suggests the career develops through a number of psychological contracts. Therefore, subjective interpretations of career are often post-rationalisations by the individual, as career moves which are opportunist become assimilated into a *post hoc* 'plan'.

However, of those who stated that they did have some kind of career plan 73 per cent stated that their career expectations had changed as a consequence of the redundancy experience. The most significant way in which career plans had changed was in a decrease in ambition. 33.7 per cent indicated that they were now in or



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expected to remain in 'a less senior position', 'were somewhat restricted' or 'were less ambitious' and had 'opted out of the rat race'. This complements the earlier finding of a renewed focus on balancing work and non-work life which meant for some an exit or partial exit from employment in the traditional sense.

#### *Masters of their own destiny*

A recurring theme in our results was the way in which the redundancy and outplacement created enlightenment and self-awareness and gave these executives the ability to take more control in their lives. 24.4 per cent indicated that they now have a much 'clearer vision' of their own 'strengths and weaknesses', perceived a greater sense of 'control' of their careers, were now a 'master of own destiny' and felt they had an 'increased flexibility' in how they would progress.

This renewed sense of control for many, resulted in the desire to opt out of the large organisational scene and explore their ability to become self-sufficient. 17.6 per cent reported that they now placed greatest emphasis on 'self-employment' as they 'no longer wished to work for a large organisation' and were 'tired of working for other people' and 3.2 per cent indicated that they 'now specifically seek job satisfaction' as opposed to bowing to the demands of organisational goals.

For some individuals the trauma of the redundancy had resulted in a lack of direction and a lack of clarity. 8.6 per cent of respondents indicated that they now did not have 'a clear career path' or a 'career' in the conventional sense. This lack of clarity may reflect the changing environment in which executives currently must operate. Overall these changes in aspirations as a consequence of the redundancy are illustrative of the degree of reappraisal that individuals undergo. The challenge for organisations is coping with individuals who now are much more aware of their strengths and weaknesses and priorities, as Herriot (1992) suggests, and the major theme in the 1990s is the balancing act. The challenge is that of achieving a balance between the individual and organisational needs. Many of our executives were striving for a different perspective on their careers and will be further pushed into being more flexible and adaptable to the changing needs of industry by the normative HR policies and practices that are now

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being adopted. Careers within organisations are no longer the norm and executives in particular will need to reappraise their perceptions of what they can realistically expect organisations to offer them in the future.

### JOB CHANGE

Over the past three decades there has been a change in managers' attitudes to moving jobs. In the 1960s job changing was not considered the norm and those who changed job more than once every five years were seen as 'job hoppers'. The reality now is very different. With the advent of the numerous mergers and acquisitions of the 1980s came a shift in attitude towards job changing behaviour. Cole (1988), writing on the career change trends, reported that 27 per cent of directors in the companies he surveyed which had undergone mergers had left their jobs within the first year. Redundancy and job change are now viewed in a less pejorative way. The nature of managerial work is being redefined. The distinction between managers and those managed is diminishing. With the fading of hierarchies in organisations there is a shift in power and influence from chain of command to peer networks and there is no longer a clear distinction of title, task and department. This removal of the subordinate-superordinate relationship has squeezed the differential between employees and managers. Kanter (1989) suggested that managers are no longer watchdogs and interventionists but now assume the role of integrators and facilitators.

The reshaping of managerial work and the change in attitudes and values of executives following redundancy hold some lessons for the future. 'Survivability' is a key concept of the 1990s. All individuals and organisations are subject to the pressure to adapt to and to survive rapid changes, changes which are now much more wide ranging. Employers are no longer offering a career to managers in return for loyalty. They are providing jobs. Employees, who are increasingly aware that security of employment is fragile, now display loyalty to themselves. The combination of leaner, flatter organisation structures and continued high unemployment has resulted in greater flexibility within organisations and more employee mobility between them.



### *Executive Redundancy and Outplacement*

#### A PARADIGM SHIFT IN PERSONAL AND ORGANISATIONAL GROWTH.

As the national and international environments in which individuals work as part of organisations become increasingly complex and dynamic the individual and organisational concept of career is being forced to change. The ability to adapt to changes including redundancy, the acquisition of new positions and the development of a flexible career are now demands placed on executives. These individuals are often in a life cycle stage that is characterised by personal crises and it is suggested that organisations, now also operating in increasingly turbulent situations, must promote the personal growth of individuals in order to realise the benefits that the new employment contract brings. Career and life planning may embrace self-confrontation as a means of creating a fulfilling life or it may be motivated by bottom line results within organisations. O'Connor and Wolfe (1991) argue that these are two sides of the same coin. A mutually interdependent process of growth exists for individuals and organisations: . . . 'as individuals grow and develop, then organisations can institute structures and systems to take advantage of their greater capabilities' (pp338-9). The opportunities and challenges facing the concept of career are explored in our concluding chapter.

Our survey of the experiences of redundant executives highlighted the range of reactions to the event and to the experience of outplacement. The use of outplacement proved helpful in ameliorating the impact of a potentially traumatic experience by providing practical assistance and consequently psychological support through the transition. Our executives did survive but many found survival through a different orientation to work and a different balance between work and non-work life. The outplacement industry continues to enjoy a period of intense activity but is increasingly facing the challenge of more demanding customers and clients. It needs to be and to appear to be responding to the pressures to provide more tailored and innovative upstream products to meet these demands.

## CHANGING PATTERNS IN EXECUTIVE CAREERS

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Redundancy is no longer reserved for the few who must bear the brunt of organisational misfortunes. Today redundancy is a familiar occurrence for all employees. Although the personal stigma attached to being made redundant may have been alleviated somewhat, it has been replaced by insecurity and uncertainty both in employment and career. There is evidence that the human resource management approach does contain elements of normative policies perhaps derived from the welfare traditions in personnel management. But these policies are contained within very clear and often explicit business objectives which are always focused on bottom line results. We have argued earlier that these approaches need not be mutually exclusive and can be compatible and complementary. Redundancy is one of the few situations which exposes the organisation's philosophy. This is also a time when management values towards people matter most: when the difficult decisions have to be made, the true colours of the organisation's attitudes to people become very apparent.



### *Executive Redundancy and Outplacement*

## OUTPLACEMENT: THE ROLE IN THE FUTURE OF ORGANISATIONS AND CAREER MANAGEMENT

In our study of organisational perspectives on outplacement we see a development of organisational values to encompass the necessity of redundancy within a broader approach to managing people. This more proactive, planned approach involves preparation for the event of redundancy. Severance packages are more explicitly tailored to the event of redundancy and organisational motives for using outplacement can be seen to match the need for bottom line results with a humane approach to exiting people. It was also evident that organisations are more demanding and more aware of the types of services available from outplacement consultants. They indicated that their future requirements of the industry would go beyond the counselling of the departing executive, as the fate of those who remain in the organisation has equal importance. The future requirements of the outplacement industry are for those services related to training and strategic planning where the services required of outplacement would be *up-stream*. According to the evidence, the consultancies must develop new products and disassociate themselves from redundancy as their exclusive domain, in order to meet the need of both individuals and organisations in the next decade. These needs will include career management and career planning at both the personal and the organisational level. The pressures on the outplacement industry are very visible in the world at large where large-scale corporate change and reorganisation are taking place even on a global basis.

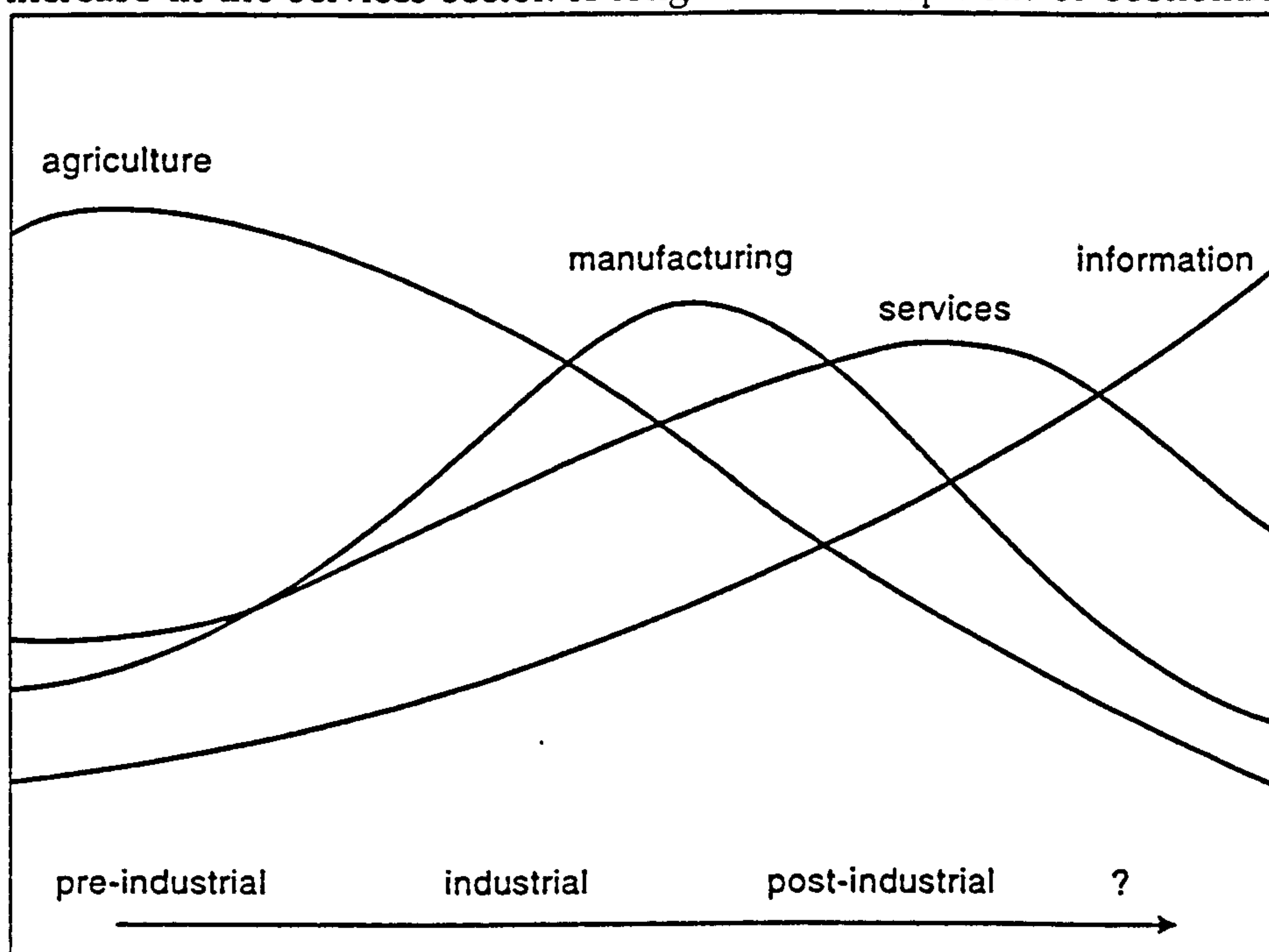
Thus the requirements for outplacement policies from both organisations and individuals are becoming more specific. Organisations need services which are tailored to distinct conditions such as handling redundancies of large numbers of employees across all levels, and those which provide expertise and help in industry-specific job searches. For example many employees of the high technology and financial services sectors have been made redundant and outplacement consultancies are being selected upon their ability to provide expert advice in these areas. Organisations are also requiring services from outplacement which go beyond the safety net approach. Now the strategic planning of downsizing and rightsizing is becoming more important to the top management and human resource function in organisations, the strategic use of outplacement

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as an aide to managing such significant change processes is becoming more widespread.

### A NEW WORK ENVIRONMENT

A post-modernist approach to organisations is evolving. In the UK there has been a gradual erosion of manufacturing industry and an increase in the services sector. A long-term development of economic



**Figure 6.1** The waves of work

patterns was proposed by Kondratiev (1926) (see Figure 6.1). Through long-term cyclical activity projections he tracked the future post-industrial directions of industry, predicting the decrease of manufacturing industry and the gradual growth of the 'age of information'. We are already experiencing this 'information age' which according to Kondratiev will be the dominant factor in this and the next century.

However, Kondratiev did not comment on the implications of each of these waves for industry or organisations. The implication of the 'information age' appears to be that of reduced employment prospects and the development of a highly skilled workforce with transferrable



### *Executive Redundancy and Outplacement*

skills. Within this scenario there is little hope of ever attaining full employment again – ‘not in our lifetime’ (Handy 1984 p37). According to Handy’s thesis the emphasis in the future will be on a redefined notion of employment where people are encouraged to view work not as a major part of their lives but as a transient state. Managers should expect a shorter career and a longer retirement. Even in the early 1980s, Handy argued that the beginnings of these changes were already happening.

It is within this changing context of global environments, enormous economic pressures, the struggle with recession and fundamental changes in the attitudes of working people, organisations and societies that career issues must be addressed. Rapid and uncertain political, economic, social and technological change is creating increasing turmoil and challenge to business life. In a review of the future of work Stanworth and Stanworth (1991) suggest that ‘for Britain the force of history weighs heavily on a society where tradition, established institutions and long-cherished ways of doing things go a long way towards explaining the relative social and political stability compared to other European and non-European countries’ (p35). However, the UK economic situation is now in a state of flux. We have lurched from recession to recession making the stability alluded to by Stanworth and Stanworth seem elusive. The UK is facing many challenges not least the challenge of employment and how to select, train, develop, manage and motivate an increasingly insightful and knowledgeable cadre of managers who know what they want from organisations and who are very aware of what they are prepared to give in return, but who are also faced with the constant need to be flexible and able to cope with change.

### *The human resource management response*

These executives are often working within organisations which are also in a state of flux. Herriot and Pinder (1992) revealed that for some major organisations succession-planning systems were non-existent while others had complex individual development plans. In an attempt to clarify this apparent contingency approach the participating organisations were analysed within the Miles and Snow (1984) typology. This typology describes four organisation types, differentiated by the different business strategies they adopt. The four



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strategic types are: defender, analyser, prospector and reactor. Defenders seek to dominate a specific market segment through competitive efficiency. Analysers have a firm base of traditional products or services but imitate competitors in an attempt to penetrate new markets. Prospectors are those organisations which are continuously researching and developing new products and services and are usually decentralised. Reactors are constantly responding to the demands of their environment and striving for survival. Herriot and Pinder found that the pressures on organisations experiencing shifts from defender type to analyser, to prospector or to reactor types are very great. They suggest that the first reaction in HR strategy to any shift is a loss of the characteristics of the original type. Hence, when the defender type organisation changes, the typical characteristics found within these organisations, such as loyalty and security of employment, are lost. The struggle for the HR function is to continue to meet the organisation's needs in terms of appropriate human resources. In the current turmoil with recession, rightsizing and redundancy, the changing requirements of HRM to be strategic produce many unresolved policy areas in the management of people.

HR policies and practices are becoming more and more flexible in order to be able to respond to this current state of change and flux. The management of top managers and the high-flyers in organisations is becoming increasingly like that of the management of workers. Jobs are no longer for life. Many senior managers are employed on a contractual basis and are being managed within competency based and performance related policies. The challenge of the current decade is for organisations to effectively manage these executives in order to encourage their retention and motivation. The knowledgeable worker with portable skills and a very keen awareness of their own value and worth to organisations requires special consideration. Innovative HR approaches to this problem have included the enhancement of commitment by the provision of challenging job assignments enabling greater autonomy and responsibility (Hall 1971). Suggestions have been made for developing new definitions of success connected to growth, development and learning and *not* to moving vertically in the organisation (Routledge and Elliot 1982, Gelatt 1992). Others have proposed the development of job specific power, autonomy and control and the more extensive use of performance related pay (Weber *et al* 1990, Kanter 1989). However, many managers will inevitably



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move in, through and out of the organisation quickly as they adapt and assume increasing flexibility. Herriot and Pinder (1992) provided some empirical evidence of a change in attitudes among managers. Managers' perception of promotion prospects were found to be powerful indicators of their attachment to the organisation and they indicated that they were willing to leave if their boss was not in favour of promotion.

#### *In, through and out of the organisation*

Gone are the days when a person joined the professional and managerial classes secure in the knowledge that they would be rewarded with a lifelong well paid job. The pattern of working life is changing and careers are now dynamic. In previous years the notion of redundancy was not mentioned on entry; managers had an expectation to be employed on long, if not lifelong terms. Organisations tended to act very covertly with respect to what they offered as part of their severance packages and there was often an unstated agreement that the organisation, in the unlikely event of redundancy, would provide adequate compensation. This is slowly changing. Organisations are becoming more open about the basis on which managers are brought into the company and even about what they can expect on their exit.

Handy (1984) outlined his view of the future for organisations. He argued that employees are much more likely to have an instrumental relationship with organisations. A gradual halving of lifetime work hours from 100,000 to 50,000 will result in careers which carry a commitment to professional development in specialisms. He suggested that the use of fixed-term contracts will also become more common, resulting in organisations encouraging people to join, be promoted and leave within ten years. The proliferation of temporary positions, contractual engagements for the short term and the extensive use of part-time workers has already occurred. These changes in terms and conditions extend beyond lower levels in the workforce to all levels of management. We now have a situation where 'temporary executives' are brought in just as temporary secretaries have been. Such changes in workforce composition and employment have rendered exit as well as entry key areas for policy-makers.

## *Changing Patterns in Executive Careers*

### *Job insecurity*

Job change is now a constant and in the 1990s we have entered an era of job insecurity, a concept that has been researched in the early 1980s in the USA (Greenhalgh and Rosenblatt 1984). The theme of job insecurity was further exposed in a recent book by Hartley *et al* (1991). It was suggested that the current social context is one which encourages feelings of uncertainty. The traditional values of the family, marriage, religious beliefs and employment are being eroded to the extent that in all spheres of life insecurity prevails. The general insecurity is reflected in increasing levels of job insecurity which they argue may occur wherever change or ambiguity exists. This is irrespective of how the change is precipitated whether through recession, reorganisation, the development of technology or the changes instituted through organisational development programmes. The current magnitude of change within organisations is such that job insecurity is becoming a prevalent issue and is, therefore, of major concern for the future, due to the implications for individuals, organisations and society.

The impact of job insecurity is evident not only on the individual but also on the organisation. Insecurity breeds low job satisfaction, lack of trust in management and decreased commitment, which have obvious negative consequences for organisations. Hartley *et al* suggest that job insecurity raises issues not only for organisational psychologists, personnel and senior managers, trade unions and employees but also for the community in general. They recommend that employment security should become a major consideration for the next decade and the future. This includes the need to address the requirement for flexibility and how this can be incorporated into organisations, the education system and the training and development of individuals as they move from job to job.

### *Changing organisations*

The concept of career has been rapidly changing over the past decade. Mergers, acquisitions and restructuring are now resulting in many organisations reducing headcounts, downsizing, and laying off a large proportion of employees, bringing into question many of our perceptions and expectations about careers. Combined with a new



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flexibility in working practices such as those modelled by Handy's (1989) 'shamrock organisation' and Atkinson's (1985) 'flexible firm', more employment is of the part time and temporary variety. 'Core' and 'periphery' are important terms in today's business vocabulary. Throughout the 1990s organisations have been changing shape, providing fewer career progression opportunities in the traditional vertical career ladder sense (Inkson and Coe 1993). These new leaner, fitter organisational structures are now becoming a part of our way of life.

Such is the rate of change that Kanter (1989) suggested that managers were 're-inventing their profession as they go' (p85). She proposed that the boundaries, hierarchies and distinctions between departments, titles and tasks is slowly eroding, leading to a diminishing of the traditional sources of power and motivational tools which have habitually provided the management cadres with their status. 'Career paths are no longer straightforward and predictable but have become idiosyncratic and confusing' (p85), resulting in many changes in language regarding titles, dissipation of power and control and a shift in values in organisations. Communication, collaboration, leadership and people management have become the main competences. We would also argue that executives are increasingly treated as other employees. They no longer have a special relationship with their employers. The prevalence of short-term contracts, jobs not careers, performance based pay and redundancy is creating 'managerial workers'.

### CAREER AS A CONCEPT

The concept of career is firmly rooted in our culture. It portrays the idea of logical, planned, rational movement which is always vertical. This movement was supported and encouraged by organisational structures, policies and practices. Not only have structures been traditionally hierarchical but the policies and practices instituted perpetuated the aspirations of climbing the career ladder. Recruitment processes, pay and reward systems and succession planning have been the systems used to nurture the managerial career. Now that the structures are disappearing and the HR policies being used within organisations are developing a hard edge, the notion of career is being shaken.

Traditional models of career development and career planning are no longer adequate to address this new world of work. These old

### *Changing Patterns in Executive Careers*

models in large organisations were built on the assumption that there were executive jobs for life. As within the Japanese philosophy, long-term employment was guaranteed, as were job security and ample opportunities for upward mobility. These assumptions are no longer reliable. Even Japanese companies are now facing the task of dealing with redundancies and lay-offs and are employing Western methods of handling an increasing number of their veteran managers who are now facing the prospect of job search at middle age. In Japan executives are flocking to the 'employment mediators', their version of out-placement (Tamari 1993).

Herriot (1992) reviews the challenge to management of balancing individual and organisational needs as the opportunities for promotion and advancement in organisations are becoming fewer and more elusive. New psychological contracts are being made between employers and employees. The horizon for career growth is no longer vertical but increasingly horizontal in nature. Vertical career ladders have been replaced by matrices, lattices and mazes where the breadth of experience and ability to move sideways as a career progression are becoming the norm. One repercussion of this change is that career planning and career growth have become increasingly the responsibility of the individual as opposed to an organisational obligation. The challenge has become one for the individual, balancing his or her own needs, and equally one for the organisation; to meet the needs of the business and the individual.

#### *The demise of career ladders*

The Institute of Management (Inkson and Coe 1993) surveyed the effect of the changing economic and organisational circumstances in Britain on managerial careers. Over 800 members of the Institute of Management participated in the survey which considered the number of job changes encountered since 1980, including whether they involved changes in employer, status or function and the reasons for change. Preliminary results of the study synthesised a number of findings. Managers are changing jobs more often, sideways and downwards moves are on the increase and upward moves are decreasing. These results are indicative of the reality of the changes in organisation structure and the impact of recession. The results also revealed that reactive job changes – such as those precipitated through redun-



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dancy, transfer or dismissal – are dramatically on the increase as opposed to those changes which could be termed proactive such as personal career development moves or moves for promotion and reward. This adds some empirical evidence to the theorising and speculation about the changes facing careers for managers. The future career scenario for many managers is one of flexibility and personal ownership of the portfolio of skills and abilities that they need to survive in the organisations of the future.

### *Career management strategies*

The scenario just painted seems to place the total responsibility for career planning in the hands of the individual. But organisations still need these individuals as employees. They need competent, highly skilled managers with commitment and dedication to work. The conviction that fluidity, flexibility and constant change are the norms of the future are surely inconsistent with the requirements of organisations to have stability, congruence and synergy to achieve success. The managers of today are being thrust into a quandary. They are being trained, developed and rewarded to display individualistic motivation, while organisations are continuing to establish vision, leadership and teamwork as their new building blocks. Some policy equilibrium must be found to balance this contradiction.

How has the advent of these pressures on managers to become personally responsible for career management and development impacted on what organisations are doing about career management? Bratkovich and Steele (1990) allude to 'a dusting off and tweaking of existing job ladder plans' (p98). But the old career strategies are not adequate to satisfy the needs of the employees or the organisation. In order to ensure that the career management systems are responsive to the current realities for businesses they need to represent both the short- and the long-term needs of the business and then provide coherent structures, policies and practices to support, measure and maintain them. Not only will this provide the organisation with the opportunity to obtain the best return on human resources but it will also give individuals a clearer understanding of the opportunities for them and expectations of them.

*Changing Patterns in Executive Careers*

THE READJUSTMENT TO THE NEW WORLD OF WORK -  
REDEFINING SUCCESS FOR THE 21ST CENTURY

Are we now working our way through a demanding new life in work and career? Will the routes to the success of the past no longer exist in organisations of the future? The punishment that individuals and organisations have sustained in the last few years has been severe. Change has become a constant and both individuals and organisations have had to struggle to accommodate the diversity of pressures on them. A new concept of success for the next century seems to embody the ability to change, to be responsive, flexible and adaptable, as building blocks. Our research has considered redundancy as a major change event in the lives of individuals and organisations and in this text we have reported the empirical data on the experiences and responses to this event. To summarise, we outline what we consider to be the critical findings of our research and the study of individuals and organisations going through the transitions imposed by redundancy.

The development of human resource management, as an underlying philosophy to managing people, has permeated many organisations. The proliferation of the use of the terminology if not the practices of HRM is now widely apparent. Within HRM policy there are the ostensible tensions of combining 'bottom line results' with a 'people orientation'. However, we have argued that these objectives are not mutually exclusive. The models of HRM now adopted carry elements which enable more dynamic change and help both the organisation and the individual to accommodate this change. The concern of organisations to meet both business and humane objectives is apparent in the extent to which HR policies and practices are being widened to introduce such elements as extensive severance packages. Our research on organisational perspectives on redundancy and outplacement has illustrated that these packages contain common elements, including the use of outplacement. The provision of outplacement is a normative policy area and addresses both purposes. Outplacement is viewed as both an aid to the departing individual and as beneficial to the remaining employees and the future success of the organisation. This is evidenced in the expanding use of such services even in recession.



### *Executive Redundancy and Outplacement*

Redundancy can be viewed as a consequence of a complex range of factors, some individual, some organisational. We have shown that it is often the interplay of the individual and the organisational variables which are reflected in the impact of redundancy. The compatibility of individual and organisational characteristics appears to be one of the key influences in selection for redundancy. If organisations cannot extend the flexibility which they now demand of individuals, they stand to lose the benefit of the enormous pool of skills, abilities and creativity which the redundant executive displays.

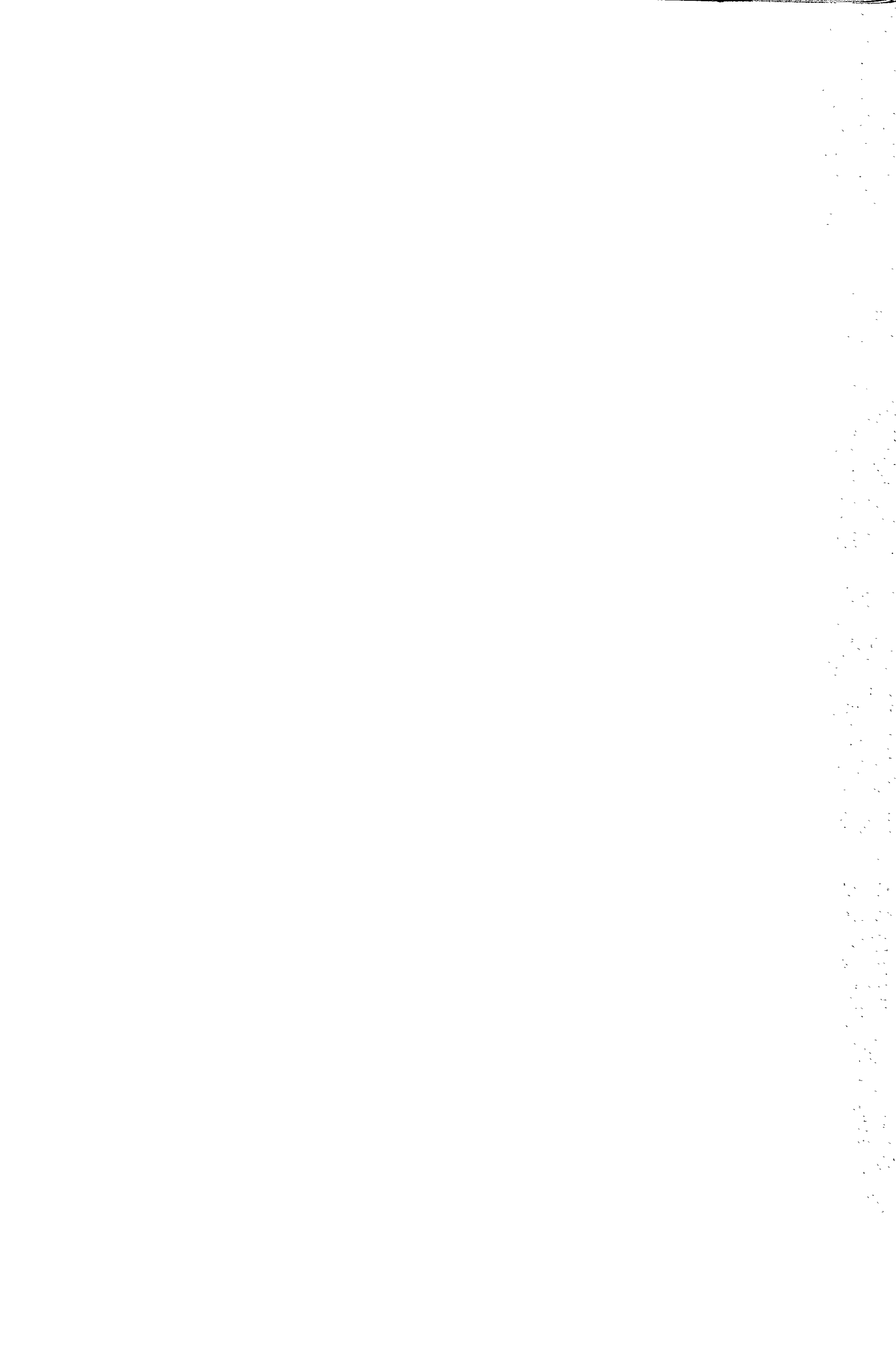
Despite an increase in the number of redundancies, redundancy remains an intensely threatening experience, posing a threat to self-image and self-esteem. The individual's ability to cope with redundancy and manipulate the event to become one of learning and a springboard to success in the future, is dependent on a number of variables including personality, the support of the family and partner and the organisation's approach to handling redundancy. Our research has illustrated the use of such support mechanisms as outplacement, which has been for many executives a critical assistance in their survival. Outplacement has grown to fill the need of helping people and companies to cope with the redundancy transition. However, the pressures of change are also having a fundamental impact on the outplacement industry. It too is now required to modify the nature and type of services provided. The scenario of changing career opportunities and structures we have outlined makes it hard for the individual to maintain any sense of psychological or physical security. The demands on organisations to become flexible, leaner and fitter and the requirement of individuals to become owners of their own career futures require a different response from outplacement.

A quote from one of our respondents sums up the situation: 'Redundancy is now an aspect of modern life, not a black mark'. The career portfolio of the future executive may well include one or more redundancies. We have shown how individuals, organisations and society are learning to accommodate this fact of life. The safety net and support mechanisms offered by organisations were accepted by many of the executives in our research as a first step in a process of self-development. The move to managing one's own career and taking responsibility for one's own life is a healthy sign. It may be that the result is the development of a self-employed mentality which will

### *Changing Patterns in Executive Careers*

help individuals to handle change in a positive way and to integrate their personal lives, their dual-career families and their non-work activity into a more coherent whole. The search for 'balance' and for the strengths and capacities to cope with such tensions is evidenced by the growing interest in self-development. True flexibility in the work environment can only be achieved by executives who have control over their own destinies and the capacity to integrate the many different strands of their lives.





## Appendix 1

# OUTPLACEMENT POLICIES SURVEY

---

### SURVEY DESIGN

#### *Survey population*

The survey sample was drawn from a database of organisations compiled by Pauline Hyde and Associates. The sampling frame comprised over 3,800 organisations (including The Times top 1,000) covering all industry sectors, private and public sector organisations and company sizes ranging from 200 to 50,000 plus employees. Top human resource directors in each company were targeted.

614 usable questionnaires were returned, giving a response rate of 15.8 per cent. This provides a good proportion for a postal survey and represents the views of organisations which employ over 3½ million employees in the UK.

#### *About the organisations*

83.1 per cent of the organisations that took part in this survey were private sector. The remaining 16.9 per cent were public sector companies. 67.9 per cent were UK owned and 31.4 per cent were foreign owned companies.



### *Executive Redundancy and Outplacement*

Table A1.1 shows the distribution of size among the companies participating in this survey. 44.7 per cent of the organisations were exclusively UK based, while 53 per cent had operations world-wide.

**Table A1.1** The size of the organisations

Number of Employees	UK	World	Total
1 - 500	22.4%	3.6%	9.9%
501 - 1,000	19.1%	4.1%	13.4%
1,001 - 2,000	19.1%	4.8%	13.9%
2,001 - 5,000	18.1%	8.9%	16.0%
5,001 - 10,000	7.9%	5.3%	10.4%
10,001 - 20,000	6.0%	7.2%	9.2%
> 20,001	7.5%	21.3%	28.0%

### *Geographical locations of sample organisations*

Several of the participating organisations had locations in more than one area of the UK. The most frequently cited location was the south-east of England with 67.7 per cent, followed by the north of England with 36.7 per cent (see Table A1.2.).

**Table A1.2** Geographical location of the organisations

Location	% of organisations with offices in these areas
South west	27.0%
South east	67.7%
East Midlands	26.2%
West Midlands	30.0%
North	36.7%
Scotland	23.4%
Wales	20.1%
Northern Ireland	11.2%

### *Type of activities*

Figure A1.1 outlines the distribution of industry types among participating organisations. The classification of the different types of organisational activity was based on the Standard Industrial Classification.

The most prevalent category with 27 per cent of organisations was that of 'other manufacturing industries'. This included organisations in food manufacturing, textiles and publishing. The second largest group of organisations represented (21.5 per cent) included those involved in such activities as banking, finance, insurance, business services and leasing. The number of employees per industry sector (1989) and for the survey sample are shown in Figure A1.2.

Appendix 1

Standard Industry Classification

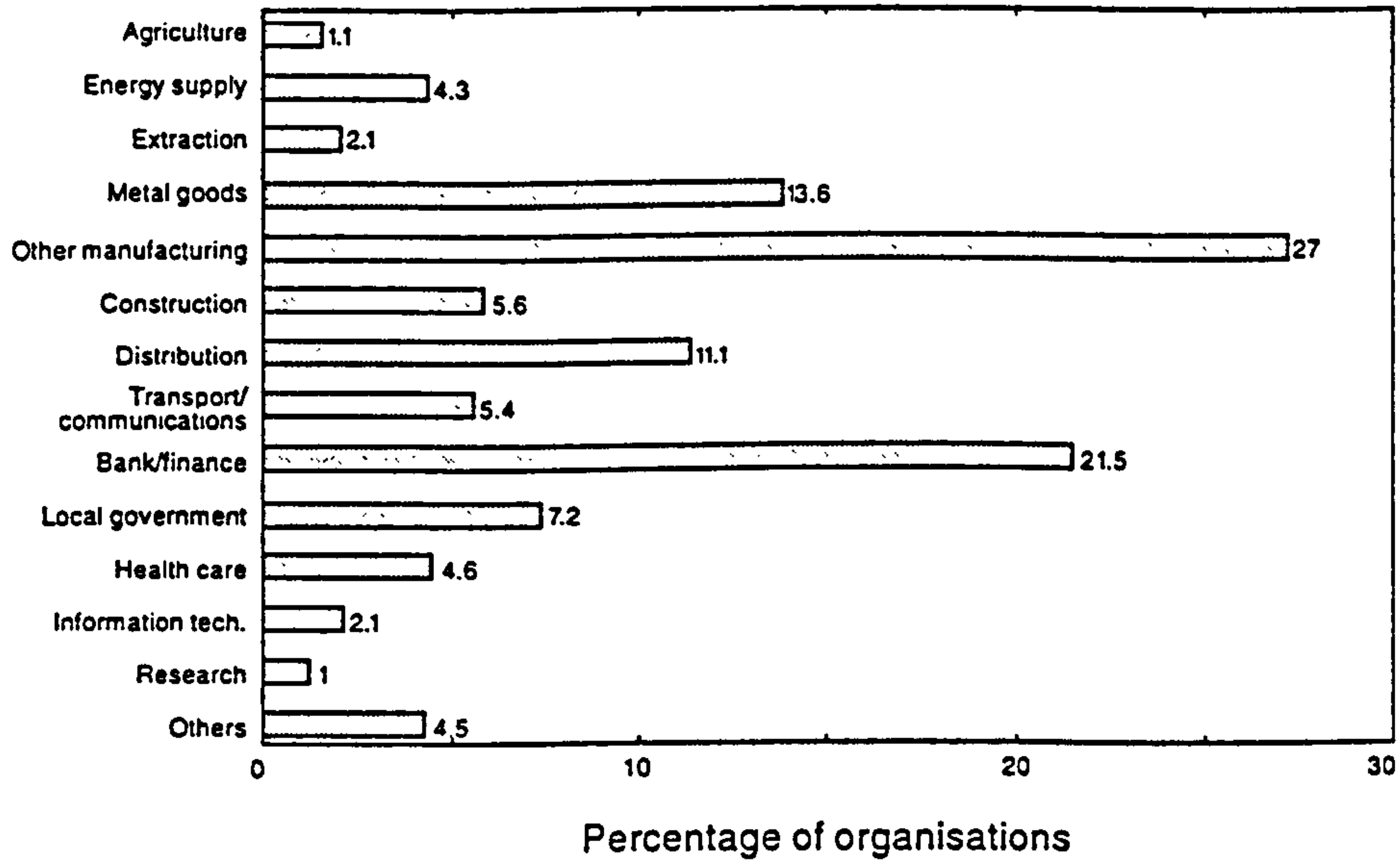


Figure A1.1 Industry type of organisations surveyed

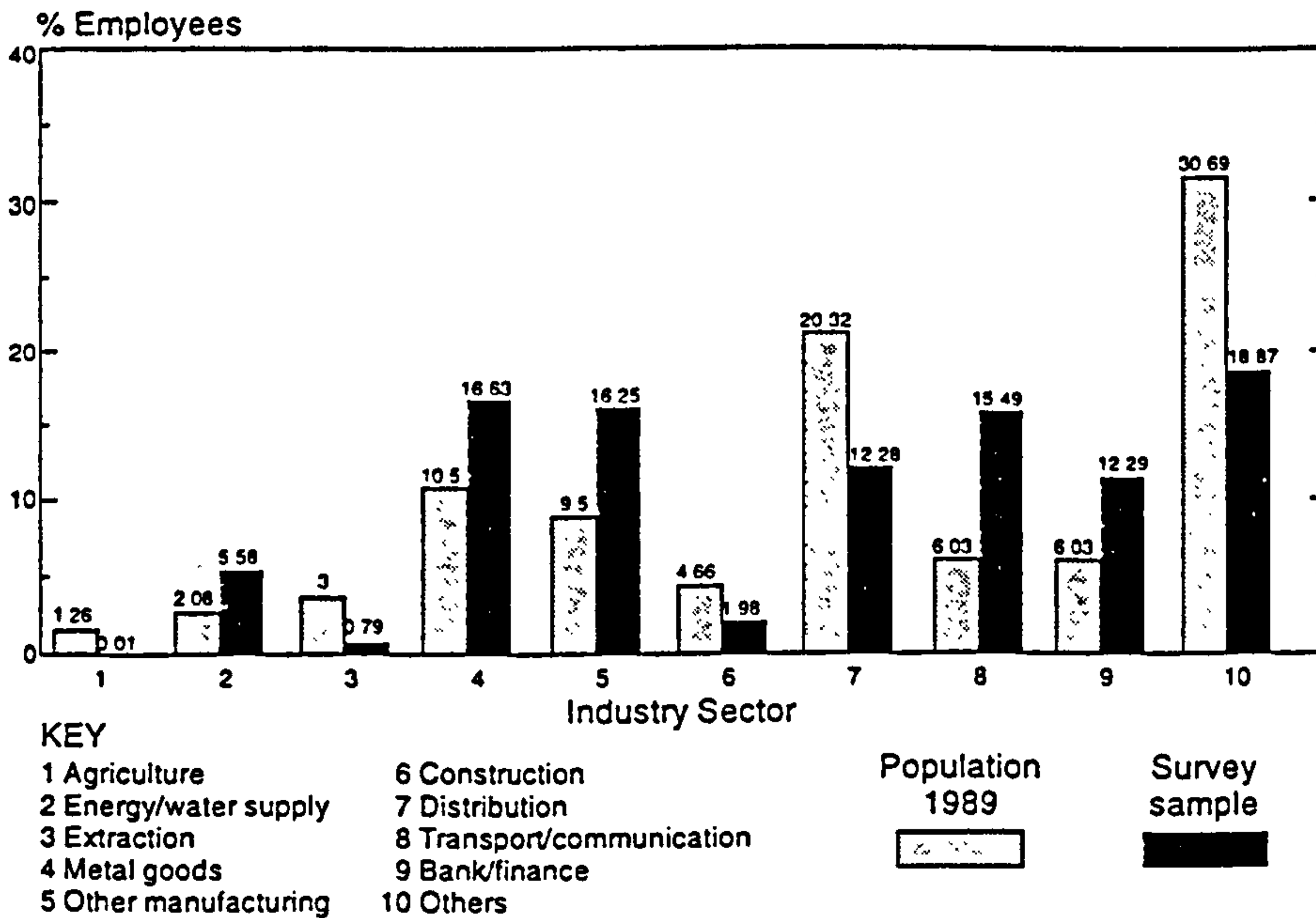


Figure A1.2 Percentage employees per industry sector for 1989 UK population and survey sample



*Executive Redundancy and Outplacement*

**ORGANISATIONAL PERSPECTIVES ON OUTPLACEMENT**

This questionnaire contains items relating to job loss / redundancies (enforced job change) and the use of Outplacement\*. Please complete all questions by ticking the appropriate boxes or using the space provided to write your answer. When you have completed the questionnaire please return it in the FREEPOST envelope provided

All responses will be treated in the strictest confidence and only aggregate results will be reported.

\* For the purpose of this survey Outplacement refers to services, provided by your organisation, to departing employees.

*Appendix 1*

<b>1. What types of job loss situations have been encountered by your organisation ?</b> <i>(Please tick as appropriate)</i>			
Major reorganisation leading to	Enforced redundancies	<input type="checkbox"/> 1	
	Voluntary redundancies	<input type="checkbox"/> 2	
Individual job losses leading to	Enforced redundancies	<input type="checkbox"/> 3	
	Voluntary redundancies	<input type="checkbox"/> 4	
Other(s) <i>(please specify)</i>			

<b>2. Does your organisation have a policy on the handling of job loss situations ?</b>	
Yes <input type="checkbox"/> 1	No <input type="checkbox"/> 2
If Yes go to Q.3. <span style="margin-left: 150px;">If No go to Q.4.</span>	

<b>3. Who is involved in setting policy on job loss situations ?</b> <i>(Please state job title)</i>

<b>4. Has your organisation instituted any new policies or implemented any policy changes as a consequence of the job loss situations?</b>	
Yes <input type="checkbox"/> 1	No <input type="checkbox"/> 2
If Yes go to Q.5. <span style="margin-left: 150px;">If No go to Q.6.</span>	

<b>5. Please outline, briefly, what new policies / policy changes have been instituted as a consequence of the job loss situations.</b>

<b>6. Does your organisation offer Outplacement services to departing employees ?</b>			
Yes	In-house	<input type="checkbox"/> 1	No <input type="checkbox"/> 3
	External	<input type="checkbox"/> 2	
If Yes go to Q.7.		If No go to Q.14.	



### Executive Redundancy and Outplacement

7. Which of the following services* (see footnote) does your organisation offer to departing employees? (Please circle as appropriate)	In-house	External
One-to-one executive programmes	1	2
Group based programmes	1	2
Jobshop / centre	1	2
Voluntary career transition programme	1	2
Relocation counselling	1	2
Counselling for spouse	1	2
Stress counselling	1	2
Other (Please specify)	1	2
If your organisation offers any of the above services via external sources go to Q.8. otherwise Q.14.		

8. Why did your organisation decide to use external Outplacement services? (Please list the 4 most important reasons)
1.
2.
3.
4.

9. Who makes the decision regarding the use of external Outplacement services? (Please state job title(s))

10. What approximate percentage of the total cost of termination was accounted for by the expenditure on external Outplacement services? (Please circle as appropriate)
<input type="radio"/> <5% <input type="radio"/> 10% <input type="radio"/> 15% <input type="radio"/> 20% <input type="radio"/> 25% <input type="radio"/> 30% <input type="radio"/> 35% <input type="radio"/> 40% <input type="radio"/> 45% <input type="radio"/> >50%

Footnote: One to one programmes are those normally offered to senior executives and other professional staff, group based programmes are normally available to middle/junior management and white/blue collar workers, voluntary career transition programmes are a specialist service designed to reduce head count on a voluntary basis







*Appendix 1*

19. Does your organisation provide career counselling irrespective of any redundancy situation?	
Yes <input type="checkbox"/> 1	No <input type="checkbox"/> 2
If Yes go to Q.20.	If No go to next section.

20. What type of service is provided? (Please tick as appropriate)	
Career development reviews	<input type="checkbox"/> 1
Career / succession planning	<input type="checkbox"/> 2
Development centres	<input type="checkbox"/> 3
Coaching / counselling training for managers	<input type="checkbox"/> 4
Other(s) (Please specify)	

**YOUR ORGANISATION**

Is your organisation :	Public sector <input type="checkbox"/> 1	Private sector <input type="checkbox"/> 2
------------------------	--	---

Is your organisation :	UK owned <input type="checkbox"/> 1	Foreign owned <input type="checkbox"/> 2
------------------------	-------------------------------------	--

How many employees are there in your organisation in total?	
UK <input type="checkbox"/>	World-wide <input type="checkbox"/>

What is your geographical location? (Please tick as appropriate)							
SW <input type="checkbox"/> 1	SE <input type="checkbox"/> 2	E Midlands <input type="checkbox"/> 3	W Midlands <input type="checkbox"/> 4	North <input type="checkbox"/> 5	Scotland <input type="checkbox"/> 6	Wales <input type="checkbox"/> 7	NI <input type="checkbox"/> 8



### *Executive Redundancy and Outplacement*

<b>What type of activity is your organisation engaged in ? (Please tick as appropriate)</b>	
Agriculture, forestry & fishing	<input type="checkbox"/> 1
Energy & Water supply industry	<input type="checkbox"/> 2
Extraction of minerals & ores other than fuels; manufacturing of metal	<input type="checkbox"/> 3
Metal goods, engineering & vehicle industries	<input type="checkbox"/> 4
Other manufacturing industries	<input type="checkbox"/> 5
Construction	<input type="checkbox"/> 6
Distribution, hotels & catering	<input type="checkbox"/> 7
Transport & communication	<input type="checkbox"/> 8
Banking, finance, insurance, business services & leasing	<input type="checkbox"/> 9
Other services (please state)	

Can you please check that you have answered all the questions. Please return the questionnaire in the FREEPOST envelope provided

Please complete and return the section below, if you wish to receive a copy of the final report

**Thank you in anticipation of your co-operation**

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To receive a copy of the final report complete and return this part  
(under separate cover if you wish)

NAME :

ORGANISATION :

ADDRESS :

## Appendix 2

# THE 'N' FACTOR STUDY

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Table A2.1 Industry categories for job left

1	Engineering	22
2	Chemicals/pharmaceuticals	26
3	Publishing	7
4	Textiles/clothing	4
5	Food/confectionery/food	24
6	Brewing	2
7	Transport/shipping	5
8	Catering/hotel/travel/leisure	4
9	Metals/metal industries	5
10	Rubber/tyres	4
11	Domestic appliances	1
12	Health services	2
13	Construction/building materials	4
14	Financial services	5
15	Armed Services/Army/Navy	3
16	Management consultancy	1
17	Property development	1
18	Oil	3
19	Computing	1
20	Trading overseas	2
21	Retail Trade	0
	Blank or not identifiable	81



*Executive Redundancy and Outplacement*

**Table A2.2** Reasons for being made redundant, as given by the company

		<i>No of cases</i>
1	Reorganisation – no mention of reasons	25
2	Reorganisation following takeover or merger	9
3	Reorganisation due to retrenchment (or just 'retrenchment')	24
4	Closure of unit or firm (including 'receivership', 'Liquidation of Co')	21
5	Resigned	5
6	Personality clash	10
7	Policy disagreement	4
8	Early retirement	3
9	Domestic reasons – including return to UK or move of company	8
10	End of contract (including normal release from Armed Services)	10
11	For career progression	8
12	Failure to satisfy company – inadequate job performance	7
13	Ill-health	1
14	Other	2
	No reason recorded	67

**Table A2.3** Categories used in data analysis

Job Level	Job left (No of cases)	Job entered (No of cases)	
1	Managing director, chief executive	24	14
2	Director	55	38
3	Senior manager	37	23
4	Manager	70	47
5	Assistant manager	2	7
6	Consultant	5	26
7	Other	9	21
	<b>Total</b>	<b>203</b>	<b>176</b>
	Blank	1	28

*Appendix 2*

**Table A2.4** Job level change (excluding  
'consultants')

	(No of cases)
Up 3 levels	1
Up 2 levels	6
Up 1 level	18
No change	68
Down 1 level	30
Down 2 levels	20
Down 3 levels	2
Down 4 levels	2
	<hr/>
<b>Total</b>	<b>147</b>
<b>Blank</b>	<b>57</b>





## Appendix 3

# THE 'S' FACTOR STUDY - THE EXPERIENCE OF REDUNDANCY

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### SURVEY DESIGN

A questionnaire schedule was developed and piloted in personal interviews with a sample of (nine) individuals who had experienced redundancy and outplacement. The schedule was then revised and formatted into a self-completion questionnaire for the postal survey.

### SURVEY POPULATION

The database of individuals who have used the outplacement services at Pauline Hyde Associates in the past eleven years formed the population for this survey. A total of 1,159 individuals were targeted. The majority were geographically spread throughout the UK (with a small group residing abroad).

### QUESTIONNAIRE

The questionnaire comprised four sections designed to elicit information about the personal experiences of redundancy and outplacement.



### *Executive Redundancy and Outplacement*

It covered the following areas: work-life, the experience of redundancy and outplacement, career and personal details.

#### RESPONSE RATE

299 usable responses were returned, a response rate of 28.4 per cent which provides a good proportion of the total sample for analysis (Krejcie and Morgan 1970).

The sample of respondents does not show any systematic bias in terms of independent variables, therefore we can assume that this is a representative sample from the survey population to whom the questionnaire was sent.

### Appendix 3

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This questionnaire concerns your personal experience of enforced job change and how you progressed through that period in your life. It also asks for information about your current career and life goals. All the questions relate to events which occurred before during and after your use of the Outplacement Service.

While we recognise there are many reasons for going through Outplacement, we have used the word 'redundancy' to describe all the different types of enforced job change, for the sake of simplicity.

The questionnaire is divided into four parts. The first part considers your work life and requests information about your work life before and after the redundancy and Outplacement experience. The second part of the questionnaire looks at your personal experience of redundancy. The third section considers your career and part four asks for some personal details.

There are a number of questions which require you to consider your present status and the state of affairs at the time of redundancy. This may require you to think back over a considerable period of time, but please try your best to make a response which most closely indicates how you felt at the time of redundancy and during the use of the Outplacement Service.

If you have been through the Outplacement Service more than once please answer the questionnaire in the context of your first experience.

*Please tick the appropriate response or use the space provided to write your answer.*

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#### PART ONE : YOUR WORK-LIFE

1. Please state your occupational title.

Before  
Redundancy

Now

\_\_\_\_\_

\_\_\_\_\_

2. Please indicate the number of employees in the organisation (in total) where you were/are employed. *(Please tick as appropriate)*

Before  
Redundancy

Now

large (5000+ employees)

[ ]1

[ ]1

medium (1000-5000 employees)

[ ]2

[ ]2

small (less than 1000 employees)

[ ]3

[ ]3



### *Executive Redundancy and Outplacement*

3. Please indicate level of management to which you reported/report :  
(Please tick as appropriate)

	Before Redundancy	Now
Chairman/President of Corporation	<input type="checkbox"/> 1	<input type="checkbox"/> 1
Main Board	<input type="checkbox"/> 2	<input type="checkbox"/> 2
Subsidiary Board	<input type="checkbox"/> 3	<input type="checkbox"/> 3
Senior management	<input type="checkbox"/> 4	<input type="checkbox"/> 4
Middle management	<input type="checkbox"/> 5	<input type="checkbox"/> 5
Other (eg self-employed)(Please specify) _____	<input type="checkbox"/>	<input type="checkbox"/>

4. In general, how satisfied did you feel with your work situation before you were made redundant ?

Very Satisfied	Satisfied	Neutral	Unsatisfied	Very Unsatisfied
<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

5. In general, how satisfied do you feel with your work situation now ?

Very Satisfied	Satisfied	Neutral	Unsatisfied	Very Unsatisfied
<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

6. How has the amount of time spent on life outside work changed since your redundancy experience ? (Please tick only one response)

I now spend more time at work	[ ] 1
The amount of time I spend at work has remained the same	[ ] 2
I now spend less time at work	[ ] 3

### Appendix 3

7. Below are listed a variety of goals to which you might aspire. Please consider the list and then rate the goals in order of importance as they were before your redundancy experience and in order of importance as you consider them now.

- |                                 |                    |
|---------------------------------|--------------------|
| 1 Very Important                | 4 Unimportant      |
| 2 Important                     | 5 Very Unimportant |
| 3 Neither Important/Unimportant |                    |

	Importance Before Redundancy		Importance Now		
<i>Please circle the appropriate numbers.</i>					
<i>For example: If you considered Having</i>					
<i>a new car was much more important</i>					
<i>before redundancy than now :</i>	1	2	3	4	5
	1	2	3	4	5
Be successful in my work	1	2	3	4	5
Acquire money/wealth	1	2	3	4	5
Exert influence	1	2	3	4	5
Attain personal contentment	1	2	3	4	5
Develop a good self-image	1	2	3	4	5
Achieve balance between work and non-work life	1	2	3	4	5
Gain from life's transitions	1	2	3	4	5
Develop work skills/knowledge	1	2	3	4	5
Feel secure	1	2	3	4	5
Achieve recognition from others	1	2	3	4	5
Provide service to the community	1	2	3	4	5
Develop spiritually	1	2	3	4	5
Others ( <i>Please list</i> )					
_____	1	2	3	4	5
_____	1	2	3	4	5



*Executive Redundancy and Outplacement*

**PART TWO : YOUR EXPERIENCE OF REDUNDANCY**

1. When did you become redundant ? *(Please state month and year)* \_\_\_\_\_ / \_\_\_\_\_
  
2. How long were you unemployed, after the redundancy, before you took up another position ?  
\_\_\_\_\_
  
3. How many posts have you held since your redundancy ? \_\_\_\_\_
  
4. What was the reason for your redundancy ?  
\_\_\_\_\_
  
5. Did you agree with the reason given ?  
\_\_\_\_\_
  
6. How were you told about your redundancy ?  
\_\_\_\_\_  
\_\_\_\_\_
  
7. Were you satisfied with the way your redundancy was handled by your employer ?  

Yes	No
<input type="checkbox"/> 1	<input type="checkbox"/> 2
  
8. If NOT please give reasons below  
\_\_\_\_\_  
\_\_\_\_\_

*Appendix 3*

9. What lasting impressions did the total job change experience make on you ?

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10. Were you aware of the concept of Outplacement before the redundancy experience ?

Yes	No
<input type="checkbox"/> 1	<input type="checkbox"/> 2

11. Did you select the Outplacement Agency with whom you worked ?

Yes	No	
<input type="checkbox"/> 1	<input type="checkbox"/> 2	If NO answer Q12. otherwise Q13.

12. Would you have preferred to have been able to choose the Outplacement Agency yourself ?

Yes	No
<input type="checkbox"/> 1	<input type="checkbox"/> 2





*Appendix 3*

**PART THREE : YOUR CAREER**

1. Did you have a specific career plan before the redundancy ?

Yes	No
[ ] <sup>1</sup>	[ ] <sup>2</sup>

2. Have your career expectations changed since being made redundant ?

Yes	No	
[ ] <sup>1</sup>	[ ] <sup>2</sup>	If YES answer Q3. otherwise Q4.

3. In what way or ways have your career expectations changed ?

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4. As a consequence of the redundancy experience I now feel better able to deal with major crises/changes at work.

Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
[ ] <sup>1</sup>	[ ] <sup>2</sup>	[ ] <sup>3</sup>	[ ] <sup>4</sup>	[ ] <sup>5</sup>



## Executive Redundancy and Outplacement

### PART FOUR : PERSONAL DETAILS

1. Age at time of redundancy                      Age now  
\_\_\_\_\_ years                                      \_\_\_\_\_ years
2. What is your present marital status ?
- |                          |                          |                          |                          |                          |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Single                   | Co-habiting              | Married                  | Widowed                  | Divorced                 |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
3. Has this status changed since becoming redundant ?
- |                          |                          |                   |
|--------------------------|--------------------------|-------------------|
| Yes                      | No                       |                   |
| <input type="checkbox"/> | <input type="checkbox"/> | If YES answer Q4. |
4. What was your marital status before redundancy ?
- |                          |                          |                          |                          |                          |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Single                   | Co-habiting              | Married                  | Widowed                  | Divorced                 |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Any other comments ?

The following space is provided for any other comments you would like to make about your experience of redundancy or Outplacement.

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Please check that you have filled in all relevant questions and return the questionnaire in the FREEPOST envelope provided

**THANK YOU FOR YOUR CO-OPERATION**

### *Appendix 3*

#### FOLLOW-UP INTERVIEWS

We would welcome your participation in an interview or telephone follow-up discussion regarding your redundancy experience. Please complete this form and return it to me, under separate cover, if you wish to be contacted.

Your name

---

Telephone number where you may be contacted

---

Please state the most convenient times to contact you  
(day-time or evening, any day of the week)

---

Noelcen Doherty  
The Human Resource Research Centre  
Cranfield School of Management  
Cranfield Institute of Technology  
Cranfield  
Bedford  
MK43 0AL



*Executive Redundancy and Outplacement*

**SURVEY EXECUTIVE REPORT**

If you would like to receive a copy of the executive report on the findings of the survey please fill in the slip below and return it to me, under separate cover if you wish. A copy of the executive report will be forwarded to you.

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Name

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Address

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■ *Research Paper*

# Poles Apart?—Integrating Business Process Redesign and Human Resource Management

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Most of the debate about BPR has, to date, focused on process and technology, despite a growing recognition that the people issues can represent the difference between success and failure to achieve the anticipated gains. The analysis of people has, so far, concentrated solely on organizational aspects. This paper presents a conceptual framework offering an approach to the people issues at two distinct and key levels—organizational change and individual transition. The behaviour and performance of the survivors of BPR are critical to successful implementation. At the tactical level, practical methods for addressing the personal transition processes involved in BPR are introduced.

## INTRODUCTION

Business process redesign (BPR) has become the buzz phrase of the 1990s, described as a structured and holistic method to achieve the changes to practices and procedures required for corporate "survival". The introduction of BPR poses many new challenges for organizations and is the driver for change in three key areas: process, technology and people (Belmonte and Murray, 1993). Current research, activity and debate on BPR has generated a wealth of documentation focusing on process and

implementation. The focus has been on the definition of the term, the IT implications, the process issues involved and the scope and extent of the change in processes. The debate continues with only tentative regard for the "people" issues, despite the protestation that "of course, re-engineering also has a profound effect on human resources". A recent unpublished survey (Greengard, 1993) of practitioners at a symposium on BPR at Cranfield School of Management indicated that human resource management (HRM) issues were highly important but equally difficult to successfully manage in BPR implementation. Most methodologies to date have concentrated on process and technology (Davenport, 1993) and the limited discussion about people has centred upon organizational issues (Thomas, 1994). Hammer and Champy (1993) even go so far as to say that re-engineering "doesn't try to change the behaviour of American workers and managers".

However, many BPR projects have, and will in the future, fail to achieve the quantum leap in

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performance, or sometimes even fail to get off the ground at all, because of issues related to organizational and individual behaviour at one or more levels within the organization (Thomas, 1994). Some research indicates that, while 25% of US companies are either implementing or are planning BPR initiatives, less than 20% of them have been successful in achieving the anticipated gains (Personnel Today, 1994). "Stalled or failed BPR efforts are mostly caused by failure to manage the people side of the process, to demonstrate organizational commitment and build shared vision" (Finerty, 1993). Whatever phrase is used to express the fundamental nature of BPR—"discontinuous thinking", "quantum leap", "throwing away the old baggage", "starting with a blank sheet of paper", "obliteration"—the fact is that it is the survivors of change who will make the new organization work, not the management consultants or IT experts. Failure to understand the relationship between HRM and BPR will substantially increase the probability of failure during implementation.

Belmonte and Murray (1993) describe BPR as "the practice of designing new paradigms". The effective implementation of BPR must include challenging the fundamental beliefs and assumptions of the organization. The norms and values within a corporate culture determine individual and ultimately organizational behaviour. Within the change process symbols and rituals are powerful forces. Their use and/or misuse either deliberately or unconsciously will be critical and highly visible to staff. Organizational politics can result in "language" and "willpower" problems. Therefore, a key danger for BPR is management rhetoric, resulting in communication about the new vision and values of the organization being interpreted differently by employees. Managers must adopt new and different management styles; management behaviour is as important as the formal processes in BPR implementation. If BPR is to succeed then it must be associated with broad organizational and cultural change and approached as a major change exercise.

Because BPR results in innovative business transformation, changes in the way work is performed as well as the job content and skill of individuals are natural outcomes of redesign effort. In short, it is impossible to see how BPR can "obliterate" (Hammer, 1990) without changing how people behave within an organization. The people issues must receive greater analysis and integration to provide an holistic approach within BPR methodology. In particular, the position of the individual within the organization must be recognized and managed before, during and after

the implementation of BPR. Few authors have seriously addressed the key elements of people management during and following BPR implementation. In this paper we bring some of the HRM issues associated with the implementation of BPR on to the agenda by presenting a conceptual framework for the change process and exploring some of the pragmatic approaches and solutions for dealing with the people issues.

## ORGANIZATIONAL CHANGE VERSUS INDIVIDUAL TRANSITION

It is important to draw a distinction between organizational change and individual transition. Organizational change describes the external event(s) or new environment and the resultant shift which occurs in an organization's operations, activity and needs. BPR implies major changes to processes and technology and therefore substantial organizational change. Individual transition is the process by which a person within the organization perceives this change, how they react to it internally and how they behave, which ultimately determines their performance and effectiveness within the "new" organization. It is important to understand that these are two quite separate processes, as distinguished by Bridges (1991):

*It isn't the changes that do you in, it's the transitions. Change is not the same as transition. Change is situational: the new site, the new boss, the new team roles, the new policy. Transition is the psychological process people go through to come to terms with the new situation. Change is external, transition is internal.*

## CORPORATE MAGNETISM

A powerful and complex set of forces exist between an organization and individuals which bind them together involving both organizational and individual factors, some elements of which are less tangible in nature, for example the relationship between an organization's culture and an individual's aspirations or expectations. A good illustration of this can be found in building societies which, for a long period of time and until fairly recently, were relatively paternalistic, hierarchical and warm in culture. The congruent individual expectations which fitted with and were nurtured by this culture included job security, the value placed on experience and length of service and also the importance of loyalty to the employing building

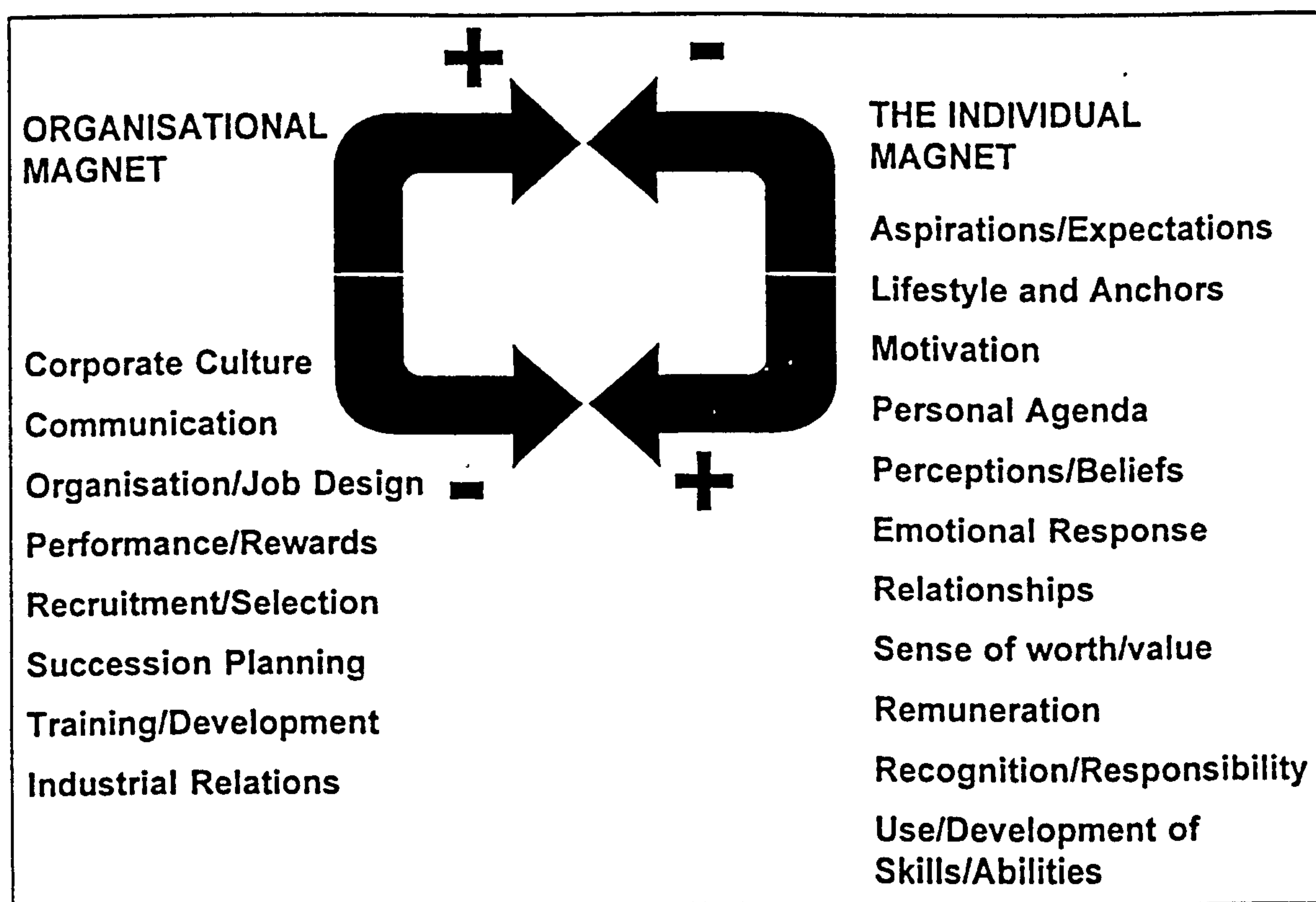


Figure 1 The corporate magnet

society. Within a number of building societies this culture has changed significantly, resulting in disorientation and the need for reorientation for individual employees.

At the first level then, there are issues such as corporate culture, management styles within the organization and the way in which change is managed and communicated. Corporate culture can perhaps most simply be described as "the way we do things around here" (Bridges, 1991). It is about the shared and accepted assumptions, beliefs and behaviours within an organization. These are often manifested in rituals, routines, stories, language and symbols. For example, symbols might include logos, organization charts, status symbol policies on rewards and incentives, etc. (Johnson and Scholes, 1991). At its most basic level, how many managers espouse the value of moving towards non-hierarchical, flatter structures and team playing yet resist the removal of reserved car parking spaces or other status symbols? Which is more significant to staff—the words or the behaviour? At a second level, there are the HRM policies and practices which are designed to manage the employment relationship. These include the employer-employee "legal" contract and associated variables such as organizational/job design, performance management, rewards, succession planning, recruitment

selection, training, development and employee relations policies. Thirdly, at an individual level, the perspective and emphasis will be in areas such as personally perceived "fit" with the organization and individual motivation, morale and loyalty to the organization. In a change situation people cope in different ways so that there will also be individual responses to change and perceptions of "managed" change.

The complex mix of the above can be conceptualized as two sets of magnetic forces which produce attracting and repelling forces. The organization and the individual can exert both positive and negative forces on each other; however, with an appropriate orientation, they are attracted together, there is a fit, and, equilibrium is maintained (see Figure 1). Organizational change disturbs this equilibrium and requires a reorientation to achieve a "new" fit. How this process occurs will depend upon the degree and speed of organizational change. Where organizational change is incremental then a tilting of the organizational magnet by a few degrees will imply some degree of change or transition for the individual; however, it is likely to be self-correcting, fairly painless and relatively quick.

The critical difference with BPR initiatives lies in the fact that the organizational magnet will undergo



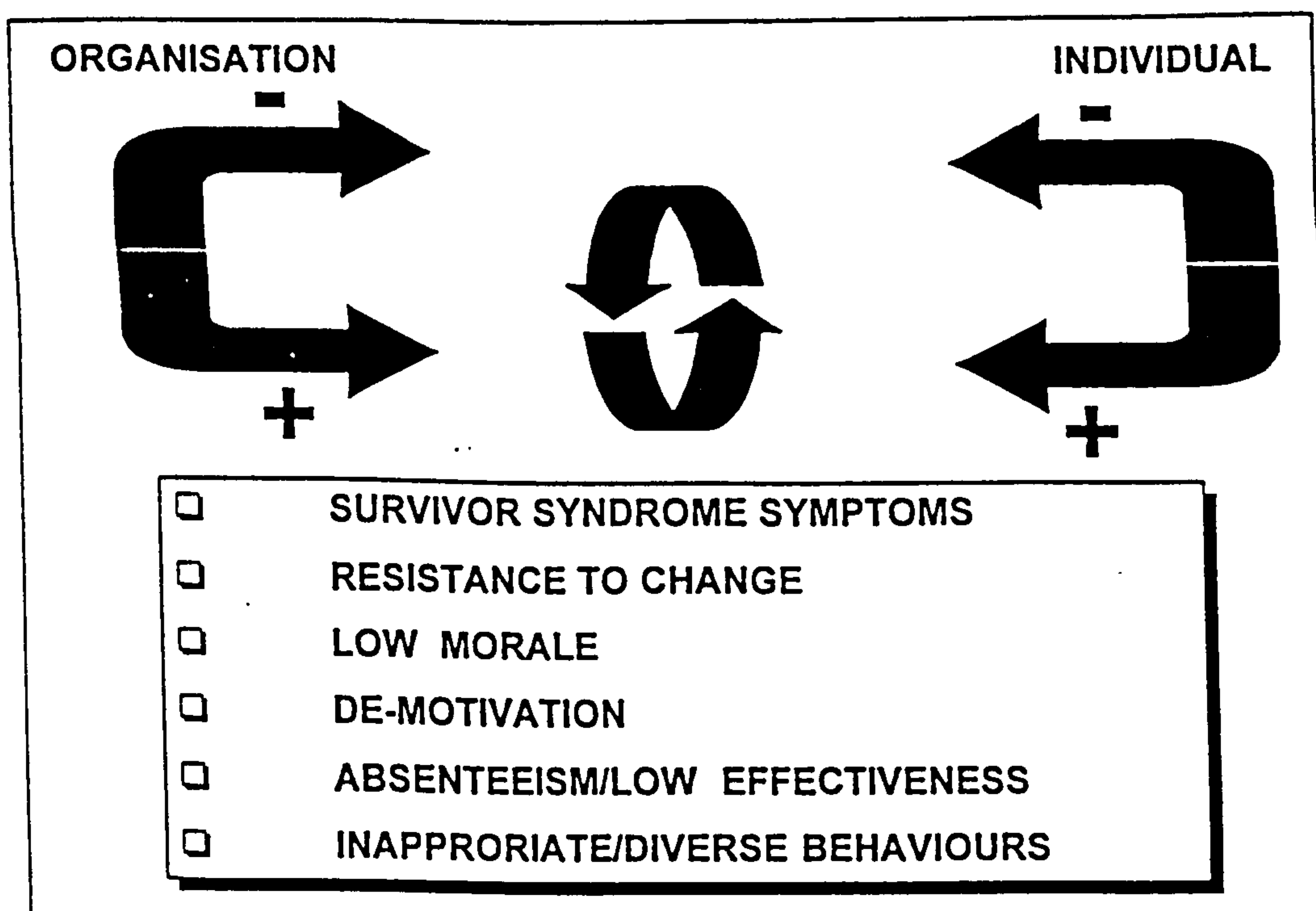


Figure 2 Poles apart!

a radical change, i.e. a 180° flip, as illustrated in Figure 2. BPR involves eliminating work and a total overhaul of the existing structure with a high probability of downsizing, flatter structures and increased flexible working. If reintegration within the "new" organization is attempted without considering the extent to which reorientation of the individual may be required then resistance, dissonance, rejection, low morale, decreased motivation and low effectiveness may result. A whole range of other negative responses may be displayed. This lack of cohesion is likely to result in failure to achieve the anticipated gains of BPR. Unlike incremental change, with radical change the process of reorientation is unlikely to be self-correcting other than in the long term and at a potentially high cost to the organization—as John Maynard Keynes said: "we are all dead in the long term"! In addition, personal transition is likely to be patchy and varied, resulting in inconsistent and disparate responses and behaviour during implementation.

### THE BOTTOM-LINE PROPOSITION

In order to manage and achieve the reorientation of the corporate magnets to a new equilibrium following the introduction of BPR, the people issues must be addressed as an integral part of organizational change. Few organizations in reality will be able to generate sufficient new employment

opportunities to redeploy those displaced from obsolete processes. Successful BPR, therefore, almost invariably involves rightsizing and redundancies and changes in individual behaviour to "fit" the new processes and new organization.

Whether individuals stay with or leave an organization they will often feel they are a victim. Essentially, both the staff who leave and those who survive major organizational change can, and frequently do, undergo a traumatic experience involving personal transition. It is essential, therefore, that the organization considers the effect of BPR at the individual level, assesses the impact and considers what interventions are appropriate. To ignore this will endanger the probability of successful BPR implementation and impact on bottom-line profitability.

### THE LEAVERS

For those leaving the organization the redundancy situation has been likened to that of a bereavement. This often involves a cyclical sequence of reactions in coming to terms with the redundancy, including anger, denial, depression and readjustment. Each individual will experience these in varying degrees. In order to help people through this transition, the concept of outplacement was developed. Outplacement involves primarily providing services such as secretarial support, help with CV compilation, job

search skills and counselling to individuals who have been made redundant. The types of programmes available range from intensive one-to-one counselling to group programmes and workshops. The aim of such provision is to help these people to come to terms with the redundancy and facilitate their re-entry into the job market. By providing assistance in the practical aspects of getting another job and by providing psychological support, individuals are helped through the redundancy transition. Outplacement became a rapidly growing industry in the UK throughout the 1980s, providing a safety net for departing employees. Many organizations, recognizing the value of such provision in helping people through the redundancy transition, now appear to be adopting policies which include providing outplacement packages as a normative practice in the management of redundancies (Doherty and Tyson, 1993; Doherty *et al.*, 1993). Clearly, organizations perceive both the commercial and human value of investing money in individuals who no longer will be able to contribute to or be part of the "new" organization.

## THE SURVIVORS

Paradoxically, while outplacement is becoming more prevalent, and despite the fact that the success or failure of the organization is in the hands of the survivors, little or no direct investment is made by organizations in supporting the survivors through the personal transition required to achieve successful organizational change. For remaining employees the situation can be as traumatic as for those leaving. The term "survivor syndrome" originates from research in the 1980s which focused attention on the impact of lay-offs on those who remain after major organizational change (Brockner *et al.*, 1985). Research has shown that the survivors also experience guilt, fear, insecurity and demotivation because of the changes which result from reorganization and redundancy (Brockner, 1992). Survivors can feel guilt about still being in a job while colleagues have lost theirs, and they often feel insecure about their own job and must cope with different, usually increased, workloads as a result of the changes.

Research indicates that corporate transformation failure is frequently associated with:

- few significant changes in attitude or behaviour;
- increased responsibility without the necessary skills, reducing manager effectiveness and productivity;

- information technology and training continuing to be functionally driven;
- departmental structures persisting despite the growth of group or team working (Brockner *et al.*).

BPR, by definition, changes the business processes and activities. Therefore, jobs will be redefined and working relationships revised. Individuals will be expected to undertake and manage tasks in different ways and adopt new roles, often in the face of uncertainty. Such fundamental transformations require changes in the behaviour of the individuals who remain in the organization.

The survivors of BPR will fall into two camps. First, those making and driving the decisions will see the process as planned, prepared, graduated, incremental, choosing options, resolving problems and offering new opportunities. Their personal agenda may include self-preservation (the effect on me and my emotional response) and re-establishing effectiveness (with new people, relationships, tasks and systems). What this first group can fail to understand or recognize is that for those not involved in driving BPR or making the decisions to change, i.e. the vast majority of staff, change will almost always appear as imposed, rapid, unexpected, dramatic, disorderly and problematic. This situation can result in survivors carrying a bag of emotions including:

- grief for the lost people, friends, places, things, turf and power;
- guilt about the lost people, or envy about the lost people;
- loss of structure, certainty, clarity, meaning and a sense of direction;
- loss of relevance of knowledge, expertise, identity and control;
- engulfed and in a swamp, growing loss of confidence;
- increased self-preservation, scepticism and cynicism;
- feelings of anger or bitterness or alternatively excitement and adventure;
- doubt about the value of trust and loyalty, or a new view/definition of loyalty;
- raised demand and expectation for information;
- greater caution and risk avoidance;
- low morale and motivation.

Such disaffected survivors are a key element of the organization's future success, and they must be given the opportunity to deal with their sense of loss and the tools to cope with the changes that are occurring. The way in which the organization



manages and helps individuals through this process is critical to ensuring ownership of the new vision, goals and tasks and therefore to the future productivity of the people and the organization (Bridges, 1991; Brockner, 1992).

Research indicates that benefits for remaining employees were acknowledged by organizations as a by-product of using outplacement in a redundancy situation. Findings included the perception of outplacement as a damage limitation intervention. The fact that the organization has dealt humanely with redundant workers by providing the support of outplacement can help maintain the morale and motivation of survivors, and can help with retention and create a positive impact for the external reputation of the organization (Doherty *et al.*, 1993).

Conventional change management programmes focus on explaining and communicating the changes, promoting the benefits and advantages of change and providing team-building and similar activities to enhance and motivate performance. Communication has rightly been identified as a key issue. An effective communication strategy is essential to secure commitment, reduce resistance, ensure understanding and address morale and motivation. However, it will not by itself resolve the problems of personal transition. This is where many organizations are in danger of failing at the implementation stage of BPR. While valuable and important in a well-managed change programme, such approaches rarely address the key individual issues which must be managed if change is to succeed quickly and profitably. In order to accommodate the reorientation of surviving individuals to the organizational magnet, practical interventions are required. The types of intervention designed to help the survivors in this way have been termed "inplacement". Such programmes provide support and help for those who remain in the organization, through workshops, coaching, events and counselling, to accommodate to the changes and reorientate to the organizational magnet. These are additional to and support the conventional change management programmes usually "applied" to staff during major change.

Inplacement interventions at individual and team level are needed to assist in areas such as:

- managing endings;
- coping with change as a life skill;
- personal and team motivation;
- individual career management issues;
- understanding the new reality;
- focusing on the future;
- accepting individual ownership of "the future";

- maximizing the benefits arising from organizational change.

By addressing these issues, individuals remaining in the organization can be helped through the transition and enabled to assimilate the change experience and reorientate to the new organizational reality. As a consequence, organizational performance is enhanced and the anticipated benefits of change more quickly realized. Inplacement interventions can be achieved through a variety of mechanisms using internal and external resources. Internally both line and HR functions must be involved (and seen to be involved) to maintain and control ownership of both the problem and the solution. Perhaps even more importantly, active involvement will demonstrate commitment and investment by the organization to the individual, in the same way that the organization is "seen" to invest in outplacement activities for departing staff. The use of external support is also important. For the organization it provides objective and informed advice, adding value to internal change management programmes. Indeed programmes or support covering some of the issues listed above would only be effective if handled "outside" of the organization. As with parallel programmes in outplacement, at some stage during transition individuals are likely to require a confidential and independent source of advice and support which can best be provided through external resources. The outplacement industry itself is now developing a broader portfolio of services, which in addition to the safety net for departing individuals includes interventions which are designed to address the impact of the survivor syndrome. Here the outplacement consultants play a more strategic role in the redundancy exercise by intervening at an earlier stage in the planning of the redundancies and by providing help both for departing and remaining employees (Pickard, 1993).

## INDIVIDUAL TRANSITION

In adapting and reorientating to the major organizational changes associated with BPR, individuals undergo an internal psychological process of readjustment which we have called personal transition. The speed with which this occurs and the degree of disruption experienced will vary between individuals and across situations and will be dependent on the coping mechanisms they use and their personal ability to adapt to change. Bridges (1991) has identified three main stages in individual transition.



## Endings

All transition begins with an ending. Even "good" changes involve loss of some description, therefore endings need to be managed. One method of achieving this is to provide people with the tools to recognize and understand what the new situation means for them personally. Individuals need to understand what is over and what will continue, what is being lost by whom and why, and how to honour the past.

## The Neutral Zone

With the implementation of BPR, old realities fast disappear, but new ones are as yet unknown or not established. For the individual, this involves a period of breaking away from the past and testing out possible reorientations to the future. How people react at this stage will depend upon factors such as their degree of identification with the old reality, how the ending was managed, their trust of past decisions by themselves and others, the clarity and fit they feel with the future and the support systems available to help them through this uncertain time.

## A New Beginning

It is important to understand that this refers to the internal process that individuals' experience in relation to the external event or situation, i.e. the individual's reaction to BPR implementation. It is a process requiring new understanding, new values, new attitudes and new identities. Beginnings both excite and frighten people for a variety of reasons, including guilt and uncertainty, therefore they require nurturing and following the individual's time clock of heart and mind.

## PRACTICAL INTERVENTIONS

There are a whole range of interventions which may be appropriate to an organization to help the survivors cope with BPR implementation, but they must be integrated with and part of the HRM strategy. The key theme is that the process is both about, and for the benefit of, the individual. The perspective is their personal response to change. Because of this emphasis many aspects are most appropriately delivered by external providers (Horsted, 1993). The content and mix of activity will be specific to each organization and group of individuals, but the objective will be to address reorientation of the individual to fit the "new"

organization. The following are some specific examples of inplacement programme elements. Clearly, the content of a programme would be highly specific to the particular needs of the organization and individual.

### Self-Development Exercises

Distance learning material can be used effectively to help individuals to consider and understand change (past, present and future) and its effect on both their career and personal life. It can provide skills to enable individuals to make change work for them by, for example, teaching them their strengths, have to concentrate on the things they can influence, stress management and how to plan personal goals.

### Group Workshop Event

A workshop event may be used to address the survivor syndrome issues, offer tools to deal with the "loss" and refocus on positive opportunities. Dependent upon particular circumstances, it may be appropriate to look at issues such as taking personal ownership of career and personal development. For example, research has shown that the survivors of major change frequently fail to recognize new opportunities within the new organization (Horsted, 1993). Another appropriate subject may be to examine the new relationship in terms of employability rather than employment.

### Individual One-To-One Counselling

This is where independence and confidentiality issues are especially important. Individuals may wish to use this opportunity to undertake personal planning or to express their emotional response to the changes or discuss their aspirations and expectations and seek honest and independent advice concerning themselves and the "new" organization.

## CONCLUSION

"The folks who create the blueprint for re-engineering have tremendous technological expertise, but they don't examine the human issues." (Greengard, 1993). To date, analysis and implementation of BPR has focused on process and technology issues, with significantly less detailed consideration of the people issues. Methodologies addressing the people issues currently emphasize the macro-level of organizational change, and



particularly the areas of corporate culture and communication. This is an important step, however it is only half of the equation. Of equal importance is an examination of individual transition both during and after BPR implementation. The balance needs to be redressed, to provide a holistic HRM approach to BPR implementation. Failure to recognize and manage the survivor syndrome and the needs of surviving employees through the transition may produce behaviours which ultimately result in BPR failing to achieve the anticipated gains. For example, a dangerous mind-set can exist among the drivers of BPR, which makes an implicit, unspoken or perhaps even unconscious assumption that provided the organizational change issues are dealt with then "the survivors of change must be OK—after all, at least they've got a job!". Analysis is required to establish the needs of the survivors and integrate appropriate HR interventions. Organizations need to be proactive to adopt HR strategies which run in tandem with the BPR.

Corporate magnetism provides a conceptual model for understanding organizational change and individual transition as two distinct and separate processes which have a complex interrelationship. They must be managed within an integrated structure. HRM interventions can ensure that the organizational changes and the transition of individuals result in a cohesive reorientation of both the organization and the individual. Inplacement gives employees the opportunity to evaluate the organizational changes which have taken place, to put into context the impact these changes have on them as individuals and to reorientate themselves to the "new" organization. This not only provides an opportunity to share concerns and anxieties, but also offers constructive help in the development of the skills needed to see the change as a positive, learning experience. Such skills can be developed through structured learning facilitated in the workplace by coaching, mentoring, workshops and counselling. We would argue that these skills to manage one's own personal transition in a situation of radical change should be seen as *life skills*. They involve developing enduring skills and strategies to cope with major change. These skills can be applied to the immediate problem and also help individuals

to cope effectively with future and inevitable change in the business and economic environment.

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**TEXT BOUND  
INTO  
THE SPINE**



Counselling is now commonplace for people who lose their jobs through restructuring. But the survivors also need help, say Noeleen Doherty and Jim Horsted, if they and their streamlined organisations are to function effectively

# Helping survivors to stay on board

DECREASED MOTIVATION, morale and loyalty to the organisation, and increased stress levels and scepticism among remaining employees, are just some of the reactions reported in the first detailed survey carried out in the UK on so-called "survivor syndrome".

This is the name given by personnel professionals to the mixed bag of behaviours and emotions often exhibited by remaining employees following redundancies in their organisations. Yet despite increasing awareness of the syndrome, fewer than half of the respondents (45 per cent) said their organisation provided structured help for survivors.

The survey, undertaken in the autumn by Working Transitions and Cranfield's Human

Resource Research Centre, focused on the financial services industry. It collated the opinions of 170 personnel and HR specialists, in 131 financial services organisations employing over 500,000 staff throughout the UK.

The majority of respondents surveyed (62 per cent) indicated that no evaluation of the change in the organisation was carried out – so highlighting a lack of objective evidence on the impact of survivor syndrome. Thus, current information is based, in most instances, on personnel managers' subjective impressions, supplemented, where evaluation was done, by feedback from attitude surveys.

Many organisations already provide outplacement for all or most employees being

made redundant (79 per cent of respondents had such a policy). But programmes to help those remaining were much less evident and the emphasis appeared to be on the short term rather than the long term. Help was focused mainly on work-related skills and coaching and counselling skills for managers, with less emphasis on actually counselling individuals on personal change or careers.

Most respondents (93 per cent) said there were formal strategies for the retention and motivation of remaining employees. But the majority tended to focus on rewards and training. Fewer than half reported the use of succession planning (42 per cent) or career management (44 per cent). These findings may reflect a fire-fighting approach, where the current pace and extent of change is such that it focuses organisational interventions on short-term requirements.

Cost control and reduction was perceived as a key impetus for change, along with the long-term profitability and viability of the organisation. The main successes of the change were therefore seen to be a clear focus on work roles and tasks, and on the future of the organisation.

Training in job skills for new work roles is a fundamental short-term requirement. Reward strategies may also be used to rebuild organisational commitment for remaining employees in the short term. The need to respond quickly to major change seems to have concentrated efforts at a job or task level.

In addition to the more immediate pressure to cut costs and increase efficiency, the drivers for change highlighted in the survey were structural and long term. Three recent announcements illustrate the point: the possible Lloyds Bank acquisition of Cheltenham and Gloucester; the proposed Halifax and Leeds merger/bank conversion; and downsizing at Norwich Union.

Most respondents to the survey (79 per cent) indicated that their organisations had encountered structural changes or rightsizing







# Focus on counselling

THE FINAL Christmas party at Intercity headquarters felt more like a wake than a celebration. Staff who had expected Intercity to move into the private sector as a single entity felt let down when the government announced plans to wind the organisation up and split passenger services among several smaller operators. With 10,000 jobs lost in the railway industry as it geared up for privatisation, those attending the party were also experiencing some of that disbelief and sense of loss that follows a bereavement.

Recalling the shared emotion and bleak humour of the occasion – much of it directed at the then transport secretary, John MacGregor – Zoe Thompson, now personnel director for Anglia Railways, says: “It was a wonderful release and fulfilled the function of a wake.”

Thompson’s own job as equal opportunities and employee development manager at Intercity headquarters had disappeared, along with her section, soon after the government had announced its restructuring plans for the railway industry at the beginning of 1993. Her role for the next few months was to organise the team set-up at Intercity headquarters to

provide counselling for employees moving either into outplacement or into new jobs within the industry.

This counselling programme continued after April 1994, when Anglia Railways was set up to take over passenger services in Norfolk and Suffolk from Intercity and Regional Railways. Work also started on building the new organisation, with two management conferences focusing initially on participants’ successes in their previous organisations.

“What we wanted to get across was that the heritage they had come from was valued and valuable,” Thompson explains. “Then we started working with them on what the values and vision of the new organisation would be, and how those fed out of what they had brought with them from their previous organisations.”

Using a similar approach with other employees, the new organisation held 28 staff conferences in just over two months. As well as explaining Anglia’s role in the privatised railways, managers encouraged employees to express their feelings about the fracturing of the industry and their fear of an uncertain future. After bringing people’s anger out into

the open, conference facilitators were able to move the discussion on, inviting staff to suggest how the new organisation’s vision and values could be translated into action.

Each conference ended with employees raising issues they thought the new organisation should address. Suggestions which the company has now implemented include interpersonal skills training for managers and an internal communications programme, which has seen the launch of an in-house newspaper and a team briefing system. Employees also asked for information on how train timetables were put together and for improved connections between mainline and local services – suggestions which have resulted in some alterations to timetables.

But in the light of employees’ experience as survivors of a large-scale – though voluntary – redundancy programme, perhaps the most significant request to come out of the staff conferences was for counselling support over and above that already provided for people facing career moves. Employees wanted counselling to help them deal with personal issues in their lives and with the post-traumatic stress caused by witnessing accidents on level crossings and suicides on railway lines.

In response, Anglia began using professional counsellors from outside the organisation, as well as developing a training programme for around 30 volunteer counsellors. Remarking that demand for counselling is growing





readily, Thompson (pictured above) says: "I feel that the fracturing of the organisation has brought much of this to a head."

For survivors, particularly those who came from one of the headquarters functions of the old Intercity or Regional Railways, there is a sense of loss as well as guilt about having a job when colleagues do not. Staff also have fears about their future – fears that are strengthened when they look at the job cuts that have followed privatisation in other industries.

Getting the best out of people in these circumstances is not easy. But by providing counselling, keeping staff informed of what is happening and, above all, by investing in training and development, the company is trying to convince employees they are valued.

Anglia has made a commitment to Investors in People and is providing training to update employees' technical skills. The company is also providing interpersonal skills training for the entire 750-strong workforce and is offering a tailored Certificate in Management programme for middle managers.

All senior managers receive mentoring support from external consultants, while middle managers receive support from senior colleagues. This process focuses on individuals' career development, while also providing them with emotional support through a period of unprecedented organisational change.

Thompson says the success of these various measures will depend on whether the organisation is given a breathing space in which to implement them fully. But she believes that even without any further changes to the timetable for privatisation, or the form it will take, there are no quick fixes for dealing with the survivors of a major restructuring and redundancy programme.

To others embarking on this process, she says: "You need to put at least as much, if not more, effort into working with your survivors as with your casualties. You need to make long-term investment in the survivors and to understand the process they are going through."  
Anat Arkin

or downsizing (66 per cent). In addition, the financial services sector has been under pressure from technological innovation and business process re-engineering (56 per cent and 50 per cent of respondents respectively).

The survey revealed that 80 per cent of financial services organisations had made redundancies in recent times, corroborating the report in *Banking World* in January 1993 that about 100,000 jobs in the sector disappeared over a two-year period. Half anticipated further redundancies in the next 12 months, while those organisations that had already cut jobs were more likely to make further redundancies. So the pressure for change and downsizing of the past few years looks set to continue, despite the current economic recovery. The impact of this was clearly evident in the reactions of the survivors as reported by personnel managers.

Previous research<sup>1</sup> suggests that symptoms of survivor syndrome, such as decreased motivation, morale and anxiety, are alleviated when survivors perceive the situation to be handled fairly for both those leaving and those remaining. This, it is suggested, is facilitated by the provision of structured help. The survey results revealed that the reactions of survivors were more negative where no help was given. But even where help was provided there were no significant improvements, suggesting that it did not focus on issues that were important to survivors.

So how has this problem arisen? We believe it is important to distinguish between "organisational change" (the external event) and "personal transition" (our own personal reaction to change). They are separate and independent processes.

There is a dangerous mind-set which assumes that, provided the organisational issues are dealt with, then the survivors will be okay. But, as the survey results highlight, remaining staff don't necessarily feel quite so fortunate. One of the most notable findings was that while loyalty to the organisation decreased, loyalty to colleagues either remained the same or, for a significant minority, actually increased.

Where there were enforced redundancies there was, perhaps predictably, a significant decrease in career security. Confidence in the organisation's future appeared to increase, but confidence in the individual's own future decreased. There was also a significant association between increased confidence in the organisation's future and the provision of career management strategies.

These findings appear to signal a move away from corporate allegiance towards a closer identification with colleagues and work groups. This is possibly heightened by an emphasis on teamworking, such as the use

of semi-autonomous work groups and total quality management, which naturally follows changes necessitated by technological innovations and business process re-engineering. So the question is how organisations will manage the behaviour that results from a change in loyalties from the employer to colleagues and personal goals.

The relevance to employees of work-related knowledge seemed to remain the same or increase in many instances – an indication that they recognise that re-designing jobs and work roles necessitates continuous updating of knowledge and skills.

In an increasingly insecure environment, a long-term requirement for work-related knowledge, one that focuses on employability rather than employment, may be one way in which employees can attain security for themselves. Is this further evidence that employees are aspiring to a portfolio of saleable skills as opposed to an organisational career?

These two issues – a changing definition of loyalty and a shift away from employment towards employability – may represent the beginning of a new, more appropriate psychological contract. For the individual it offers the chance to take on board personal career ownership rather than listening to the rhetoric. Whether as a leaver or a stayer, individuals would also be better equipped to cope in terms of emotions and skills, thus alleviating the much-quoted "bereavement" response to redundancy. For organisations, it offers the chance to achieve more flexible and painless change, and the opportunity to generate more appropriate behaviour. However,

it will involve a leap of management thinking to ensure that employees become more able to leave, but also more motivated to stay.

The survey indicated strongly that survivors were demanding more information following major change and that most organisations had provided such information. Yet communication was identified as a major failing in the management of survivors. In the face of uncertainty and insecurity, remaining

employees seek more information to allay their fears about the future. So this is one way in which organisations may intervene more effectively.

Most communication was about organisational issues, the survey revealed, but very little focused on how the individual survivors fitted into the new organisation. Survivors could see that the new leaner, meaner ship was more likely to stay afloat, but they were unsure if they would be on board in the future. Such uncertainty may impose significant long-term costs on the organisation.

Communication with employees, and an

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**'The support for those leaving was excellent, but everyone was too busy to talk through the issues with the rest of us. I felt as if I no longer mattered very much'**  
**Financial services manager**

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organisational culture that facilitates adaptability and willingness to change are key levers in achieving a successful outcome. These are also fundamental in addressing motivation, morale and career issues among remaining employees.

But although communication and the methods used are important, both the quantity and quality (ie, content and focus) need to be considered if it is to be perceived by employees as effective. It may be by design rather than by accident that organisations focused on short-term needs, since they were unable to reassure individuals about their future security.



ALTHOUGH CHANGE is potentially traumatic, some experimental evidence suggests that survivors do increase their performance and productivity in response, due to feelings of guilt or fear of losing their position<sup>2</sup>. Survey respondents reported that improved performance and productivity was one of the main successes of restructuring. This may be a classic example of the survivor reaction, where fear about job security is translated into more concentrated and productive working among remaining employees. In addition, some of the improvements came about as a result of technological and process innovations designed to improve performance and productivity. Customer complaints, absenteeism and labour turnover seemed not to be greatly affected, suggesting a positive outcome for the organisation.

Surprisingly, the survey revealed that a large number of organisations (80 per cent) had not actually measured productivity objectively. It is possible that increased productivity was assumed by virtue of the fact that the same output was being achieved with fewer staff.

Professor Cary Cooper points to inappropriate behaviours, such as those exhibited by "presentees" – survivors who, motivated by fear, work long hours simply to be seen at work<sup>3</sup>. This behaviour is perceived to be the most appropriate in order to avoid the next round of cuts. They may be right in thinking this way, but is it a desirable behaviour for either the individual or the organisation?

The survey suggests that most organisations are quite narrow in the HR interventions they use to manage survivor syndrome. It also highlighted the fact that excitement and innovation had apparently increased for a significant minority of survivors (37 per cent). However, beyond reward- and skills-related training, few other approaches are generally applied, and all tackle the issues from an organisational perspective.

The CBI recently expressed concern about how organisations can reconcile a continuing desire for commitment and loyalty with new demands for flexibility and an inability to of-

# Investing in survivors



"A VERY SICK patient in need of major surgery" – this was how building societies analyst John Wriglesworth, of UBS, described Birmingham Midshires' corporate health in 1991. As well as being severely hit by recession, the UK's 13th largest building society had also lost strategic focus as a result of growing rapidly through mergers.

A new chief executive and top team devised a strategy involving a change from a hierarchical culture with many layers of reporting to a flat, team-based environment where all staff put the customer first.

In early 1993 almost a third of the senior management team and 90 staff left the business during significant restructuring. From 1991, staff numbers were cut from about 2,500 to 1,500 by selling parts of the business.

Establishing a programme to rebuild morale and staff satisfaction was critical. Many of the people leaving the organisation were close friends of those staying, and the survivors would go through a period of mourning.

The programme for survivors included counselling and training for all managers involved in informing individuals and teams of the restructuring. Managers were taken off site prior to the planned announcement and provided with additional skills.

A helpline was established to support staff during the most emotional period, and professional counsellors were on hand where necessary. All members of staff were briefed on the redundancy programme on the same day. The executive team visited every location over the following eight weeks to answer employees' concerns and questions relating to the future.

A communications process was established to inform staff how their former colleagues were progressing in the job market, and separate offices in Wolverhampton were set aside by the building society for outplacement.

Within weeks, a personal development plan process was launched, giving all staff a minimum of six days' training for the year. Employees were also informed about a company-wide staff incentive plan, which is geared to paying out when customer satisfaction and profitability increase.

Staff satisfaction has held a steady course over this period. Open and honest communication is central to Birmingham Midshires strategy, and a published "communications pledge" sets out the principles for this process.

Just as the views of customers drive the business strategy, the opinions and attitudes of staff have a profound influence upon management methods. Staff opinion surveys are carried out annually – the most recent shows that the new culture of the organisation has firmly taken root.

More than 85 per cent of staff believe that Birmingham Midshires encourages and accepts innovative thinking; 79 per cent believe that staff are given the opportunity to learn from mistakes; and 95 per cent think their job is to exceed customers' expectations. In addition, more than 80 per cent of staff say they believe communications issued within the business.

*Lorren Wyatt  
Director of human resources  
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fer job security. To survive in the long term, organisations need to be flexible in the short term, but the current era of uncertainty seems to be translating into reaction by organisations and insecurity for individuals.

The survey data suggests that individual employees experience the apparent short-termism of organisations in personal insecurity and anxiety. They still feel uncertain about their own survivability, which may have unknown long-term effects on the organisation.

We believe that the reason for this schism is that organisations are buying only half of the new psychological contract. They cannot offer job security, but at the same time they do not want to lose the traditional commitment and loyalty of their employees. If organisations move to employability rather than employment as a conceptual model, they must find alternative ways to develop skills, and to retain and motivate employees.

There is a lack of established best practice in the management of survivor syndrome, and most management programmes appear to deal with matters almost exclusively from the organisational point of view. We suggest that managing change successfully means addressing issues from both the organisational and the individual perspective. This requires the development of HR strategies which dovetail the use of internal and external interventions, to give equal support and assistance to individuals' personal transition by offering them opportunities to develop themselves for the benefit of the organisation, whatever that may be in the future.

The survey highlighted the importance of appropriate communication and help for individuals to achieve clarity about their own future, as key elements of such strategies, to make them more able to leave, but more motivated to stay.

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# 'Could do better' is verdict of research

Survivors' needs must be considered at an early stage, argue Adrian Thornhill and Andrew Gibbons

ORGANISATIONS THAT care about what happens to people they make redundant can still face considerable costs if they ignore the uncertainties facing survivors. This will be particularly pronounced where there is a series of redundancy programmes.

"Could do better" is the verdict of our research into the management of survivors, which involved in-depth interviews on redundancy management with senior HR practitioners in 40 public and private sector organisations. Many said that even where consultation does occur, little attention is given to the survivors of redundancy.

One strategy that some organisations have used is to tell survivors about the redundancy plan before those people being laid off. This news is transmitted to people who are particularly valuable to the organisation and may be key influencers.

It is important to recognise that those who remain will be concerned about the redundancies and will want information. But their needs will be different from

those who have been made redundant. Survivors want information about the future and a vision to work towards.

A number of people we spoke to stressed the need to signal the end of a redundancy programme, especially where compulsory selection was used.

Communication strategies included a conference led by senior managers, briefing meetings and, in one large privatised utility, roadshows at which the chief executive spoke to employees "to ensure survivor morale".

Individual survivors may need specific support. One organisation offered this through a telephone helpline staffed by a small number of senior managers. Others offer confidential employee assistance programmes, with counselling. The commissioning organisation will be able to find out which issues are being raised by employees and respond to these.

Once the redundancies have happened, at least some of the leavers and those who stay will keep in contact with each other. It may

therefore be significant for survivors to see leavers obtaining new employment, especially with some or most of their compensation intact. This raises the issue of how organisations treat, and are seen to be treating, redundant employees.

Many organisations resort to payment in lieu in order to avoid feelings of awkwardness among colleagues while employees work out their periods of notice. However, there is often a need to allow for an orderly transition of work, and the instant removal of those being made redundant may lead to feelings of shock, disbelief and loss which can impair morale in the future. These problems may be lessened if survivors think the redundancy package is "reasonable".

Survivors may experience a sense of loss as the result of familiar and trusted colleagues

leaving. At the same time, there may be a sense of relief that they still have a job. More than one organisation making compulsory redundancies reported that survivors felt valued by virtue of this fact. But a number found that, over time, this sense of relief changed into a realisation that things would never be the same.

There may be two explanations for this. First, redundancies might occur again. Second, in going through a redundancy programme, many organisations are

attempting not just to reduce the size of their workforce, but also to re-focus their business and change their culture, particularly if downsizing reduces the workforce by 50 per cent or more.

Many organisations said it was important to involve survivors through performance management, communication and teamworking. These approaches are generally contained within a performance management strategy and greater "individualisation" in employment relationships.

Some organisations are clearly attempting to recast their culture and their employment relationships. But our research indicated that there is still much which could be done to recognise post-redundancy issues from the perspective of the individual survivor. ♦

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**CHALLENGING ORGANISATIONAL RESPONSES TO TRANSITION  
MANAGEMENT SURVIVORS SYNDROME**

**PAPER PRESENTED AT THE ASSOCIATION OF MANAGEMENT 13<sup>TH</sup>  
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## **ABSTRACT**

Organisations are facing many major transformations often euphemistically termed downsizing, rightsizing or de-staffing. These are increasingly imposed by restructuring and technological innovation and the need to control costs. Many such changes result in adjustments in the working environment and redundancy of a calibre not experienced before. The employees who remain in an organisation after such changes, the *survivors*, are required to cope with many pressures including increased work load due to the departure of colleagues and insecurity provoked by the threat of further redundancies.

This paper considers survey data from the Financial Services Sector which explored current interventions being applied to manage the impact on survivors, of change situations which result in redundancy. Although many organisations have bought into the benefits of providing help for those who are made redundant, there appears to be a lack of provision of structured help for those who stay in the company. The focus of interventions which were applied, appeared short-term and organisationally biased, which often resulted in a lack of consideration of individuals' needs within the change management process. The implications of such organisational interventions are considered in the light of the current environmental, organisational and personal uncertainty prompted by major change.

## **AN ERA OF CHANGE**

Organisations are now battling wave after wave of change as the early 1990's have been characterised by major organisational transformations driven by a multitude of factors. The need to control costs and to re-structure in response to the onslaught of technological innovation, business process re-engineering and wider competitive pressures have focused organisational strategies on becoming leaner and fitter, more flexible and responsive to change (eg Pettigrew & Whipp 1993, Tyson 1995). Euphemistic terms to describe the changes instituted to streamline businesses, such as rightsizing and downsizing, are now common in the vocabulary of management and strike fear in the hearts of employees as they are almost invariably associated with redundancy (Appelbaum *et al* 1987, Bunning 1990, Cameron 1994a, Fisher 1988, Froiland *et al* 1993, Vollmann & Brazas 1993) and have focused attention on the aftermath of downsizing as a major organisational event (Doherty 1996 (in press), Kiechel 1985, Loughheim 199 1/2, Noer 1993, Overman 1991).

Successive announcements in the press bear testimony to the scale and pace of the change being experienced by British industry. The financial services sector is a principal sector in the UK economy and one which has traditionally espoused a paternalistic ethos, providing security of employment for individuals. This has been reflected in the human resource management philosophies, policies and practices used in the management of its employees (see Silverstone, Hendry & Livy 1995). Individuals have been recruited into organisations such as banks and building societies with the expectation of a life-time career within a secure environment. Changes which have affected organisations such as downsizing and re-structuring have been widespread across all sectors, but the financial services sector has also been subject to changes imposed by rapid developments in technology and business process re-design (BPR) (Horsted & Doherty 1994, Fincham 1995). Jobs have been re-designed, working relationships revised and career opportunities re-defined. The extent and pace of such change continues and has already resulted in major job losses, in the region of 100 thousand from the industry over the past four years (White 1993). This trend looks set to continue throughout the financial services sector with the persistence of mergers and reorganisations. Official statistics from the British Bankers Association showed that the number of employees in the banking industry has fallen from a peak of 445 thousand in 1990 to a recent estimate of 370 thousand (The Guardian October 14 1995). Therefore this particular business domain is a high profile example of companies which have endured successive tranches of redundancies and the demise of security of employment for many individuals (Fisher 1989, Hartley *et al* 1991, Bridges 1995) and reflects many of the issues pertinent to the survival of change, across sectors (Doherty, Bank & Vinnicombe 1995).

The successful transformation of organisations relies heavily on managing the people who remain, through the organisational and personal transitions imposed by change. Many organisations have already recognised the need to help departing individuals in



their passage out of the organisation, by going beyond the basic legal minimum financial package and providing help in the form of outplacement. Outplacement is the combination of services including counselling, skills assessment and training in job search and interview skills (Hogg 1988, Hyde 1988, Eggert 1991) It has reached a normative stance in the severance packages of many organisations (Boynton & Thomas 1991, Crofts 1992, Woodger 1992). The benefits of outplacement are also increasingly viewed as a possible damage limitation exercise for remaining employees, where those who remain see the organisation "doing right" by those made redundant (Right Associates 1992, Doherty, Tyson & Viney 1993, Doherty & Tyson 1993).

However, it has been acknowledged that remaining employees or 'survivors' often experience the effects of the transition imposed by major change as deeply as those who are made redundant. The phenomenon of 'survivors syndrome' was identified in the mid 1980's following research which suggested that the productivity of remaining employees could be dramatically affected by a lay-off situation (Brockner *et al* 1985, 1986, Brockner 1986). The behaviours and emotional reactions often exhibited by remaining employees can range from shock, animosity towards management, concern about colleagues and guilt, to fear about future job security (Brockner *et al* 1987, Brockner *et al* 1988, Brockner *et al* 1992a, 1992b 1993, Boroson & Burgess 1992, Buch 1992, Froiland *et al* 1993, Rice & Drelinger 1991, Richey 1992,)

Recent survey research in the US and Canada provided some empirical evidence of the perceived impacts of 'survivors syndrome' (Armstrong-Stassen 1993, Pinola 1994, Right Associates 1992, Skopp 1993). These included a lack of confidence in the employees' own future, job insecurity, a lack of trust in the organisation, job related stress and uncertainty about new role expectations among remaining employees. Some of the complexities of the situation were apparent. For example, employees appeared more confident in the organisation's future than in their own future, they were more likely to retain trust in each other than in the organisation and while information about the organisation's new objectives was given, little was communicated about career management for individuals.

Previous research has indicated that lay-offs may affect the work attitudes and behaviours of 'survivors' in complex ways. (Brockner *et al* 1987, Brockner *et al* 1988). For example 'survivors' reactions' to the perceived injustice of the situation may result in distancing from either the lay-off 'victims' or the organisation depending on prior levels of attachment. Such research has also indicated that 'survivors' commitment to the organisation can be mediated by the way in which the organisation displays reciprocal commitment both in the management of those leaving and those remaining. Brockner (1992) suggested that many of the contributory factors to 'survivors syndrome' can be influenced by the way in which the situation is managed, as they are factors which managers can control and that initiatives could be applied to address the potential impact on 'survivors'. He indicated that a change management process, with special consideration for the 'survivors', is critical. This includes

addressing the perceived fairness of the lay-off decisions and the subsequent changes in working conditions such as new work roles and changed opportunities, which impact on 'survivors'.

Further in-depth case research in the UK has indicated that the detrimental effects for remaining employees can be somewhat alleviated if the organisation is seen to be attempting to handle the situation fairly (Guest & Peccei 1992). Details such as how the notice of redundancy is communicated and whether good services were provided to soften the blow for those leaving, all have significant symbolic meaning to 'survivors'. Other variables such as the working conditions after the redundancies, have an impact on 'survivors' productivity, loyalty and commitment to the organisation. Guest & Peccei studied the closure of a site in British Aerospace in 1986. Although an employee involvement strategy was in place, extensively used and highly valued, a number of 'survivors' felt worse off (42%) and stressed (59%) as a result of the event. This research is a potent indicator of the difficulties experienced when attempting to address the range of issues which arise for 'survivors', even in organisations which have attempted coherent approaches to the management of the change process.

Downsizing, reorganisation and restructuring are usually instituted to streamline and improve organisational performance. However, the negative impacts of 'survivors syndrome' may mean that the anticipated improvements in performance will not be realised. When the recession in the UK ends, organisations will be facing the challenge of ensuring the right people are in place and are motivated and committed to the future success of the company, therefore it is essential that transitions are managed carefully.

There is a complex array of issues pertinent to the management of survivors of change, yet research in this area in the UK has been lacking and little has been done to explore the HR strategies, policies and practices being used to address the issue of 'survivors syndrome', within change management. In particular there is a need to explore organisational philosophies on change management for those employees who remain, since 'survivors' often have to adopt new roles, take on more work, cope with uncertainty and major cost reductions as well as assimilating and accommodating to the new vision for the organisation. Few attempts have been made to explore the intervention programmes or the evaluation techniques employed to assess such interventions for 'survivors' or the organisation, in the UK context.

## **RESEARCH METHODOLOGY**

Desk research of previous anecdotal, experimental, case and survey research on the phenomenon of 'survivors syndrome' was carried out and a number of areas for research were synthesized from this material (Brockner 1986, Brockner et al 1987,



Tombaugh & White 1990, Buch 1992, Right Associates 1992, Brockner et al 1993, Covin 1993, Skopp 1993, Feldman & Lena 1994, Pinola 1994). These topics included the perceived impact of 'survivors syndrome', HRM policies on change management, communication, type of intervention programmes used for remaining employees and the evaluation of the change. A self completion instrument was compiled and piloted on personnel / HR practitioners from within financial services organisations. Comments and suggestions were incorporated to produce the final instrument which was designed :

1. To determine the current drivers of change within the financial services sector and the perceived impact of such changes
2. To explore the strategies for managing change, particularly for remaining employees
3. To discover the evaluation processes used to determine the impact of internal programmes designed to manage major change

## **SURVEY DESIGN**

A survey methodology was adopted in order to obtain data across an industry wide range of organisations. A sample of financial services sector organisations throughout the UK was compiled including the Times top financial services sector organisations covering banks, building societies, insurance companies and investment trusts. A comprehensive spread of organisations were targetted including all the major players in the industry.

The survey population consisted of personnel / HR specialists, including HR directors and those in the HR function involved in the management of change. Personnel/HR specialists are best placed in the organisation to provide data regarding the strategies, policies and practices being used to manage major change, since it is typically the role of the HR function or department to co-ordinate and direct the implementation of major change initiatives. Although the data regarding the survivors reactions were based on personnel/HR specialists perceptions of the symptoms, in most cases this type of data is not available in any objective form, therefore personnel/HR specialists are one key source of information about the impact of change on survivors and is a method which has previously been applied in the USA.

Much of the literature focuses on anecdotal evidence with respect to the impact of survivor issues in the organisaitonal context and no studies in the UK to date had gathered information on the strategies, policies and practices implemented to manage survivors. This was the first attempt in the UK to gather data regarding the impact of the multitude of recent changes on these companies and the employees within them. A quantatitive survey methodology provided the means of gathering empirical evidence of the perceived impact of this syndrome in a traditionally paternalistic industry sector

which has relied on the encouragement of individual attachment and motivation through policies and practices which were essentially humanistic in nature.

## **RESPONSE RATE**

Responses were obtained from 170 personnel / HR specialists (a response rate of 19.2%), from 131 financial services organisations. This sample covered organisations employing over 500,000 staff in the sector, throughout the UK. These data provided a broad brush snap shot of the types of issues and problems typically facing organisations in this industry. The sample showed no significant differences from the survey population.

The survey provided exploratory data from which inferences can be drawn about the tacit impact of current changes and interventions on employees remaining in the organisation after change. Due to the contextual nature of the change situation, future research could usefully focus on in-depth analyses of survivors actual experiences of exposure to change management initiatives, within a case based methodology.

## **RESULTS AND DISCUSSION**

### **THE IMPACT OF CHANGE**

Personnel/HR specialists clearly recognised the impact of 'survivors syndrome. Their perceptions of the reactions of survivors such as decreased motivation, morale and loyalty to the organisation and increased stress levels and scepticism suggested that remaining employees were often acutely affected by the change situation. These findings closely reflect previous research on personnel specialists perceptions of survivors reactions, in US organisations (Skopp 1993).

However, despite what appeared to be a relatively high level of awareness of the problems and issues of survivors syndrome, there was a lack of structured help being provided to address such 'symptoms'. Although 79% of respondents indicated that outplacement was provided for those leaving, programmes of help for those remaining were much less evident. Fewer than half of the respondents (45%) stated that their organisation provided structured help for 'survivors'.

The majority of respondents surveyed (62%) indicated that no evaluation of the change in the organisation was carried out, highlighting a lack of objective evidence on the impact of survivors syndrome or of the interventions applied. Where evaluation was done, this was most often done via attitude surveys (71% of respondents). The lack of structured programmes and lack of evaluation of the change process would suggest



that many organisations are launching into major change initiatives without consideration of the outcomes. Clearly, many organisations were facing major change situations without a strategic vision for dealing with the potential impact on remaining employees or for evaluating the outcomes of any programmes instituted (Doherty 1995).

As organisations struggle to survive through the current economic situation within increasingly competitive markets the focus on value for money, efficiency, cost effectiveness and bottom line results has become a major impetus for organisational change. In addition to the more immediate pressure to cut costs and increase efficiency (21% of respondents) in order to ensure the profitability and viability of the organisation, the drivers for change highlighted in the survey were structural and long term. Many respondents to the survey indicated that their organisation had encountered structural changes (79%) or rightsizing / downsizing (66%). In addition, the financial services sector has been under pressure from technological innovation and business process re-design (56% and 50% of respondents respectively), particularly the larger businesses, while some were attempting to gain competitive advantage through developing more sophisticated customer services (10% of respondents).

The survey also revealed that 80% of financial services organisations in the sample had made redundancies in the recent past and half of the organisations anticipated further redundancies in the next 12 months. Those organisations which had already experienced redundancies were more likely to be anticipating further redundancies than those which had not had redundancies, indicating that the pressures for change of the past few years look set to continue. Recent tactics within the sector focusing on merger and acquisition are illustrative of the pressures the industry is facing. Despite the talk of economic recovery employees are being subjected to successive waves of change.

Although change can be potentially traumatic some experimental evidence suggests that 'survivors' do respond by increasing performance and productivity because of feelings of guilt or fear of losing their position (Brockner et al 1986). Among the survey respondents, improved performance/productivity was perceived to be a key success. This may be a classic example of the 'survivor' reaction, where fear about their own security is translated into more concentrated and productive working among remaining employees. Also some of the changes encountered were as a result of technological and process innovations which were designed ultimately to improve performance and productivity. In combination with improvements in productivity and performance, customer complaints and absenteeism were reported to be little affected, suggesting a positive outcome for the organisation. Labour turn-over also was little affected but this may be a reflection of a stagnation in the labour market with few jobs available in general and within the industry in particular.

The outcomes at the organisational level, therefore, would appear fairly positive.

However, the detrimental consequences of major change and redundancy at an individual level were manifested in decreased motivation, morale and loyalty to the organisation and increased stress levels and scepticism amongst remaining employees. There were also many complex interactions between the perceived reactions of the 'survivors' and other variables surveyed. Where there were enforced redundancies there was a significant decrease in perceived security in careers. Confidence in the organisation's future appeared to increase but confidence in the individuals' own future decreased. There was a significant association between increases in confidence in the organisation's future and the provision of career management strategies. While loyalty to the organisation decreased, loyalty to peers remained the same signaling a change in allegiance from corporate identification to more close identification with colleagues and work groups. This is possibly heightened by an emphasis on team working and semi-autonomous work groups and the empowerment of employees to assume more responsibility which result from the introduction of initiatives such as business process re-design, total quality management (TQM) and technological innovations.

These data reflect a complex array of reactions and interactions between organisational and individual variables. Although organisations may become leaner and fitter after downsizing, achieving the objective of securing organisational long-term success and survival, individuals may not necessarily see a secure future for themselves within the new organisation. The types of changes experienced within the financial services sector are long term, for example redundancies in the big banks are planned over many years and look set to continue, therefore the scale of change may be so great that people are shell shocked. The future of the organisation may be perceived to be secure, but a bias towards bottom line organisational needs appeared to leave individuals feeling less secure about their own future within the organisation.

## **INTERVENTIONS**

The ways in which organisations in this sample were dealing with the change was apparent in the types of help provided for remaining employees. Although there appeared to be a lack of structured help for 'survivors', many respondents (93%) indicated that there were formal strategies in place for the retention and motivation of remaining employees. These strategies concentrated mainly on reward (84%) and training (83%). Strategies such as succession planning which is used to focus on the development and progression of individuals through the organisation, career management which concentrates on managing individual's opportunities and progression within the company and cultural change strategies which address the management of change were much less widespread. Fewer than half of the respondents reported the use of succession planning (43%), the career management (44%) or cultural change (38%) strategies. Communication strategies were in place, but again these appeared to focus heavily on providing information at the job and task level, such as information about reporting relationships (82% of respondents), performance expectations (74% of respondents) and changes in responsibility (72%) as opposed to



information about possible future changes (57% of respondents) or career opportunities (42% of respondents).

The findings suggest these organisations have generic strategies which can be applied to the change process but these have yet to be tailored at an implementation level to address the issues specific to change as experienced by the individual. Even the strategic focus of intervention appeared less concerned with the long-term position of the individual within the organisation and more geared towards shorter term aims of putting the business back on line. This may reflect a fire-fighting approach where the current pace and extent of change is such that it focuses organisational interventions on short-term requirements. Getting the business into gear is fundamental to the long term future of the company but this approach appears to be implemented to the detriment of addressing issues at the individual level. The survey results also indicated that the perceived reactions of survivors were more negative where no help was given, but there were no significant improvements even where help was provided, suggesting that the interventions being applied were, at best, merely maintaining a status quo.

These organisational interventions may reflect the tensions created by the current climate which is one of retrenchment and cut-backs, of justifications and accountability, rather than experimentation and risk (Legge 1984). In most organisations there is a continued desire for commitment and loyalty but also flexibility, while not being able to offer job security or support for individual development (CBI Financial Times 1994). Even those organisations which were traditionally paternalistic towards employees, appear to be shifting the emphasis from long-term to shorter-term time scales and priorities. Organisations need to be flexible in the short-term to maintain effectiveness and efficiency in order to sustain long-term survival. Short-term and flexible strategies are increasingly being used to help organisations to cope with environmental uncertainties (Tyson 1994, 1995). As evidenced in the current survey, this uncertainty seems to be translating into reaction by organisations and insecurity and anxiety for individuals. Yet help of the calibre of outplacement has yet to become a normative provision for those who remain in the organisation. This is possibly a result of the complexity and diversity of the potential impact of changes on survivors and the intricate nature of individual reactions to change (Covin 1993, Doherty & Horsted 1995).

## **ORGANISATIONAL CHANGE VERSUS INDIVIDUAL TRANSITION**

The nature of change *per se*, presents a complex, developmental, dynamic paradox. Change is continuous, involves contradictions and is interpreted and facilitated through people. Although often based on a illusion of rational behaviour, change manifests itself in the reality of contradictions; stability in tandem with instability, imbalances alongside equilibrium and confusion clouded in clarity. The persistent nature of such incongruities makes it difficult to model the

change process within the restrictions of *static words, numbers and diagrams* ((Felkins, Chakiris & Chakiris 1993 p 13).

However, in order to exist, organisations are required to try to make the unpredictable more predictable. Attempts to do this are encapsulated in the philosophies, strategies, policies and practices instituted to manage employees. Therefore, change management models endeavour to capture the change process and make explicit the many variables at play within a formula. Often there is an underlying assumption that employees are manipulable and malleable, which results in a lack of attention to the subjective experience and interpretation of the change situation at the individual level.

It is difficult to disaggregate the influences of the many change agents impacting on organisations and individuals. Hence models of change management which address the management of downsizing and other major changes which result in redundancy, provide only a partial framework for analysing the metamorphoses which individuals and organisations are now facing (Buch & Aldridge 1990, Cameron 1994b, Curtis 1989, Leana & Feldman 1989, Feldman & Leana 1994). Organisational change and individual transition involve complex dynamics as two specific but interrelated sets of processes. However, although acknowledging the need to address the individual level issues, change management approaches often tend to focus interventions almost exclusively at the organisational level, within a systems perspective (Legge 1984). The notion that the situation can be controlled by management, even though consideration is given to the survivors (Brockner 1992, Guest & Peccei 1992) tends to isolate the subjective elements of personal change.

## CONCLUSIONS

Personal change is a complex process influenced by many factors both internal and external to the individual, making it difficult to address, but it remains an integral part of the change equation (Hopson & Adams 1976). Survivors syndrome describes the very real consequences of change as experienced at the individual level and exposes the intricate nature of change for people. The climate created by the magnitude and pace of change currently being experienced, accentuates the individual within the change process, since many organisations appear to be changing the nature of the employment contract but are abdicating responsibility for individual job security, personal development and career management (Stuart 1995, Herriot 1992, Herriot & Pemberton 1995a, 1995b, Hiltrop 1995).

The need for interventions which help to address the individual perspective therefore is paramount in light of the current context, yet organisations are still struggling to meet this need. A few are at least recognising the potential impact if not moving to address the need to give individuals the tools and techniques to facilitate personal transition. A research agenda for the future which focuses on the integration of organisational change with individual transition needs, through case studies and longitudinal research



of change programmes and interventions, may shed light on the practical solutions that organisations can adopt to successfully address 'survivors syndrome' issues and to help individuals to accommodate, in an ever changing and insecure environment.

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## ■ Research Paper

# Re-engineering People—The Forgotten Survivors

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Decreased morale, motivation and confidence; increased scepticism, stress and insecurity; changing attitudes towards loyalty, employability and career—these are just some of the key responses of remaining employees (the 'survivors') which were identified by personnel professionals following changes in the financial services sector. This recent survey clearly indicated the potential impact of business process re-engineering (BPR) and other major organizational change initiatives on survivors. The generation of more appropriate responses and behaviours from individuals which match the new processes and technology are a prerequisite of successful BPR. This requires the management of three distinct issues: organizational change, personal transition and the psychological contract.

## BPR AND SURVIVOR SYNDROME

If you were lost, asked somebody for directions and were promptly told 'well if I were you I wouldn't start from here' you might consider this less than helpful information. With BPR this is exactly the piece of advice which has been given to, and accepted by, many companies. A 'blank sheet of paper' approach is applied to redesigning both processes and technology in order to make the 'quantum leap' in performance. However, when it comes to re-engineering people, it is less than helpful advice. It simply does not work and recent

research provides some hard evidence to explain why.

The Survivor Syndrome Survey was carried out by Cranfield Human Resource Research Centre and Working Transitions. It collated the opinions of 170 personnel specialists from 131 financial services organizations, employing 500,000 staff throughout the UK. The survey gathered data on personnel specialists subjective impressions of the impact of BPR and other major changes on those remaining in the organization—the *survivors*.

*Survivor syndrome*, a term originating from laboratory and field work in the US, has been applied to the mixed bag of emotions and behaviours exhibited by employees who remain in the organization after major change involving redundancy. A multitude of complex and variable reactions have been documented. These include decreased motivation and decreased morale. Survivors may increase work efforts or work less hard. They can be affected by the perceived fairness of the lay-offs and may show signs of anger, guilt and scepticism. Stress and worry about job security are

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also found among survivors as working conditions often change and there may be fewer career opportunities within the organization. This myriad of reactions can be found in many combinations and levels of intensity among remaining employees.

## CHANGES IN THE FINANCIAL SERVICES SECTOR

Technological innovation and BPR initiatives were identified as key drivers of change by 56% and 50% of respondents respectively. In addition, there were immediate pressures to cut costs and increase efficiency, plus structural and long term drivers (see Figure 1). Four examples illustrate the point: the BPR led recovery of both Birmingham Midshires and National and Provincial Building Societies; the Lloyds Bank acquisition of Cheltenham and Gloucester Building Society; the Halifax and Leeds merger/bank conversion; and the Norwich Union downsizing announcement.

Structural changes	78.8%
Rightsizing/downsizing	65.6%
Technological changes	54.3%
BPR	50.3%
Take-over/merger	16.6%
(n=147 respondents)	

Figure 1 Key drivers of change for financial services organizations

Three-quarters of the financial services organizations had made redundancies in the recent past, supporting other reports that about 100,000 jobs in the sector have disappeared in the last 2 years (White, 1993). Half of the organizations anticipated further redundancies in the next 12 months, most likely from those which had already experienced redundancies. Clearly, the pressures of BPR and other drivers of the past few years look set to continue independent of the current economic recovery. Indeed one growing consensus suggests that we are not even in the middle of the process, but on a continuum of major change—as one cynic from a bank put it ‘in 5 years’ time, these will be considered the good old days!’.

## THE HUMAN ELEMENT IN BPR

Willmott (1994) suggested that many BPR initiatives have ignored the human element and decries the

assumption that ‘employees are infinitely malleable, passive commodities who are indifferent to how they are managed’ (p.44). He proposed that BPR contributes to an immediate or deferred threat to job security and conditions of work. The impact of major change can leave employees feeling shell-shocked and previous analysis has likened the reactions to change to a grieving process (Brockner *et al.*, 1985, 1986). Survivors may have lost friends or colleagues, lost status or grade, they may have lost ‘the way we do things around here’ and many simply do not know what constitutes an appropriate response. As with any grieving process it will be unique to each individual in its depth and pace of reaction.

The survey results highlighted many such reactions. Personnel specialists indicated that the change situation resulted in a decrease in employees’ morale and motivation and loyalty to the organization. It appeared to leave survivors feeling more stressed and sceptical and prompted strong feelings of insecurity with respect to jobs and careers. There also appeared to be many complex interactions between the reactions of ‘survivors’. Where there were enforced redundancies a significant decrease in security in careers was observed. Confidence in the organization’s future appeared to increase while individuals’ confidence in their own future decreased. Essentially, survivors could see that the new leaner, meaner ship was more likely to stay afloat, but they seemed very unsure if they would be on board in the future. While loyalty to the organization appeared to decrease substantially, loyalty to colleagues/peers either remained the same or, for a significant minority, actually increased. This would appear to indicate a changing definition of loyalty where allegiance to corporate identification is being replaced by a closer affiliation with colleagues and work groups. Some of these reactions may reflect the changing nature of work within organizations as a consequence of redundancy and transition with the lack of long-term stability and security translating into personal insecurity for remaining employees.

## RE-ENGINEERING WORK ROLES

Hammer suggested that companies need ‘fast change and dramatic improvements for successful BPR’ (1990, p.112). The relevance of work related knowledge was reported to remain the same or increase for the survivors. This may suggest that because of the re-design of jobs and work roles, there is a need to continuously update work related knowledge and skills to keep abreast of the changing environment and the new demands of work roles and tasks.



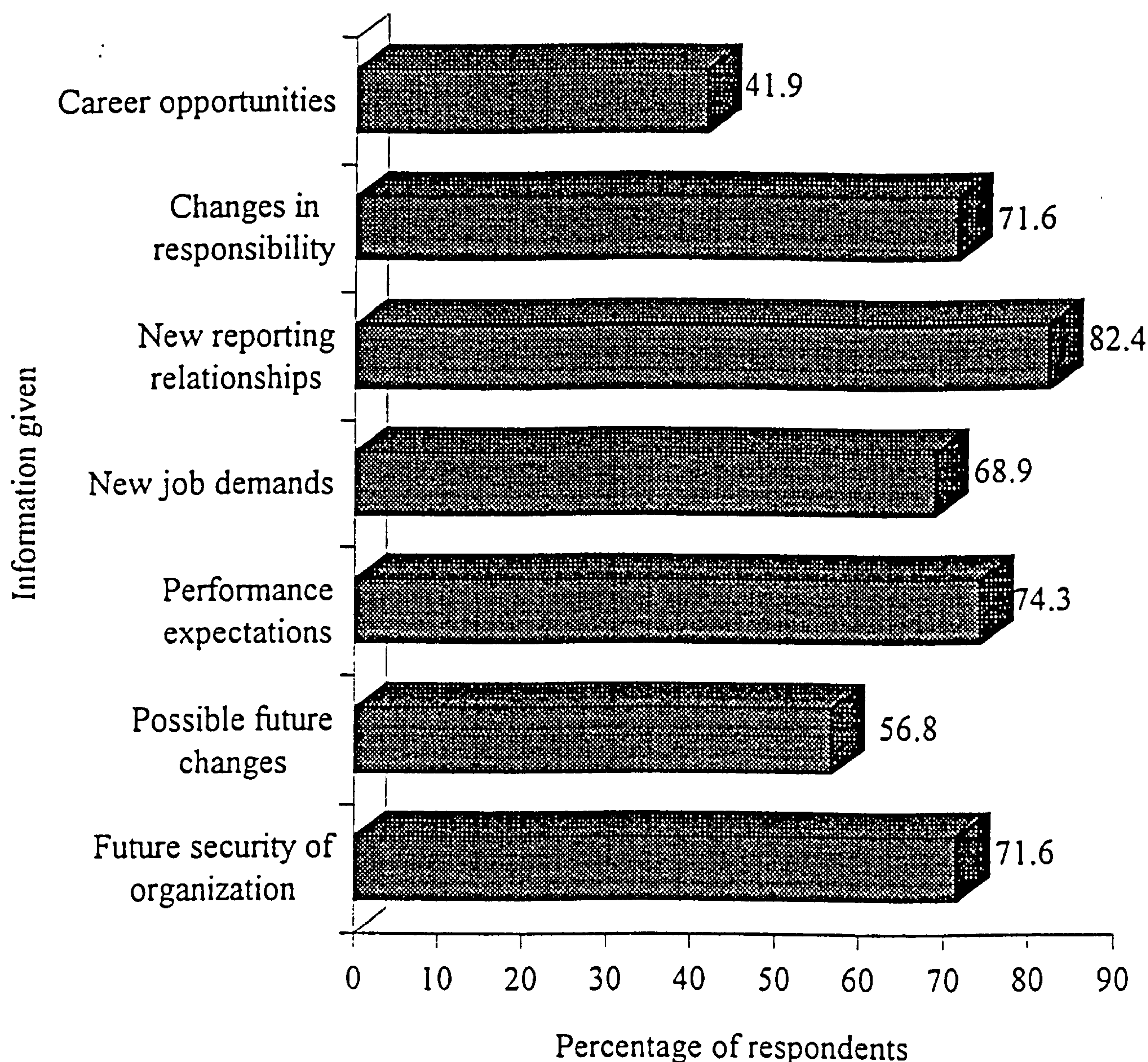


Figure 2 Type of information given to remaining employees

Many of the changes necessitated by technological innovations and business process re-design involve a more quality focused approach and empowering employees to assume more responsibility. Survey respondents indicated an increase in the use of semi-autonomous work teams and total quality management (TQM) after the changes. Many technological and process innovations are designed ultimately to improve performance and productivity. Despite change being potentially traumatic some experimental evidence suggests that 'survivors' do increase performance and productivity as a response to the change because of feelings of guilt or fear of losing their position (Brockner *et al.*, 1986).

Among the survey respondents, productivity was perceived to have increased, while customer

complaints, absenteeism and labour turn-over appeared to be little affected. Therefore overall, the immediate or short-term outcomes for the organization appeared to be positive. However, the survey revealed that a large number of organizations (80%) had not measured productivity objectively. It is possible that increased productivity was assumed by virtue of the fact that the same output was being achieved with fewer staff, ergo remaining staff must be more efficient. Cooper (1994) refers to inappropriate behaviours exhibited by 'presentees', the 'survivors' who, through fear, work long hours not to be efficient so much as to be seen at work. The survivors perceive this behaviour to be the most appropriate in order to avoid the next drop. They may or may not in practice be right, but



we question the desirability of this behaviour for either the individual or the organization.

## COMMUNICATING ABOUT CHANGE

Following major change, respondents strongly indicated that survivors were demanding more information. Most organizations were reported to be providing more information about the changes to staff, yet communication was identified as one of the three most apparent failures of the change process. In the face of uncertainty and insecurity, remaining employees often seek more information to allay fears about the future. The type of information provided to remaining employees appeared to focus on immediate job demands and the organization's future rather than on the individual's future within the organization. Clarity about immediate job and task expectations is necessary, but there appeared to be much less emphasis on the long-term security of individuals (see Figure 2 for type of information given to remaining employees). Both the quantity and quality of communication need to be considered as synergy in content and focus must be achieved if it is to be perceived by employees as effective. It is important to deal effectively with the organizational issues and communicate about them to staff, but it is also critical that staff know not only what new behaviours are expected of them but where they 'fit' into the new organization.

## BPR, THE ORGANIZATION AND PERSONAL TRANSITION

The survey clearly highlighted the sensitivities that employees can experience when subjected to major change and serves to illustrate the potential impact of an obliteration philosophy. In any change situation it is important to distinguish between organizational change—the external event; and personal transition—our own personal and unique reaction to change. These are separate and independent processes. However there is a dangerous mind-set which makes an assumption (implicit or explicit) that provided the organizational issues are dealt with then the survivors must be OK—after all, they're lucky to have a job! As the survey results highlight, remaining staff don't automatically feel lucky. For BPR to generate improved performance the new organization must generate new appropriate behaviours from the surviving staff. This process happens in units of one.

When organizations radically change orientation, individuals need to adapt not only to the organizational changes, but also to the personal transition they experience, in order to successfully reach a new equilibrium (Horsted and Doherty, 1994). The survey results suggest that in many instances following major change individuals and organizations remain out of synch. One reason for the schism may be that organizations are often buying only half of the new psychological contract. In contrast, organizations could follow the same route as Rover, where employees have been offered job security as part of the new psychological and legal contract. Here, the rules of the game are being made absolutely clear through an explicit and unequivocal statement of the relationship being sought with the work force. Of course, the risk for many organizations is that this is a promise which they simply cannot sustain, and when broken can have a very detrimental effect on the psychological contract. However, some organizations cannot, or do not, wish to offer employment security. They equally do not want to lose the traditional employee loyalty which was part of employment security because it is assumed that this generates committed and motivated workers.

Organizations could move to employability as a conceptual model rather than employment and find alternative ways to develop skills and retain and motivate employees. In an increasingly insecure environment the development of transferable skills, focusing on employability rather than employment, will be an important route via which employees can attain security for themselves as they increasingly recognize that they have a range of employable skills and not a job for life. Motivating these people, therefore will require offering them opportunities for self-development and an ability to manage future change, for their own benefit and for the benefit of whoever they may be working for in the future. In practice most organizations end up somewhere in the middle. Faced with major change, they do not have a clear vision of what the new relationship should look like, hence they can send a host of conflicting messages to employees which may appear as short-term tactics. Employees then feel confused and do not understand what is expected of them.

## HR INTERVENTIONS FOR 'SURVIVORS' AND 'LEAVERS'

Previous research on the ways in which organizations achieve a 'fit' between human resource management strategies and business objectives



suggested that many organizations were using short-term and flexible strategies to help them to cope with environmental uncertainties (Tyson, 1994). In the uncertain environments of today, many organizations need to be flexible in the short-term to maintain effectiveness and efficiency, to sustain long-term survival. However, the CBI (FT, 1994) expressed deep concern about how organizations can reconcile their continued desire for commitment and loyalty, with the new demands for flexibility and an inability to offer job security. It may be by design rather than accident that organizations focused on short-term needs since they were unable to give reassurance about job security or how the individual fitted into the new environment. The long-term 'cost' to the organization may be great, in view of the adverse reactions of remaining employees, highlighting the tension between organizational and individual needs. The data obtained here indicate that individuals experience the apparent short-termism of organizations in personal insecurity and anxiety.

#### HELPING TO EASE THE TRANSITION

It has been suggested that the provision of structured help can be a major factor in helping 'survivors' to overcome some of the 'symptoms' such as decreased motivation, morale and anxiety (Brockner *et al.*, 1987; Brockner, 1992; Guest and Peccei, 1992). It is suggested that these can be alleviated when 'survivors' perceive the situation to be fairly handled for both those leaving and those remaining. Many organizations surveyed already dealt with the management of redundant employees through the use of outplacement (79% of respondents indicated that outplacement was provided). However, fewer than half of the respondents (45%) indicated that structured help was provided for 'survivors'. Where help was provided, the focus appeared to be on the short-term rather than the long-term, with an emphasis mainly on training and rewards. This may reflect a fire-fighting approach where the current pace and extent of change is such that it focused organizational interventions on the short-term needs for managing the change. Training in new job skills for new work roles is a fundamental short-term requirement and reward strategies may be used to re-build organizational commitment and attachment for remaining employees in the short-term. The need to respond quickly to current major change issues appears to have concentrated efforts at a job or task level. Where structured help was provided there were no significant improvements in

the 'survivors' reactions. However, there appeared to be stronger negative reactions where no help was given. This may be an indication that structured programmes can help to counteract negativism but the help provided needs to focus on what employees perceive to be important to them as individuals; where do I fit in and what do all these BPR messages mean for me?

#### FOCUS ON THE FUTURE

There was a significant association between the use of career management strategies and perceptions of employees' confidence in the organization's future. However, overall there was less emphasis on the individual's long term future within the organization as fewer than half of the respondents reported the use of succession planning (42.6%) or career management (44.1%) strategies as part of the change management process. This may again be a reflection of the need to respond quickly, within short-term strategies. It may also indicate a lack of stability and security, where organizations are now less able to guarantee security or long-term career opportunities which is reflected in employees feeling insecure about their own future within the organization. The survey also highlighted that excitement/innovation was perceived to have increased for a significant minority of 'survivors' (37%). This a very important response which needs to be encouraged, to elicit the desired behaviours from employees. The people who find change exciting must be nurtured to become the champions of change amongst their peers.

These findings suggest that if organizations continue to focus on 'organizational' needs, goals and requirements without more considered attention to the complex array of 'individual' reactions and perceived needs, the types of help currently provided may have a minimal impact on 'survivors syndrome' at the individual level. Companies will need to consider what combination of internal and external intervention is appropriate to their circumstances and dovetail the delivery of this help.

#### BPR AND PEOPLE—A CONCEPTUAL FRAMEWORK

Hammer (1990) suggested that the demands imposed on employees by BPR needed an educated work force that no longer required close supervision. Many organizations are currently aspiring to this but Willmott (1994) observed that the methods to 'produce' this work force remain a mystery.





Figure 3 *Managing survivor syndrome*

While it is important to understand the existing processes and technology before embarking upon BPR, essentially the route chosen will be independent of the 'as is' position. However, no matter how radical the subsequent redesign, the resultant processes will be implemented by employees drawn either partially or wholly from the existing work force. It has taken many within the BPR fraternity some time to take on board fully the importance of the people issues. Even where the HR issues are being addressed it has often been in relation to a 'conventional' change model which focuses on issues such as performance management, training and development, succession planning and industrial relations. These are important elements however, they do not represent a complete model.

It is our contention that to effectively tackle 'survivors syndrome' within BPR initiatives, HR interventions must not only address the organizational issues, but crucially also personal transition and the psychological contract (Figure 3). Essentially, organizational change and personal transition are two independent processes linked together by the psychological contract. This contract is the glue which binds people and organizations together in a stable relationship; a relationship where there is mutual understanding and acceptance of the rules and behaviours sought (Herriot, 1992). The three areas in the dynamics of the interaction need to be considered in order to redefine the new working relationship between the individual and the organization.

Two issues highlighted in the survey were a changing definition of loyalty and a shift away from employment towards employability. These may represent the roots of a new, more appropriate psychological contract. For the individual this new psychological contract would offer the opportunity to truly take on board personal career ownership rather than hearing the rhetoric. Whether as a leaver or a stayer, individuals would also be better equipped to cope in terms of both personal and

organizational skills. For organizations, it offers the ability for more flexible change and the opportunity to generate more appropriate behaviours. However, it will involve a quantum leap of management thinking to ensure that employees become more able to leave but more motivated to stay. Evidence from the survey suggests that by concentrating on the organizational issues and neglecting the equally key issue of personal transition, organizations are reducing their effectiveness and increasing the probability of the change process failing.

## MANAGING ORGANIZATIONAL CHANGE

Moving from the old to the new organization requires consideration of the new processes and technologies and people issues such as the impact of structural changes and policy changes relating to recruitment and selection, corporate communication, job redesign, new performance and rewards systems and changing skills sets and competences. The organizations best prepared for a BPR type initiative understand and plan for the organizational issues within a change programme (even if the final implementation is not always quite as effective!). The results of the survey suggest that organizations are more comfortable with these issues, but clearly, some organizations struggle even get to this first base successfully.

## FACILITATING PERSONAL TRANSITION

The range of individual reactions to radical change is a major component in the equation. This includes the emotional and physical response along with the psychological process through which people accommodate to beginnings and endings, accept and manage change and develop new perceptions and new realities which can allow personal growth and development. This seems to be the area which is substantially neglected by organizations possibly



for several reasons. The bottom line implications and contribution to success of a BPR initiative are only now being realized by many companies. In addition, although just as real, the subject matter of personal transition is less tangible and therefore more difficult to grasp and manage. Concentration on the more visible 'macro' HR issues tends to be easier, but can disguise the 'micro' aspects of the individual concerns. This organizational focus and mind-set combined with the unwritten rule that the survivors must be okay because they still have a job can lead to an unbalanced approach to the management of the change situation.

### RENEWING THE PSYCHOLOGICAL CONTRACT

The psychological contract is the binding force which defines the relationship between individuals and the organization. The psychological contract encompasses individual aspirations and expectations, motivation and motivators, lifestyle and career anchors, perceptions and beliefs as well as corporate culture and the unwritten rules, symbols and rituals of the organization. In the face of changes such as those imposed by BPR a renegotiation of the psychological contract is necessary to achieve equilibrium again. The organizational messages and symbols need to reflect the type of relationship it desires with its employees in terms of the evolving culture in order to encourage consistent behaviours. There must be clarity about what is being offered in the post BPR relationship. Perception is reality, therefore, the messages being sent must be seen as consistent and understandable. The content of the offer and the way it is communicated will determine whether employees accept and buy in to the new relationship. Beyond the obvious financial rewards communication needs to address issues such as job security, skills acquisition, developmental opportunities, growth and employability in order to ensure that individuals understand what is valued by the new organization, what new behaviours are required, what they are expected to deliver and how. Individuals may take some time to move through the cycle of shock, denial and capitulation before realigning to the new organization. Communication must be clear to enable them to decide if what is on offer is sufficient for their needs and whether they perceive the transaction as adequate to meet their needs.

### MANAGING SURVIVOR SYNDROME

So far we have established the potentially negative impact on both organizations and people and

proposed a model to facilitate an understanding of the dynamics of survivor syndrome. The analysis would be incomplete if we did not consider the appropriateness and value of HR interventions. The first key point is that what constitutes an appropriate HR intervention will be contextually bound. Each organization will be facing a different set of issues and a unique environment, therefore, there is no one all embracing solution to the people issues. A great deal of the subject matter is essentially concerned with behaviour, both appropriate and inappropriate. Behaviour comes from within and, likewise, the solutions need to come from within, therefore care and sensitivity is required when interventions are utilized.

At the organizational level skills training and performance management systems need to be designed to encourage the desired behaviours. These do not have to be overly sophisticated. They simply need to be relevant to the business objectives required behaviours and appropriate for the individual. Similarly communication needs to be consistent and include individual issues as well as organizational issues. The consistency required relies heavily on the behaviour of the top team. No intervention to change behaviour will be sustained unless senior management understand and have a feel for what behaviours and responses are being sought at every level, including themselves. If the words and actions of managers are not consistent, staff will always respond to management behaviour—the words will be irrelevant. At the individual level personal and career development, employability and the development of coping strategies and skills to deal with change are fundamental.

### A PRACTICAL APPROACH TO SURVIVOR SYNDROME

A four stage process can be identified which provides a framework for identifying and addressing the issues within survivor syndrome (Figure 4).

All of the key issues can be tackled by a combination of events, workshops, one to one coaching and counselling. Whether these are best delivered internally, externally or via a combination of both will depend upon the circumstances of each organization and the availability of the right resources.

### CONCLUSION

Organizations are becoming increasingly aware of the cost of survivor syndrome during and after BPR initiatives. The impact of survivor syndrome and the importance of managing both the leavers and



<p><b>Corporate diagnostic.</b> Essentially, an audit of individual and organizational needs. Any solutions will be specific to the circumstances and environment of each organization. An understanding of staff reactions and behaviours is important, but beyond this it is critical to establish the solutions in terms of appropriate intervention content.</p>
<p><b>Top team and influencers.</b> It is paramount that managers assess, agree and 'buy in' to the desired behaviours and management styles. Implementation must be considered at this stage, but too often an essential prerequisite is omitted—what new behaviours are required of me as a senior manager?</p>
<p><b>Management Intervention.</b> Managers and supervisors need to understand and accept the nature of change and what constitute appropriate styles and behaviours. Managers may require individual support and new skills development. Staff motivation, planning and communication are key elements.</p>
<p><b>Personal change programmes.</b> What we all really want to know as individuals is what all the BPR messages mean for me and how do I fit? How do I make sense of it all and cope with change? What positive action do I need to take and what responsibility do I have for my own development and career management? These issues can be clarified for the individual through programmes which focus on the personal experience of change.</p>

Figure 4 A practical approach to managing survivor syndrome

the survivors must be on the agenda of programmes for the management of such major change. Organizations must consider what new behaviours are sought, how they will be generated and maintained and how individuals can be equipped to cope with change, both in terms of frequency and scale. For BPR to be successful the people issues must be considered at three critical levels; organizational change, personal transition and the psychological contract. Interventions need to tackle both organizational and individual issues. The key is to establish the combination of internal and external interventions appropriate to the unique set of issues within each organization.

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**SWP 6/96    30 YEARS ON - WHAT HAVE WE LEARNED  
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***30 Years On - What Have We Learned About Careers ?***

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### **Abstract.**

*In everyday conversation, the term 'career' is generally understood to refer to the sequence of work-related experiences an individual has over the course of their working lifetime. For many people, a 'career' is distinct from a 'job', since it also conjures up images of steady, even logical, progression up organisational hierarchies. It is not simply about what one does for a living, but about what an individual has done, does now, and might do in the future; the notion of career therefore embraces the dimension of time. In the light of widespread organisational restructuring and economic uncertainty since the late eighties, many of the taken for granted assumptions which have underpinned traditional notions of career, and in particular the organisational career, no longer seem valid. Both individuals and organisations are finding it increasingly difficult to conceptualise the idea of a logical ( long term ) sequence of work-related experiences; there is no longer a clear and mutual understanding of what the career means to both individuals and organisations. This paper argues that both individuals and organisations can meaningfully redefine the notion of career by reconsidering its broader theoretical underpinnings.*

## ***Introduction.***

In both the academic literature and practitioner press, much has been written about the death of the career and the emergence of a new deal in employment. This new deal, which no longer assumes a guaranteed career for life, has emerged in the light of organisational restructuring and, in particular, with the emergence of flatter organisations [ Herriot & Pemberton, 1995 ].

Pervasive definitions of organisational or managerial careers encompass notions of hierarchical progression; that is, a sequence of work positions of increasing responsibility and seniority over time [ Arthur, Hall & Lawrence, 1989 ]. However, the flattening of organisational hierarchies has reduced or eliminated entire levels of management and, as such, career paths have become increasingly blurred [ Inkson & Coe, 1993; Nicholson & West, 1991 ].

A high profile example of such change is exposed through the examination of graduate career management. The traditional rationale for employing graduates has been to provide a pool of high potential talent from which organisations may select their senior management of the future [ Herriot, 1992 ]. Thus, graduate recruitment has traditionally been linked to managerial succession strategy, with graduates being viewed as *feedstock* for senior management [ Tyson, 1995 ].

However, as planning horizons become shorter, and the future needs of organisations become less clear, organisations are finding it difficult to articulate a 'new' definition of career. In many cases, senior managers are stating that they no longer offer careers but rather *opportunities for development*, and that the responsibility for career development now rests with the individual [ Herriot & Pemberton, 1995; Hirsh, Jackson & Jackson, 1995; Viney, Adamson & Doherty, 1995 ].

In this paper, we argue that there is a need to re-examine the theoretical assumptions which underpin the notion of career. In so doing, we prepare the ground for a redefinition of a concept whose time is far from over. In short, the pervasive definitions of career in the last thirty years are no longer tenable. Environmental turbulence and organisational change now require a broader definition of the concept, one which facilitates both what organisations want and can deliver, and which recognises the growing importance of individual career and self management.



### *The Meaning of Career in Everyday Usage*

When people talk in everyday language of having a career, it is generally assumed that they are referring to their *work* career; that is, some reference to what they do for a living, who they work for, or what they have written on their curriculum vitae. Thus, simple definitions of 'career' might include: "...*the sequence of work-related positions occupied throughout a person's life.*" [ London & Stumpf, 1982:4 ] or "...*the evolving sequence of a person's work experiences over time.*" [ Arthur, Hall & Lawrence, 1989:8 ].

By definition, 'career' ( deriving from the French, *carriere*, meaning road or course ), implies a route which one is following, a route which has both direction and purpose. Thus, a key issue in the definition of career is the recognition of what Hughes (1937) called the *moving perspective of time*. Without some ordering of work experiences over time, and without some logic to the linkages between successive positions occupied over time, the career journey ceases to have meaning.

In the context of organisational careers, therefore, the career concept implies a relationship between employer and employee over time. It conjures up images of planned development, often of a hierarchical nature, and it suggests a logical sequence of work events and experiences. Thus, a career is not simply a job; it is something which embraces notions of development and logical progression.

But this is not the whole story. The concept of career is much broader than the exclusively work-related definitions of career which have dominated management thinking and practice in the last thirty years. From an economic perspective, for example, the career may be viewed as the vehicle through which *human capital* is accrued through a lifetime of education and experience [ Becker, 1975 ]. Alternatively, from a political science perspective, the career may be seen as the sequence of endeavours to maximise self interest, through successive attempts to gain power, status or influence [ Kaufman, 1960 ].

However, in order to understand the most pervasive conceptions of career, we need to re-examine the contributions of sociologists and psychologists to the development of career theory. There is also a need to distinguish between *the* career concept as conceived by the Chicago School of Sociology and contemporary notions of a work career, ( the latter being a subset of the former ).

***The Meaning of Career to Organisations and Individuals.***

From the organisational perspective, both conceptually and practically, the notion of career has many benefits. At its simplest, the career concept is useful for planning purposes, particularly in the context of management succession planning, and especially where the culture or philosophy of the organisation is to grow its managerial talent from within.

By creating a career structure, organisations are able to move their most valuable people through a series of planned positions in order that they may learn the ropes, learn what the organisation is about and, in principle, develop both the knowledge and skills either to occupy general management positions or, in the case of professionals, to enhance status.

Thus, the notion of career, construed as a *logical* sequence of work positions, allows organisations to manage a group of high potential individuals ( e.g. a cadre of graduates ) to enable them to fill current jobs, move through managerial levels, and to meet future organisational needs [ Herriot, 1992 ]. It is thus a pervasive, and explicit mechanism for the effective management of human resources.

However, the notion of career also allows organisations to negotiate employment contracts at the subjective / implicit level. The psychological contract embodies the implicit expectations of both the organisation and the individual, and is central to this process. The psychological contract is a powerful device for developing a sense of loyalty: it hooks people in to an organisation. This is particularly the case where employee benefits ( e.g. housing loans, stock options etc. ) generate the need for a long term relationship.

To individuals, the career may have many meanings. For some, it may be the vehicle through which basic economic needs are satisfied. For others, it may provide a sense of self identity, social status or social worth. In other cases, the career may symbolically represent an individual's *Life Dream* [ Levinson *et al*, 1978 ], offering structure, direction, meaning and purpose to their daily activities.

Thus, whilst we may conceive of work as primarily a social activity, a career implies much more than exclusively an exchange of labour for financial return.



### ***Back to the Roots of Career Theory.***

Beginning in the 1920's, the Chicago School of Sociology studied the *life histories* of the local community. They were interested in social ecology, demography, urbanisation, and social deviance, and their goal was to understand how people construed their lives [ Barley, 1989 ]. When the Chicago sociologists used the term career, they were therefore referring to an heuristic concept, one which is applicable to a wider range of situations than is typical of current usage.

In 1931, Clifford Shaw wrote a seminal paper entitled *The Natural History of a Delinquent Career*. The basic thesis of Shaw's work was that the unfolding of an individual's life was bound to the contingencies of his social situation. In other words, the pattern of the delinquent's life was determined by a series of relationships with significant others, which helped to determine his sense of self. Shaw concluded that the delinquents' careers developed in a series of typical stages, and such conclusions were also reached by other writers who talked of career periods, phases or cycles, applying this notion of career to the lives of myriad social actors; e.g. doctors, dancers, and marijuana users. [ Becker, 1953; Cressey, 1932; Hall, 1948 ].

The Chicago sociologists therefore identified three important components - the situational, the relational and the chronological - which are as relevant to contemporary conceptions of work career as they are to the career concept generally.

To talk of careers within this broader framework, is therefore to talk of the sequencing of an individual's life roles and experiences, in a specified social environment, over time.

### ***The Last Thirty Years - Developments in Career Theory.***

In the last thirty years, different disciplines have applied different definitions to the career concept. Sociologists, for example, have viewed the career as the unfolding of social roles, emphasising individuals' contributions to the maintenance of social order [ Van Maanen & Barley, 1984 ]. Alternatively, they have talked of the career as social mobility, seeing the series of positions held over time, represented by, for example, a person's title, as indicators of social position [ Blau & Duncan, 1967; Featherman & Hauser, 1978 ].

By contrast, psychologists have tended to view the career in one of three ways. First, the career as vocation, focusing on personality-occupation matching, in ways which are mutually beneficial to the individual and the organisation [ Holland, 1985 ]. Second, as a vehicle for self-realisation and individual growth [ Shepard, 1984 ]. Third, the career has been conceived of as a component of the individual life structure [ Levinson, 1984 ].

For the most part, prior to the mid 1970's, psychologists and sociologists were addressing the notion of career from traditional disciplinary perspectives, trying to predict the suitability of the individual to certain work roles, and to explain the dynamic social exchange processes defined by individual-organisation interaction.

However, in the late seventies, there began a period of concerted effort toward the development of career theory as a discipline in its' own right, with the emergence of the *career management perspective* and of practitioner-oriented inquiry [ Hall, 1976; Kotter, Faux & McArthur, 1978; Schein, 1978; Van Maanen, 1977 ].

During the eighties, the focus was on organisational practices and human resource systems [ Brown & Brooks, 1984; Dalton & Thompson, 1986; Gutteridge, 1986; Sonnenfeld, 1984 ], as well as on a re-consideration of the processes of individual-organisation interaction, negotiation and psychological contracting [ Joyce *et al*, 1982; Rousseau, 1989 ].

Since the mid-eighties, though, career writers have expanded their interest far beyond the traditional perspectives of psychology and sociology, and have adopted a multi-disciplinary orientation. Thus, the major contributions to career theory in the last ten years have sought to reflect;

"...the relationships between people and the providers of official position, namely institutions and organisations, and how these relationships fluctuate over time. Seen in this way, the study of careers [ has become ] the study of both individual and organisational change...as well as of societal change." [ Arthur, Hall & Lawrence, 1989:8 ]

Writers have thus begun to pay more attention to the careers of women [ Astin, 1984a,b; Bardwick, 1980; Gallos, 1989; Gilligan, 1980, 1982 ]; to work-family conflicts, [ Amatea, *et al* 1986; Higgins & Duxbury, 1992a,b; Kinnier *et al*, 1991 ]; and to the unique challenges faced by the dual career couple [ Bailyn, 1984; Burke & McKeen, 1993 ].



Attention has also focused on the management of career transitions, [ Howard & Bray, 1988; Nicholson, 1984; Nicholson & West, 1988 ]; the consequences of organisational re-structuring and alienation [ Janssen *et al*, 1994 ]; and the measurement of career commitment [ Blau, 1988; Colarelliu & Bishop, 1990; Morrow & McElroy, 1987 ].

Additionally, given increasing change and uncertainty in the business environment since the early eighties, the careers literature has also focused on the continued relevance of the career concept itself, and in particular the appropriateness of bureaucratic notions of the hierarchical managerial work career. [ Herriot, 1992; Kanter, 1984; 1989a,b ].

### *Core Concepts in the Idea of Career.*

Despite these differences over time, however, there are commonly-identifiable themes which the majority of definitions of career embrace: (1) the individual, and the central importance of the psychological constructs of self concept and self esteem; (2) the organisation as a social institution; (3) the differing needs of the individual and the organisation; (4) psychological and sociological processes of person-organisation interaction; (5) the influence of the external environment, including socio-economic and political 'reality', and the impress of culture, history and prevailing social values; and (6) the perspective of time.

Of these core concepts, the work of Shaw (1931), Hughes (1937) and others at the Chicago School has highlighted the importance of the situational context of the career ( the social environment ); the relational dimensions of career ( represented by an individual's interactions with significant others in the workplace); and the pre-eminent importance of chronology ( the *moving* perspective of time ). In addition, the works of Argyris (1964), Schein (1978) and Rousseau (1989), and more recently Herriot (1992) have emphasised the differing needs of the organisation and the individual, and the need to match these in order to generate mutual benefit: i.e. a contribution to business goals, the meeting of organisations' managerial needs, and the optimising of individual career progression.

Many of these concepts remain central to contemporary definitions of career, either explicitly or implicitly. But what has changed most dramatically over the last thirty years has been the relative emphasis which has been placed on one or other key component of the career concept.

In both management theory and practice, we have witnessed a paradigm shift. We have moved into the Post-Modern era, an era in which we are behoven to accommodate broader theoretical concepts, a greater degree of ambiguity in management practice, and pervasive uncertainty.

### ***Key Shifts in Thought and Practice.***

Traditionally, the organisational response to uncertainty has been rigidity. That is, organisations created rigid career structures whose processes were formal, bureaucratic and transparent, and the goal was to create predictability. In the current context, however, these responses are inappropriate.

Now, there is a need for flexibility, less tangible structures and more versatility to enable the conditions for fluidity in response. There is still a need to maintain many of the structures and processes of the old systems, but they are now intended to serve different purposes; career opportunity structures must now be more flexible and adaptable in order to embrace *both* rigidity *and* fluidity. It is in this context that management theorists and practitioners should now reflect upon the lessons of the last thirty years, and seek to redefine ( or reaffirm ) what is meant by the notion of career.

Until relatively recently, organisational careers were clearly demarcated. Career paths were explicitly marked out by the organisational hierarchy and by career ladders; there were obvious *routes to the top* [ Nicholson & West, 1991 ]. Thus, we could conceive of a structure of opportunities [ Sonnenfeld, 1984 ] which were made accessible to employees on the basis of ability, but more commonly in terms of age or tenure [ Lawrence, 1988; 1990 ]. Career progression was therefore, fundamentally, a function of time, mediated by the rigidly structured opportunities at hand and the age-graded assumptions of organisational career timetables. Career progression was defined in terms of increases in individuals' skills, knowledge, abilities and responsibilities as they moved *up* the organisational hierarchy.

However, given economic and competitive pressures in recent years, organisations have continuously sought to make themselves leaner and fitter. The most obvious consequence of this has been de-layering. In terms of career philosophy, it now seems that many organisations have begun to articulate the view that there are no longer careers for life.



Previous research has indicated that many organisations are no longer even talking about careers and in a number of cases have gone so far as to remove the term 'career' from their graduate recruitment literature. Instead of offering 'world class careers' they now offer 'a world class start to a career'. Many organisations are now talking not of career opportunities ( i.e. opportunities for advancement and/or progression ) but of opportunities to improve *marketability* or *employability* [ Viney, Adamson & Doherty, 1995 ].

This is a significant shift which illustrates three fundamental changes in organisations' career philosophy: (1) The employer-employee relationship is not now conceived as long term. Thus, the future-time orientation of careers now seems less appropriate; (2) Whilst career progression may indeed still mean moving between positions over time, it no longer necessarily means hierarchical movement - career progression has taken on an entirely different meaning; and (3) From both the organisational and individual perspectives it is no longer so apparent how a logical, ordered and sequential career may actually evolve.

Thus, the meaning and purpose of career is changing. In talking not of careers for life but opportunities to improve marketability or employability, organisations are in one move articulating a concept of career which orients individuals to both the internal *and* external opportunities for career development and progression. They are emphasising the shorter term nature of the employer-employee relationship, and they are offering lateral career development in place of hierarchical career progression.

It may therefore seem that the notion of succession planning rings hollow [ Hirsh, Jackson & Jackson, 1995 ]. In the light of economic and competitive uncertainties, the notion of planning for the future has taken on a very different set of meanings and assumptions. Given competitive uncertainty, organisational instability and individual career insecurity, planning horizons have fundamentally shifted. Both organisations and individuals retain the idea of trying to control, plan and direct development, but the task has become increasingly complex.

*New Directions - A Question of Emphasis ?*

This *new organisational reality* [ Herriot, 1992 ] has brought about a tangible shift in both the policy and practice of managerial career development. It follows that we are witnessing the re-negotiation of psychological contracts between organisations and their managerial populations. This shift in the terms of the employment deal is particularly apparent in the context of graduate careers.

It seems that organisations are faced with a dilemma. If they are no longer able to offer privileged routes to the top for the favoured few, then how will they retain the cadre of high potential staff they need to fill the senior management positions of the future ? It seems that one key task for organisations is to redefine what they mean by the notion of career, and thus to articulate its constituent elements as part of the message of the new deal. So what might this message be ?

As noted, research has suggested that employers are now talking about opportunities for increasing marketability or employability [ Viney, Adamson & Doherty, 1995 ]. It seems that, in some cases, organisations are recognising that they can no longer offer the conditions under which a long term career may be delivered. Instead, they appear to be suggesting that they *are* able to offer the conditions under which individuals may increase their skills, improve their core competencies, and thus add to their personal market value.

The 'new' career message therefore no longer necessarily implies a long term relationship between employer and employee but rather a series of mutually beneficial transactions based on both organisational and individual needs. In this sense, Herriot & Pemberton (1995) have suggested that one way of reconceptualising the notion of career is to think of it as the series of renegotiations of the psychological contract.

We also know that most employers are increasingly placing the onus on individuals to manage and monitor their own career development. The emphasis is therefore on the individual to consider his/her strengths and weaknesses, skills and attributes, and to plan their vocational *and* educational development in line with changing market needs.



The dynamics of the new organisational (career) reality therefore seem to suggest that from both the organisational and individual perspectives, there are a number of assumptions which underpin shifts in emphasis: (1) career progression is no longer, necessarily, hierarchical in direction; (2) the *good* cv may no longer be one with an impressive list of job titles of increasing seniority, but rather a rich cv; one which includes a variety of work and non-work activities; (3) the rich cv may also show both vertical and lateral career moves, increasingly between a number of organisations; (4) the rich cv may provide evidence of job flexibility, demonstrating movement across and between functions; and (5) we might argue that it is no longer absolutely necessary to have entirely unbroken periods of employment, so long as career breaks can be shown to have in some way developed the individual's portfolio of life skills.

Returning to the core assumptions of classical career theory then, we might suggest a number of key shifts in emphasis which serve to identify the key components of our 'new' definitions of career. For many people, work remains a central feature of everyday life. To this extent, 'work' and the 'career' perform a fundamental function in establishing one's sense of self, social status and worth. Thus, to articulate that "we no longer offer careers" is to directly challenge an individual's self concept and self esteem. Such is the importance of the role of the career that this statement alone can generate considerable anxiety, alienation and helplessness.

In re-framing a definition of career, therefore, there is a need to recognise the psychological impress of the language and symbols used to convey career messages. There is a need for accuracy and precision. It is not the case that careers no longer exist ( if indeed they ever have done in absolute, static terms ). It is simply that the assumptions which have dominated both management thinking and practice over the last thirty years have changed. Both the meaning and purpose of career has changed in order to encompass notions of breadth and dynamism.

Whilst we may continue to conceive of organisations as social institutions, the new reality of the organisational career experience for many is that organisations no longer symbolise security, stability and permanence. The career for life is being replaced by developmental opportunities, and the promise of future rewards for loyalty is being replaced by the promise of short term contracts in return for performance against agreed objectives. The organisation is no longer concerned, in an altruistic or patriarchal sense, with the future development of its employees - or at least this is how it may appear to individuals in the light of current career messages.

Instead, what we mean when we talk of the *death* of the career is simply that the rules of the career game have changed !

For over forty years, writers have espoused the virtues of a matching of organisational and individual needs. However, the reality of organisational careers for many in the past few decades has been quite the contrary. Organisational career structures have primarily been designed to meet the needs of the organisation both in the present and in the future. Whilst for some, there has been an element of career choice throughout this period, for many the *tournament model* of careers seems a more appropriate metaphor [ Sonnenfeld, 1984 ]. In Darwinian terms, career success has been about the survival of the fittest, or perhaps more accurately, the most politically astute [ Lee & Piper, 1989 ]. Now, however, the name of the career game really is 'mutual benefit'.

It follows that career theory should now pay greater attention to social psychological processes of individual-organisation interaction. For practical reasons alone, this is particularly the case with high potential populations if organisations are to retain the requisite cadre of managers to meet future organisational needs and to sustain organisational culture. From a socio-cultural perspective, there is also a need to embrace the reality of change in work-family arrangements and in working patterns, the rise in the number of part time jobs [ Brewster *et al* 1993 ], and the recently identified trend toward *downshifting* [ Laabs, 1996 ].

Above all, however, it seems that we should not lose sight of the importance of time in our definitions of career. At one level, the career can literally be seen as a *lifetime* project [ Grey, 1994 ]. It is not something which lasts only five, ten or twenty years, but is fundamentally a lifelong responsibility of adulthood.

### *Conclusions.*

The preceding discussion suggests three important assumptions which might serve to underpin our 'new' definitions of career, namely:

- (1) The career fundamentally *belongs* to the individual. It is not something which is owned by or necessarily should be managed by organisations. Our definitions should embrace the notion that the career performs a fundamental function in the construction and maintenance of a healthy self concept, congruent with individuals' strengths and weaknesses, deeply-held beliefs and attitudes, and future aspirations.



In this sense, the career is indeed a project of the self, or perhaps more appropriately, a vehicle for the continuous realisation of self.

(2) Whilst we may continue to see the organisation as the primary social institution in which managerial careers are developed, we should recognise that this is but one of several social domains in which individuals engage. This point has been emphasised in studies concerned with work-family conflict, the dual career couple, and the adult lifecycle. However, to focus only at this level of analysis is to over-emphasise the socio-spatial elements of the life career. We should also acknowledge that the career evolves over time; it has a fundamental, temporal quality. As such, it is not a static, inanimate 'object' rather it is necessarily a continuously constructed phenomenon. Thus, the meaning of career to individuals is constantly being constructed, deconstructed and reconstructed in the light of both personal and organisational change and development.

(3) If the concept of career is to remain relevant to both organisations and individuals, there is a need to generate new definitions of career which recognise the fundamental importance of mutual benefit. The environmental and organisational circumstances of the nineties suggest that the assumptions which have underpinned career theory in the past thirty years are no longer appropriate. Gone are the days when organisations could afford to direct their employees' careers solely to meet the objectives of the organisation.

If organisations are to retain their best people, then individuals' needs, wants and aspirations should be taken into account. To this extent, careers research might focus much more closely on individuals' subjective experiences of career. It follows that in order to build meaningful definitions of career, we should begin with lay understandings. In the past twenty years in particular, career theory has been dominated by organisational concerns. Perhaps the time has come for a wholesale revision of our understanding of the subjective career as the first step in redefining or re-affirming our broader conceptions of career.

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# Managing survivors

## The experience of survivors in British Telecom and the British financial services sector

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### Introduction

Organizations throughout the early 1990s have been battling wave after wave of change driven by the need to control costs and respond to the onslaught of technological innovation, globalization and business process re-engineering. This has led to an unprecedented amount of restructuring and the extensive modification of internal labour markets, often euphemistically termed rightsizing or downsizing. The extent and pace of such change within British industry has been increasing dramatically, resulting in the redesign of jobs, the revision of working relationships and the redefinition of career opportunities, all of which have contributed to massive redundancies and the demise of security of employment for many individuals[1]. This poses a new challenge to organizations as they now need to navigate many transitions to achieve successful outcomes. The successful charting of organizations through major change relies heavily on managing the remaining employees. Considerable financial resource is often allocated to provide personal counselling, job search, skills development and support to ensure the smooth passage of employees out of the organization[2]. The value of outplacement as a damage limitation exercise for remaining employees also has been recognized by many companies. When an organization is seen to help those leaving, those who remain appear to appreciate what is done[3].

However, it is increasingly being acknowledged that survivors often experience the effects of major change as deeply as those made redundant. The set of shared reactions and behaviours of people who have survived an adverse event has been termed "survivor syndrome". The applicability of the concept to business is challenging, highlighting the range of antecedents and reactions found among those who remain in employment following layoffs[4,5]. Survivors often exhibit emotions and responses which include shock, disbelief, betrayal, animosity towards management and concern about colleagues, which find

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The survivor syndrome survey in the financial services sector was sponsored by Working Transitions, a human resource consultancy whose core activity is helping organizations to manage major change. The authors wish to express their thanks to Jim Horsted.



expression in decreased motivation, lower morale, guilt and fear about job security.

The research reported here explores the phenomenon in the financial services sector and in British Telecom (BT) and highlights the fact that, despite an acute awareness of the potential problems for the survivors, many organizations continue to pursue strategies and practices which are short-term and organizationally biased but which give little support to the individual.

### BT case study

#### *Background*

On 31 July 1992, 20,000 BT employees left the company in a voluntary downsizing exercise which cost BT many millions of pounds in redundancy payments and hurt its share price. Since then BT has run annual "release schemes" each involving over 10,000 people. Twelve thousand more job losses were targeted for the financial year ending in March 1995. BT has cut its workforce from 244,000 in 1989 to 120,000, at a cost of about £24 billion, with further cuts in the pipeline. BT distinguishes itself as a case particularly worthy of study on managing the survivor syndrome for four reasons:

- (1) the scale of the downsizing is enormous;
- (2) BT was traditionally seen as a company where individuals spent their whole working lives;
- (3) it was the first major company in the UK to downsize;
- (4) BT has attempted to manage the downsizing through voluntary redundancy schemes with golden parachutes, known as "release schemes".

Latterly, however, a number of redundancies have been targeted. These four distinguishing features might suggest that the impact of the downsizing on survivors would be a great deal softer than in other organizations where the exercise has been carried out in a quicker and harsher way. BT employees have also had a longer time to assimilate the process of downsizing. Research into employees' reactions to downsizing, however, does not reflect the expected rosy picture. On the contrary, BT survivors are filled with insecurity and anxiety and are working excessively long hours.

What emerged from the BT research is that remaining employees have had to recover from a triple blow. First, there is the sudden loss of colleagues, many of them long-standing colleagues, some of them close friends. Second, there is the threat of future job loss for themselves, since the crisis is never really over and their positions remain endangered. Third, there is the redesign of their work such that they are often handling the equivalent of two to three people's work and feeling increased stress because of it.

It is well known that when individuals are managing any transition in their lives, be it the death of a loved one, childbirth, divorce or even a house move, what they most need is personal space and support. To throw impossible work targets and long work days at individuals as was done to the BT employees, many of whom were trying to come to terms with a major work change, was to deny them personal space and to invite stress on a major scale.

It is interesting to analyse the survivor syndrome at four different levels: the individual level, the work role/task level, the work group level and the organizational level (see Figure 1). At the individual level, survivors express a marked decrease in motivation. They feel less positive about their work, yet work long hours. (British workers spend more time at work than any of their European counterparts.) Stress surfaced as a serious problem. Survivors' confidence in a personal future with the organization was eroded leading to continual job insecurity. Loyalty to the organization was diminished and survivors mentally uncoupled their futures from BT. Survivors saw their future

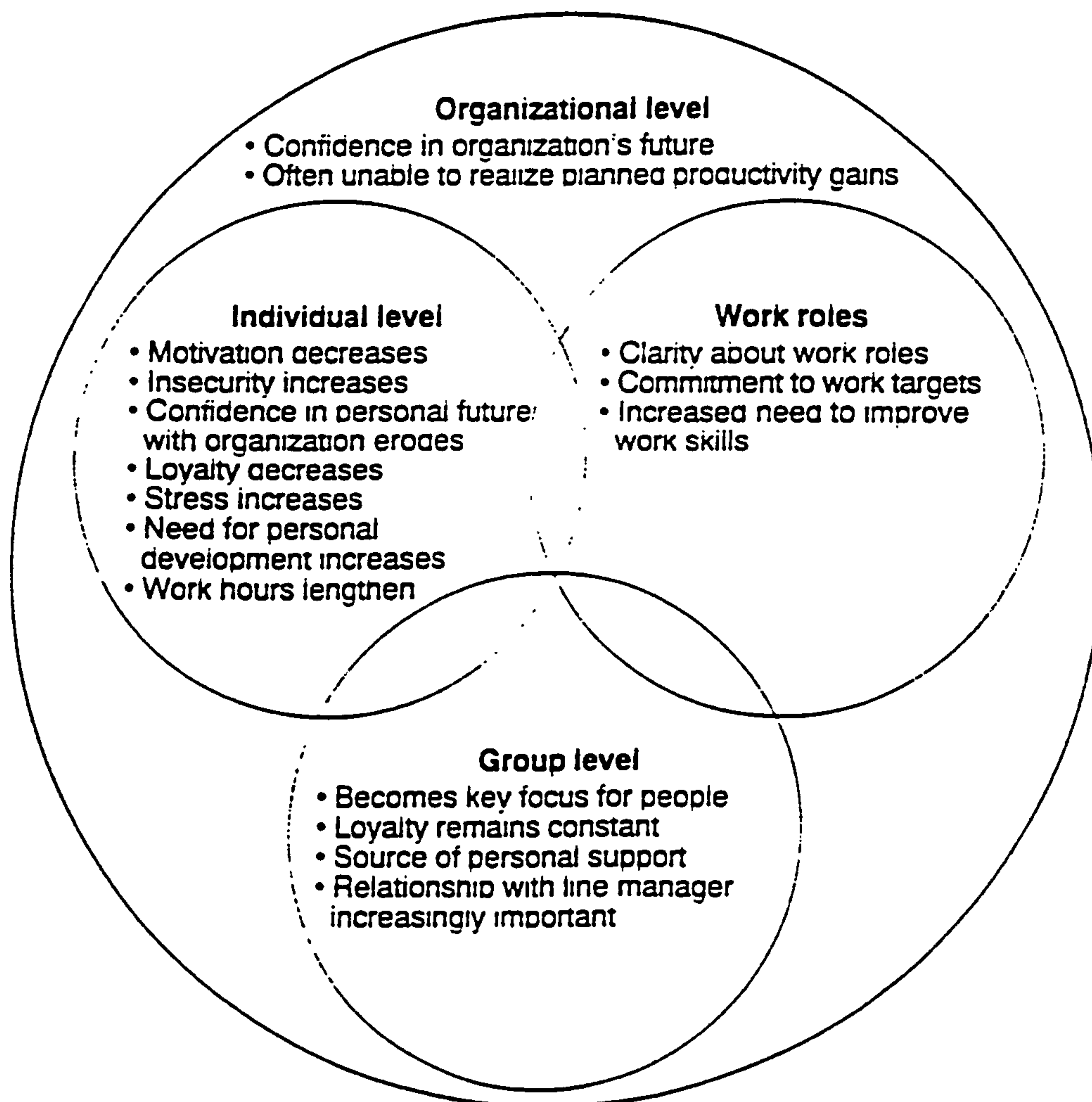


Figure 1. Model of the survivor syndrome



being dependent on their personal efforts, making the need for personal development paramount. There was an increased demand for information as the work environment became uncertain and rumours flourished.

At the work role/task level BT survivors were committed to their own personal performance. Survivors saw their organization assessing performance against hard targets and the key to their future in the organization was seen as meeting/exceeding targets. Survivors thus took targets seriously and were keen to polish their work skills, which they saw as a way of enabling them to work more productively.

The work group became the focus for BT survivors. Their friendships with colleagues and support from their line manager became their means of survival. The role of the line manager emerged as a difficult role in times of downsizing. Not only did they have their personal worries about their own jobs, but they felt they were frequently blamed by subordinates as the cause of their distress. Line managers, therefore, were seen to require special support throughout the process of downsizing. While loyalty to the big organization dropped considerably, loyalty to the work groups stayed constant.

At the organizational level survivors saw a positive future for the organization. This contrasts with survivors' lack of confidence in a personal future with the organization. Individuals expressed some concerns about BT's productivity gains from the downsizing. Many of them told the researchers their own stories of departments where contract workers had reluctantly been brought in to carry out the work previously done by "redundant" employees.

#### *Individual survivors' reactions*

The focus of this BT case study was the research carried out in the marketing communications department during April and May of 1995. BT carries out a regular company-wide "care survey" which surveys employees' attitudes to their work environment. Interestingly, the attitudes of employees in the marketing communications department were more positive than the average across the company; therefore this case study demonstrates a more positive profile of survivors than is likely elsewhere in the company. The population consisted of a senior manager and her department of approximately 36 individuals who are geographically spread across the UK. Three two-day workshops were held with them to provide an opportunity for survivors to work through how BT's downsizing had personally affected them. A review day was held a month later to assess learning from the workshop. Pre- and post-workshop questionnaires were completed by all the participants to capture individual reactions to the downsizing.

As in all changes, there are positive as well as negative outcomes to downsizing. Of the workshop participants, 30 per cent felt that the improved external focus of the company was the key successful outcome of the change. In particular there was an increased focus on the customer, which all welcomed.



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This had been triggered by competition and regulatory pressure in the telecommunications industry, but nonetheless BT had put a great deal of effort into training staff to "put the customer first". The emergence of a good team spirit and improved internal communications were highlighted by 22 per cent as the next most important key outcome of the downsizing. The natural work team had become the survivors' organizational world. There was a greater reliance on support from colleagues and the line manager. "We tend to stick together more." "My own individual team, i.e. my peers and subordinates, are my greatest support mechanism." Team away-days were a common part of the culture of BT and served to reinforce this loyalty to the work group. A minority (13 per cent) saw the new work environment as offering them more job mobility/opportunities: "There is so much to do!" Lastly, 9 per cent of participants mentioned that the downsizing exercise was useful in terms of learning to cope with change. "If change is to be a way of life at work in BT, the downsizing exercise has certainly imposed massive change on everyone in the company."

BT survivors identified five key failures emanating from the downsizing. Forty-four per cent highlighted the extra workload. Many survivors were overwhelmed with the amount of work required from them. As jobs were lost in departments, the work of redundant employees was absorbed into their colleagues' workloads. Nearly everyone knew of a colleague who was on long-term stress leave as a result of work pressures. Out of the survivors, 26 per cent feared for their own jobs in the next wave of downsizing, which made them insecure about their jobs and future with BT, and 22 per cent of survivors mentioned loss of career opportunities, coping with change ("too much change!") and poor management decisions. Many survivors described part of the trauma of being a survivor as being unable to justify why they were kept and others were asked to leave. They speak of the process as being random. As such they can have no role in influencing it. They are as helpless as survivors in an air crash. "They leave you dangling on a string, floundering like a victim of a shipwreck. It is almost capricious: they decide who will survive." Like air crash survivors they experience great guilt and grief for their lost colleagues.

As other observers of the survivor syndrome phenomenon note: survivors of restructuring do not consider themselves separate, distinct and different from those made redundant. Rather, they identify with them powerfully. "There but for the grace of God...", they mutter, feeling guilty that they have survived while others in the team have gone. Again, it is their identity as a valued member of the organization which has suffered: "They've done it to them, they can do it to me"[6].

The pre- and post-workshop questionnaires also measured survivors' reactions to 15 aspects of work, such as job security, motivation, stress levels, team working and customer orientation. The key results focused on stress, loyalty and fun. Of the survivors, 77 per cent stated that stress had increased at



work, and 69 per cent of survivors highlighted that loyalty to BT and the amount of fun gained from work has decreased. Motivation to work was illustrated by the following quote: "What drove us on to complete the project, even with its impossible targets, was our professionalism and our relationship with the customer to whom we were committed. It had little to do with loyalty to the company".

At times, this lack of loyalty found a unifying dissenting voice, as in August 1994 when Sir Iain Vallance, the company chairman, announced another round of redundancies. The frustrations of middle managers, graduate employees and front-line people united these separate groups of BT personnel. A *Financial Times* article[7] captured their response under the banner headline "Betrayed, unloved and angry".

As BT continues to produce profits of over £100 per second as indicated by their results (November 1995), survivors will question the need for further cuts and the validity of benchmarking their company's manning levels against AT&T. If the corporate resolve to downsize at BT continues, where will the new motivation in BT come from? Professionalism, pleasing the customer and personal support from colleagues are helping the survivors manage their new work environment. But that is only part of the answer. As BT employees enter the sixth year of downsizing, there are still severe misgivings. In the survivors' voices: "I think I'm almost immune after six downsizing operations in six years", remarked one manager. "This may be a cynical view, but I am the insecure product of an organization in change." "The only question is how much have these disruptions detracted from the job in hand - has the lack of focus cost us more than the reduced head count has saved us?" asked another.

A mixed message came from a third BT manager:

Although I did not end up with the job I wanted it has turned out well. I have a very good team who work hard and they have achieved notable success in building the work area. I have also been promoted during this time. I am struggling with the negative aspects of downsizing which meant I have closed down one location and have two re-deployees. Other than projects, there is little for them to do and it is quite debilitating for the rest of the team as the re-deployees are understandably particularly negative.

A vote of confidence in the way BT had handled the change carried with it a caveat on rewards:

Overall, I feel that the organization has managed its change programme effectively for the business and in a minimalist way for individuals. The biggest failing is to the people who are left in the company. The financial reward has been given to the leavers. The reward for those retained is the fact that they still have a job.

The pay differentials between lower and senior managers are growing. In a time of instability, financial rewards for a job well done are important. It is very difficult to sidestep a commitment to pay increases or bonuses to employees. It appears that this company is using well meaning words to offer "training and

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development" in place of financial rewards, without the commitment to deliver a great deal of either.

Managing the transitions imposed on survivors and maintaining and cultivating the loyalty, commitment and motivation of remaining employees is now an enduring challenge. One danger BT faces is letting downsizing become an end in itself, where one downsizing follows another in an unrelenting pattern to cut costs. It could lead to a form of organizational anorexia with disastrous results. Another danger is to ignore the real problems of the survivors and their double need to process their thoughts and feelings and to find a new basis for the psychological contract at work. As one survivor summed up his experience of the downsizing: "The business world has entered a new paradigm. Our terms of employment and expectations have changed irrevocably, and we have to accept this, adapt and move forward".

*Survivor syndrome: a pervasive problem*

A large-scale survey of the financial services was conducted by the Human Resource Research Centre at Cranfield School of Management, for Working Transitions, during summer 1994[8]. The survey polled the views and opinions of 170 HR specialists from banks, building societies and other financial services institutions throughout the UK and provides an illustration of the extent to which survivor syndrome has impacted across the sector. Financial services had, until recently, a paternalistic ethos which included providing a secure environment for employees. However, these HR practitioners reported many symptoms of survivor syndrome: decreased motivation, morale and loyalty and increased stress and scepticism. This is similar to findings in organizations in the USA[9,10].

Despite a high level of awareness of the problems and consequences which can be precipitated by survivor issues, few organizations appear to be addressing change in a coherent manner. While 79 per cent of respondents reported the use of outplacement for departing employees, fewer than half (45 per cent) stated that their organizations provided structured help for the survivors.

Where help was provided, it focused mainly on work-related skills and coaching and counselling skills, with much less emphasis on individual counselling on personal change or careers. Although there appeared to be a lack of structured help in practical programmes, many respondents (93 per cent) indicated that there were formal strategies in place for the retention and motivation of remaining employees. These strategies concentrated mainly on reward (84 per cent of respondents) and training (83 per cent of respondents). Fewer than half of the respondents reported the use of succession planning (43 per cent), career management (44 per cent) or cultural change strategies (38 per cent).

Communication strategies were in place, but again these appeared to focus heavily on providing information at the job and task level, such as information



about reporting relationships (82 per cent of respondents), performance management (74 per cent of respondents), and changes in responsibility (72 per cent of respondents) as opposed to information about possible future changes (57 per cent of respondents) or career opportunities (42 per cent of respondents). In the face of uncertainty and insecurity, remaining employees often seek information to allay fears about the future, but the information being provided appeared to focus very much on the short term, with a heavy organizational bias.

These data, in conjunction with the response that little evaluation of the change situation was carried out (62 per cent of respondents reported no evaluation of change), would suggest that many organizations were launching into major change initiatives without consideration of the potential outcomes at the individual level. This may reflect a fire-fighting approach where the current pace and extent of change has focused organizational interventions on short-term requirements. The need to respond quickly and with flexibility has concentrated efforts at the job and task level, a legitimate approach from the organizational perspective, but one which can be seen to be at the individual's expense. The apparent lack of foresight with regard to personal change issues was borne out by the finding that survivors appeared to show more negative responses where no help was given, but there were no significant improvements even where help was provided.

#### *Organizational change versus personal transition*

HR and personnel specialists indicated that many employees in their organizations exhibited decreased motivation, morale, and loyalty to the organization and increased stress levels and scepticism. Survivors' reactions seem complex. Where there were enforced redundancies, survivors' career security appeared to decrease. HR specialists indicated that confidence in the organization's future appeared to increase but individuals' confidence in their own future seemed to decrease. While loyalty to the organization was thought to decrease, loyalty to peers was thought to remain the same or increase.

The dynamics of survivors' reactions may be likened to those experienced by individuals facing a major life transition. Transition often involves an oscillation through denial, anger, depression and disengagement before assimilation of the experience and readjustment to the situation. Understanding how individuals react to stressful situations and how the personal change process happens highlights the potential impact of change on the organization.

For individuals, personal transition involves coming to terms with the fact that the old way of doing things is no longer appropriate and requires them to grasp the new organizational reality. This means coping with the impact of change on working relationships and on the different opportunities for career development and progression, which may be very different within a new organizational structure. Therefore a range of interventions, including coaching, counselling, career and self-development, which focus at the



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appropriate level and intensity, can facilitate the individual journey through change.

#### *Guidelines for transition management*

It is difficult to disaggregate the influences of the many change agents and factors which have an impact on organizations and individuals owing to the interrelated nature of the variables. This has led to a lack of implementation of the best practice guidelines in the management of survivor syndrome. Previous authors [11,12] have suggested that the management of survivors requires an integrated combination of programmes encompassing employee involvement techniques, problem solving, team-building activities and counselling about long-term aspirations and career opportunities to address both individual and organizational needs. However, many change management programmes appear to deal with matters almost exclusively from the organizational point of view, as these are the most pressing and, in many instances, the easiest starting-point. There is a need for change management which recognizes the individual perspective, as the reactions and subsequent behaviours of remaining employees are fundamental to the success of the transformations instituted. *This requires the development of strategies which support and assist the integration of organizational change and personal transition.*

#### **Conclusions**

The data presented in this paper suggest that survivor syndrome issues can be painful and far-reaching at both individual and organizational levels. Employees often rationally understand and defend the need for downsizing, but find it difficult to accept emotionally. This highlights the importance of helping people to process their feelings, of educating them in the new organizational vision and structure, and recognizing their career management needs. The strategies adopted by organizations facing the onslaught of major change need to focus more clearly on these individual level issues, in order to navigate change successfully.

Organizations will only be able to accommodate new expectations if they recognize and address the individual transition and personal development concerns which interrelate with the organizational change needs. The key to achieving equilibrium in the employment relationship lies in understanding and facilitating the ongoing process of negotiation between employers and employees.

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**SURVIVING ORGANISATIONAL CHANGE - THE IMPACT ON THE  
PSYCHOLOGICAL CONTRACT.**

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# **SURVIVING ORGANISATIONAL CHANGE - THE IMPACT ON THE PSYCHOLOGICAL CONTRACT.**

## **Abstract**

Organisational changes imposed by downsizing, rightsizing and restructuring have had a major impact on those employees remaining. The survivors of such organisational changes face many demands and are expected to cope with new and different organisational forms, different progression opportunities and an almost total revision of the employment relationship. Such changes may help the company to survive and prosper, yet few organisations appear to provide the support and help required to facilitate survivors to develop the repertoire of skills they need to succeed. This paper reviews the impact of such changes on those survivors of organisational change and explores their needs in forming a new psychological contract.

## **Organisational Metamorphoses**

Many organisations have changed their structures, adopted new technologies, re-engineered their processes and trimmed their work force to address economic and market forces. This repeated use of change strategies was legitimised by the need to generate flexibility and adaptability in the internal labour market to facilitate responsiveness to increasing environmental pressures. Through the various change processes of downsizing, rightsizing, destaffing, delayering and restructuring, the corporate landscape of the 1990s underwent re-sculpturing of a magnitude and intensity that has stripped away and reframed many of the basic tenets of organisational life. Pervasive re-organisation and technological change resulted in the outsourcing of activities not considered as business critical and the increasing use of strategies to facilitate flexibility in the deployment of employees. The job loss and new ways of working precipitated by such changes resulted in a number of outcomes and in particular meant a transformation of the employment relationship.

The union between the organisation and the individual, for many employee groups, was once based on security of employment in return for loyalty and commitment (Herriot & Pemberton, 1995). Typically the employment relationship was embodied in a job for life philosophy, grounded in security of employment with guarantees or at least opportunities to follow an often, hierarchical developmental path which facilitated the realisation of career (Jackson *et al*, 1996). However, widespread lay offs among all levels of employees and the threat and the reality of redundancy have compounded the insecurity of organisational environments where many of the structures which have traditionally supported rational, long-term careers have disappeared (Hirsh & Jackson, 1996). In addition, there has been an apparent demise of organisational commitment to providing stable and secure employment (Hirsh, Jackson & Jackson, 1995).

Organisational messages about career seem paradoxical, with remnants of the traditional long term career message being juxtaposed with strong signals of "jobs for now" (Doherty, Viney & Adamson, forthcoming, Guest & Mackenzie Davey, 1996). This has resulted in a continuum of employment relationships, a range of career opportunities and different career development processes being used within and across organisations for different segments of the work force (Hirsh, Jackson & Jackson, 1995). This mixture of approaches to career development has been reflected in the pendulum of responsibility for career oscillating between the individual and the organisation, with an increasing emphasis on career processes being managed in partnership between the employer and the employee (Hirsh & Jackson, 1996). It would appear that the rules of the game which have traditionally been adhered to by organisations and employees alike, have changed considerably (Herriot & Pemberton, 1995). Such change has forced a revision of our concepts of work, career and job security, fuelling insecurity of a pervasive nature and extent with discontinuity and uncertainty as the status quo.



## **The Psychological Contract**

The concept of an organisational career has in the past been one very powerful mechanism through which commitment to the company has been encouraged, generating a sense of identification with and loyalty to the employer and acting as a control mechanism for the management of the work force (Blauner, 1964). Likewise, for the individual, work and the organisation provided one means of attaining a sense of security. Such implicit expectations of the working relationship, both from the individual perspective and on the organisation's behalf are embodied in the concept of the psychological contract (Kotter, 1973). It has been suggested that not only does the psychological contract embody expectations, but it also involves beliefs that reciprocal obligations will be met (Rousseau, 1990). The psychological contract therefore, distinguishes what each party expects to give and receive and includes the belief that the promised obligations will be fulfilled. Since it involves a dynamic process through which employees' aspirations, motivations, career and commitment evolve (Herriot, 1995) it is the focal point of the emotional and social exchange between the employer and employee. Where it is perceived that the expectations, obligations and promises are met, then reported outcomes at the individual level include job satisfaction, productivity, intention to stay with the organisation and an absence of stress. On the other hand, where these have not been met or where they have been violated by the organisation, then employees may display negative emotions and behaviours (Robinson & Rousseau, 1994).

## **The Impact of Redundancy**

By downsizing, restructuring, outsourcing and delayering, many organisations appear to have broken what has been traditionally considered, their side of the employment deal. The extensive use of such tactics has resulted in redundancy as one of the most pervasive and significant events in organisational life in recent times. Since work is a social activity, which not only provides the means for economic existence but also a source of social identity and status, redundancy can provoke a wide range of responses. The termination of employment, in particular involuntary redundancy, it is argued, contributes to a breach in the individual expectation of security of employment and shatters the belief that good performance and commitment are rewarded. Therefore, the redundancy event can have a profound impact on both those people being made redundant and for those who remain in the organisation. For those leaving, since redundancy can be perceived as a rejection by the company and potentially thrust the person into unemployment, feelings of shock, anger, anxiety, loss of confidence and loss of dignity are common. Redundancy can also bring about an abrupt career change, which often forces the individual to deal with a major transition in their life (Doherty & Tyson, 1993, Latack & Dozier, 1986, Swinburne, 1981).

Redundancy can also mean major changes for employees remaining in the organisation. In the event of extensive redundancies organisational life can be transformed

significantly, with radically different working conditions. Workload may increase in the first instance, since remaining employees pick up the jobs and tasks of departed colleagues. The nature of the work can also vary. In particular, technological changes and business process re-engineering require new working practices, which mean that people have to cope with different ways of working together. Thus, the employees remaining are often expected to adopt new roles and responsibilities, take on more work, manage major cost reductions and assimilate a new vision for the organisation. In addition, they face the dismay of losing the peers who have formed the social fabric of their work life, and their own jobs may be threatened by further redundancies. (Brockner, 1986, Doherty & Horsted, 1995).

The reactions of those employees who survive, like those made redundant, are often complex and can vary considerably between individuals and within organisations (Armstrong-Stassen, 1993). Responses can range from shock, anger, anxiety and animosity towards management, and concern about their colleagues who have left, to guilt and relief that they still have a job, and to fear about their own job security. Such responses are characterised by behavioural outcomes including decreased motivation, decreased morale and increased stress due to having to work harder, over longer hours. As a result survivors often exhibit decreased confidence in and a lack of commitment, trust and loyalty to the organisation. Anecdotal, experimental and survey data has shown the adverse impacts of such changes on surviving employees (for example: Applebaum, Simpson & Shapiro, 1987, Brockner, Grover, Reed, DeWitt & O'Malley, 1987, Doherty, Bank & Vinnicombe, 1996, Froiland, Geber, Gordon & Pickard, 1993, Leana & Feldman, 1989, Richey, 1992, Tombaugh & White, 1990).

Fundamental to understanding the impact of redundancy, it is necessary to unravel the process of organisational change, which is external: the new site, the new boss, the new team roles, the new policy; from the process of individual transition, which is internal: the psychological process people go through to come to terms with the new situation (Bridges 1991). Thus, Bridges argued, it is equally important to manage both the personal transitions and the organisational change. The reactions of individuals to redundancy are moderated by a combination of organisational factors and individual variables. At the individual level, variables such as the individual's status in the organisation, attitudes towards work, self-esteem and coping mechanisms can all mould the reactions of those leaving and are also fundamental determinants of survivors' reactions. The interaction of these elements with the ways in which the redundancy situation is handled by the organisation determines the emotional and behavioural responses at the individual level.

### **Key Factors in Managing Redundancy**

Recognition that the humane management of the redundancy situation was important to those leaving, led to the provision of outplacement services to address the separation process and facilitate personal transition. Outplacement provision has been



shown to benefit the individual by helping them to overcome the redundancy event and has also been posed as a means of damage limitation for the remaining employees, since for the survivors too the management of redundancy has been shown to be a fundamental determinant of their reactions (Boynton & Thomas, 1991, Brockner, 1992, Doherty & Tyson, 1993). Survivors reactions have been linked to issues such as how the organisation handles the lay-offs and whether the organisation displays reciprocal commitment both in the management of those leaving and those remaining.

Brockner & Wiesenfeld (1994) suggested that it is essential to recognise that several psychological states and social psychological processes are at play, which impact on survivors. They explored three key areas. Firstly layoffs relate to the allocation of scarce resources. This gives rise to survivors' concerns about justice and fairness (Deutsch, 1985). Survivors have been shown to be very sensitive to the management of both the outcomes and processes used in layoffs (for example; Brockner, Greenberg, Brockner, Bortz, Davy & Carter, 1986). Perceptions of fairness and justice are therefore, impacted by, among other things, the level of clarity in the rationale for redundancy and how well the organisation looked after those being made redundant.

Secondly, job loss generates feelings of job insecurity. Job insecurity, it is suggested, is determined by perceived threat and perceived control. Remaining employees may expect further redundancies to happen and feel threatened by this. Such expectations are heightened by the use of successive downsizing tactics to reduce head count. Perceptions of control are determined by how able the individual feels to cope with job loss. Therefore the level of job insecurity would be high, where perceived threat is high and perceived control, low (Greenhalgh & Rosenblatt, 1984). Job insecurity among survivors has been shown to be a mediating factor for work effort and work motivation (Brockner, Grover, Reed & DeWitt, 1992).

The third key influence on survivors' reactions is the uncertainty provoked by organisational change. For survivors, uncertainty can stem from a lack of understanding of what is going on. In particular, where information about the reasons for the redundancy is unclear, individuals will feel uncertain about how to define and understand the situation. This may then generate uncertainty and confusion about how to respond (Brockner, DeWitt, Grover & Reed, 1990). These key areas give an indication of how survivors attempt to make sense of a situation in which many of their taken for granted assumptions about organisational life can be shaken fundamentally and point to the potential complexity and longevity of survivors readjustments.

### **Recovery and Renewal**

When faced with the pressures of managing major change, many organisations tend to adopt standard tried and tested solutions, which often concentrate on control and containment. Decision making is centralised, planning horizons become short term and there is often politicising of the organisational climate, all of which result in a lack of

communication, resistance to change, decreased morale, an increase in individualism and loss of trust and confidence among employees, breeding further vulnerability and insecurity. Ultimately, the successful transformation of organisations relies on getting the right strategies in place for organisational survival, but there is much evidence to suggest that while strategies which will assist the organisation to survive and prosper are put into place, few organisations appear to coherently address the personal needs of the survivors. Critical elements for revitalising the business after a major change like downsizing involve re-aligning remaining employees to the new organisational goals and objectives and addressing the insecurities and uncertainties of the individual, which are ultimately associated with development opportunities and career progression. Therefore, it is essential to pay attention to the survivors' worries and concerns, and Noer (1993) found that the companies which succeeded after downsizing, took a systematic approach to restructuring the employer-employee relationship. But it would appear that in many downsized operations, the survivors are getting few actual or symbolic messages about their long-term security or help to cope with change issues so they can re-orient themselves to the new organisation (Cameron, 1994, Doherty & Horsted, 1995, Doherty, Bank & Vinnicombe, 1995).

The inherently intangible nature of the psychological and emotional components of personal transition (Hopson & Adams, 1976) makes it difficult to address for survivors. However, the re-alignment and re-negotiation of the employment relationship is the foundation on which both the organisations' and the individuals' future is built. The psychological and emotional adjustments required of remaining employees have profound consequences for continuity of employment or the realisation of a sense of career. These are the building blocks of the psychological contract between employer and employee, yet the focus of intervention and strategies for managing survivors, where they do exist, emphasise short-term organisationally biased strategies instead of addressing the long-term concerns of the individual (for example Allen, Freeman, Reizenstein & Rentz, 1995, Hallier & Lyon, 1996, Kets de Vries & Balzas, 1996, Isabella, 1989, Kozlowski, Chao, Smith & Hedlund, 1993, Robinson & Rousseau, 1994).

### **The Role of the Psychological Contract in Understanding Redundancy**

It has been suggested that the psychological contract is a construct, which could potentially help to describe the changed employment relationship (Herriot & Pemberton, 1995). If it is used as a focal point for examining the impact of large scale redundancy as a result of events like downsizing, it is obvious that there is potential for profound effects on the process of regenerating a stable employment relationship. The way in which the redundancy situation is managed can fuel survivors' psychological and emotional insecurity and uncertainty, as indicated by Brockner & Wiesenfeld above. Perceptions of equity, fairness and trust are key components in the process of negotiating the psychological contract as outlined by Herriot & Pemberton, (1996). However, many organisations have used downsizing tactics, often repeatedly. There is



often a lack of communication or a poor rationale for the continued use of downsizing. Such organisational responses may be viewed as inequitable or unfair and since survivors may perceive this as a violation of the psychological contract, this would not only impact on their motivation and loyalty but the trust which is fundamental to achieving a renewal of the psychological contract may be greatly diminished. The redundancy situation may therefore, generate the very circumstances, which would adversely impact on the process of re negotiation.

It has been suggested that transactional and relational contracts are differentiated by temporal factors and, both material and intangible elements (Arnold, 1996). Thus, transactional contracts are characterised as short term and focus on material rewards, while relational contracts are developmental, involving long-term obligations based on trust and focus on intangible as well as material rewards. The types of interventions and strategies used by companies in dealing with large scale redundancy and the survivors of these events appear to focus on reward and training for the here and now (Doherty & Horsted, 1995). This may be seen as symbolic of organisations moving away from providing security of employment to a focus on short-termism. Such strategies could be viewed as synonymous with the generation of more transactional type contracts. In addition, the lack of strategies which concentrate on longer term development of the individual such as succession planning, career development or culture change (Doherty & Horsted, 1995) may be a further indication of companies moving away from offering relational contracts.

### **A Menu of Different Deals**

Downsizing, restructuring and other such changes, which have resulted in redundancy, have been primary causes of the changing nature of the employment relationship. It is clear that the redundancy event can potentially create the circumstances which result in a break in the psychological contract and which would adversely impact on attempts at re negotiation. While organisations seem to be focusing on the short term, survivors concerns are about the long term and although breaks in the psychological contract may be sustainable in the short-term it is essential to address the security of employment, developmental opportunities and career concerns which are the very issues most important to survivors (Isabella, 1989). Strategies, which facilitate flexibility in the internal labour market, appear to be an essential element in organisational survival and combinations of many different deals in the employment relationship are becoming the norm. Currently psychological contracts appear to combine elements of stability and flexibility. The processes are bound by new rules requiring successive, ongoing negotiation (Herriot & Pemberton, 1996). For remaining employees this means, sometimes major psychological and emotional adjustments and the development of a repertoire of new skills which will enable them to keep on striking an equitable deal.

## **Integrity of Individual Functioning**

The emotional and psychological processes of transition involved in negotiating the psychological contract, as described by Herriot & Pemberton (1996) rely on the explicit identification of available options and on the ability of the individual to act on these options. Clarity of options and a sense of agency are fundamental to the concept of integrity of individual functioning. Integrity of individual functioning, it is argued, arises when the individual is facilitated to attain a semi permanent system for relevant meanings, images, assumptions, goals, rules, templates for interpersonal relations, procedures, skills, resources and equipment. This empowers individuals to behave in a meaningful way because, to a certain degree, it enables control over personal functioning. Attaining integrity of individual functioning, therefore relies on a reduction of uncertainty and an increase in the individual's perception of their ability to act. Where the options are clear and the person feels they are able to take action, then this creates a situation, which is generally conducive to well-being, health and good performance (Schabracq, Winnubst & Cooper, 1996). Current organisational responses to managing the survivors of change appear to lack long term vision and also seem to make it very difficult for the employee to achieve any sense of control over the situation. Therefore, creating the circumstances which are conducive to achieving integrity of individual functioning may be considered essential to facilitating a meaningful dialogue between the employer and employee which is the basis of re negotiating the psychological contract.



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## Surviving in an Era of Insecurity

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Downsizing in its many guises, can have a profound impact on the employees who remain—the so-called survivors. The survivors of such change face many new demands and often find themselves in an environment comprising new organizational forms, different progression opportunities, and new rules for the employment relationship. Such changes may be geared to ensure the survival of the company, yet few organizations appear to provide the support and help required to facilitate personal survival for employees. At the interface between the organization and the individuals who remain lie many issues, including commitment, job security, career aspirations, and progression opportunities, which embody a different concept of career and its realization. This article explores career issues for survivors of the insecure organizational environment.

### DISCONTINUITY AND INSECURITY

The advent of widespread organizational change in the 1980s and 1990s has been driven by a need to address international competition, economic changes, changing markets, mergers and acquisitions, and technological innovations. The strategic impetus to improve effectiveness and efficiency resulted in many companies going on crash diets to reduce in size. Organizations downsized in order to improve productivity with less personnel (Applebaum, Simpson, & Shapiro, 1987). Despite evidence to suggest that the anticipated gains in productivity and performance, which a reduction in staff was designed to deliver, are rarely realized, downsizing appears to be an enduring phenomenon (Cameron, 1994; McKinley, Sanchez, & Schick, 1995).

However, this corporate anorexia (Hamel & Prahalad, 1994) has resulted in leaner but not necessarily healthier organizations. The aggressive cutting of human resources has posed the threat of insecurity for individuals, organizations, and society. According to Curtis (1989), the management of organizational change has focused on growth, while theorists have tended to ignore the dynamics of change in declining organizations. Now, discon-

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tinuities are becoming the norm and the effectiveness of responses to change at all levels has an ever-decreasing shelf-life (Conner, 1993). This has led to organizations resorting to standard tried and tested solutions to manage the aftermath of downsizing. Such tactics often concentrate on control and containment. Decision making is centralized, planning horizons become short term, and there is often politicizing of the organizational climate, all of which result in a lack of communication, resistance to change, decreased morale, an increase in individualism, and loss of trust and confidence among employees, breeding further vulnerability and insecurity.

In addition, downsizing and delayering have eradicated many of the organizational structures which have traditionally supported rational, long-term careers. Instead, more fluid frameworks are evolving resulting in fewer career progression opportunities and different career patterns (Inkson & Coe, 1993). Such change, it has been argued, has invariably altered the rules of the game which have traditionally been adhered to by organizations and employees alike (Hirsh, Jackson, & Jackson, 1995).

This repeated use of downsizing strategies has forced a change in our concepts of work and job security as they have meant a transformation of the employment relationship which was once based on security of employment in return for loyalty and commitment (Herriot & Pemberton, 1995). The apparent demise of organizational commitment to providing stable and secure employment has fuelled job insecurity of a pervasive nature and extent (Hartley, Jacobson, Klandermans, & Van Vuuren, 1991).

Downsizing invariably results in layoffs, thus the threat and the reality of redundancy compounds the situation. Since work is a social activity which not only provides the means for economic existence but also a source of social identity and status, redundancy can provoke a wide range of responses from individuals, both those losing their jobs and those who remain in the organization.

### MANAGING THOSE WHO LEAVE

It is now well documented that the way in which the redundancy situation is managed can help people to overcome some of the potentially adverse effects. For those being made redundant, the use of outplacement, in particular, has achieved a near normative stance in redundancy management (Doherty & Tyson, 1993). This ideology embodies the notion that organizations that are seen to be behaving humanely towards redundant employees value people, and that the sacrifice of some jobs will improve performance and allow those remaining employees to survive in an increasingly competitive environment. Often, considerable financial resource is invested in exiting people, yet the use of downsizing tactics appears to have almost resulted in a victimization of those who do survive.

## THE SURVIVORS

After redundancies working conditions in the organization may change radically. Workload may increase in the first instance, since remaining employees pick up the jobs and tasks of departed colleagues. The nature of the work can also vary. In particular, technological changes and business process re-engineering require new working practices, with people having to cope with different ways of working together. Thus, the employees remaining in these newly downsized, rightsized, and restructured organizations are expected to adopt new roles and responsibilities, take on more work, manage major cost reductions, and assimilate a new vision for the organization. They face the dismay of losing the peers who have formed the social fabric of their work life, and in addition, their own jobs may be threatened by further redundancies.

Not surprisingly the reactions of survivors are often complex and can vary considerably between individuals and within organizations. The emotions and responses can range from shock, anger, anxiety, and animosity towards management, and concern about their colleagues who have left, to guilt and relief that they still have a job, and to fear about their own job security. Such responses are characterized by behavioural outcomes including decreased motivation, decreased morale, and increased stress due to having to work harder, over longer hours. As a result survivors often exhibit decreased confidence in and a lack of commitment, trust, and loyalty to the organization (Brockner, 1986; Richey, 1992).

Many of the survivors' reactions are moderated by organizational variables and individual variables. These include factors such as how the organization handles the layoffs and whether the organization displays reciprocal commitment in the management both of those leaving and of those remaining. At the individual level, factors such as the individual's status in the organization, attitudes towards work, self-esteem, and coping mechanisms can all mould survivors' reactions and impact on productivity, loyalty, and commitment. Perceptions of fairness and justice and a desire for equity in the employment relationship are also reflected in the reactions and concerns of survivors (Brockner, Greenberg, Brockner, Bortz, Davy, & Carter, 1986).

## MANAGING DOWNSIZING

After downsizing, a period of recovery is needed, and this recovery often requires a radical rethinking of organizational dynamics. Organizations appear to be gearing up for flexibility and are using HR policies and practices to try to encourage a more adaptable and responsive workforce (Tyson, 1995). Ultimately, the successful transformation of organizations relies on getting the right strategies in place for organizational survival, but survivors'



reactions can often be compounded if there is a lack of appropriate help to facilitate the transition for them personally. Although strategies that will assist the organization to survive and prosper are put into place, few organizations appear coherently to address the personal needs of the survivors (Doherty & Horsted, 1995).

It would appear that the survivors are getting few actual or symbolic messages about their long-term security or help in coping with change issues so they can reorient themselves to the new organization. This dearth of programmes focusing on the long-term security, development, or career opportunities for remaining employees can only serve to exacerbate survivors' feelings of insecurity (Doherty, Bank, & Vinnicombe, 1995).

Numerous authors have prescribed approaches for directing and sustaining recovery for organizations and employees in the aftermath of downsizing (see, for example, Buch & Aldridge, 1990; Feldman & Leana, 1994). Many of these approaches contain common elements, from ensuring that those made redundant are fairly treated, to rebuilding commitment and motivation among remaining employees. However, it has also been argued that there is a need to unravel the process of organizational change, which is external (the new site, the new boss, the new team roles, the new policy), from the process of individual transition, which is internal (the psychological process people go through to come to terms with the new situation) (Bridges, 1991). Thus, Bridges argued, it is equally important to manage both the personal transitions and the organizational change. However, Brockner (1992) warned that there are no quick fixes to managing survivors through a downsizing. Survivors invariably need long recovery periods to readjust, often running into years rather than weeks or months.

One key element of revitalizing the business after a major change like downsizing involves realigning remaining employees to the new organisational goals and objectives. This recovery involves the need to address the insecurities and uncertainties of the individual, which are ultimately associated with development opportunities and career progression. The concept of an organizational career has in the past been one very powerful mechanism through which commitment to the company has been encouraged, generating a sense of identification with and loyalty to the employer and acting as a control mechanism for the management of the workforce (Blauner, 1964). Likewise, for the individual, work and the organization provide one means of attaining security. However, terminations, especially involuntary redundancies, break the individual expectation of a job for life or the belief that good performance and commitment are rewarded. Survivors' reactions are a strong indication that by downsizing, outsourcing, and delayering, many organizations have appeared to renege on their side of the employment deal (Herriot & Pemberton, 1995).

### DIFFERENT DEALS

While the old deal embraced the individuals' expectations of security of employment in return for loyalty and commitment to the organization, downsizing and restructuring now mean less job security and fewer career progression opportunities. Many organizations are now implementing strategies that facilitate expansion and contraction of the workforce to suit the needs of the company. The move towards core and periphery, the use of short-term contracts, part-time working, shift working, and non-standard work hours are increasingly common methods of generating a range of employment options to support organizational flexibility. Juxtaposed with these adaptive ways of working are many remnants of the traditional employment relationship, designed to promote stability and continuity. Thus, the employment relationships of the future may assume many forms and employees may experience a range of different deals throughout their work life, all of which combine elements of stability and flexibility.

This menu of new deals, on the whole, focuses on career as a series of developmental opportunities. This has changed the balance and substance of the psychological and emotional adjustments required of remaining employees. Kozlowski, Chao, Smith, and Hedlund (1993, p. 316) have suggested that "the pervasive impact of downsizing on organisations and its implications for our conceptions of career success, may be among the most profound legacies of the phenomenon". Thus, the impact on career is a highly salient issue for both organizations and individuals, and the changing conceptualization of jobs and how they relate to broader career systems is an essential area that organizations need to explore in the aftermath of downsizing.

Isabella (1989) suggested that the true bottom line throughout a downsizing is employees' own career development. When considered as a career transition event, downsizing shakes the foundations of the employment relationship and does so differently for different people. She suggested that those in their early career will be concerned about the impact of the restructuring on the resources that facilitate their ability to perform competently, while those who are in the building-block stage of their career assess the situation in terms of the opportunities or barriers posed to their advancement. For those in mid-career, the focus of concern appears to be with individual conceptions of success in career terms. A downsizing can prompt insecurity in terms of their ability to remain securely in and contribute to the business and may prompt fears about career plateauing. Therefore, the new organizational structures and rules create alternative career progression opportunities and altered career paths which impact on survivors' personal career plans and objectives and their ability to realize a career.



### A NEW EMPLOYMENT RELATIONSHIP

Employees' aspirations, motivations, career anchors, and perceptions of what the company is offering are encompassed within the psychological contract (Herriot, 1992). This is the focal point at which the integration of the individual needs and the organizational expectations is realized. The inherently intangible nature of the psychological and emotional components of personal change makes it difficult to address, particularly in the current context of insecurity and uncertainty, but managing these issues lies at the very heart of achieving a new employment relationship between the organization and its remaining employees.

Although the ambiguity that results from a break in the psychological contract may be sustainable in the short term, a realignment and renegotiation of the employment relationship is the foundation on which both the organization's and the individual's future is built. Essential elements of the realignment include paying attention to the survivors' worries and concerns, and Noer (1993) found that the companies that succeeded after downsizing took a systematic approach to restructuring the employer-employee relationship. However, some recent research (Allen, Freeman, Reizenstein, & Rentz, 1996; Hallier & Lyon, 1995) has indicated the detrimental impact of organizational restructuring on work attitudes, the psychological contract, the work-role transition, and realization of career over time, for those remaining employees, suggesting that many organizations are still struggling to achieve a successful renegotiation of the employment relationship.

This breakdown in the patterns of exchange in the employment relationship means that the current survivors of organizational change are faced with negotiation processes that are bound by new rules (Herriot & Pemberton, 1996). Not only do the processes of deal making appear to require successive, ongoing negotiation, but they also seem to put the onus increasingly on the individual to influence the process. In order to engage in this process of negotiation and renegotiation, which is likely to be frequent and which will probably combine a variety of elements to form the employment exchange, many employees will need to develop a repertoire of new skills, to keep on striking an equitable deal.

### A ROLE FOR HR

Given the prevalence of downsizing tactics and the increasing use of self-development principles to encourage greater flexibility in the employment relationship, the management of the people issues and in particular the continued development of employees is fundamental to the success of organizational downsizing (Fisher, 1989). Kanter (1993, p. 21) observed that this changing context requires a new focus on human resource policies which help people to gain the "skills and self-reliance to master the new

environment". An integrated and compatible series of programmes including elements that address the cultural, structural, and process issues important to the survivors has been proposed by Buch and Aldridge (1990). They suggested that interventions that combine participation, communication, problem solving, team building, counselling, and career development programmes can meet both the organizational and the individual objectives. By equipping survivors to cope with personal change and providing the skills for future survival, such programmes also facilitate more flexible and responsive change for the organization.

It has also been suggested that managing the renegotiation process is a principal concern for the HR function (Herriot & Pemberton, 1995). HR can mediate this process by raising organizational awareness of the need to renegotiate and help individuals to construct more satisfactory deals. This will assist individuals to survive the immediate change and will facilitate discussion of longer term aspirations and needs. Thus, the HR function will fulfil a new role as consultants, counsellors, and brokers of the psychological contract.

This era of survival values has, as Stuart (1995) suggested, created a need to unlearn old responses and relearn new ways of responding to change, ways that create resilience and stamina. Because of this unceasing instability in the environment, the challenge is one of overcoming the potentially adverse effects on survivors and orchestrating equilibrium in the employment relationship.

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# Rhetoric or reality: shifts in graduate career management?

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The current rhetoric about the demise of traditional concepts of "career" poses a challenge to organizations which rely on the development of managerial talent through fast-track programmes. Reports on the career management philosophy, strategy, policy and practice of 20 organizations which are major graduate recruiters. Human resource and career management specialists responsible for fast-track recruitment and career development within these companies provided information via semi-structured interviews. Data were analysed using content and thematic analysis with the aid of a qualitative data analysis package to elicit patterns and trends in the approaches being used. Organizations varied in the extent to which they were attempting to achieve a shift in the employment relationship offered to graduates. Symbolic shifts were being generated through both cultural and process changes in an attempt to move from a traditional notion of career to a transactional-type relationship with graduates, based on opportunities for development.

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## The career management challenge

In the context of organizational careers, various labels including high flyers, fast trackers and high potentials have been attributed to those identified as the potential senior managers of the future. Such individuals are normally drawn from a high-quality, graduate population, with the assumption that they will be developed rapidly to become the future cadre of senior management. Many organizations explicitly state that they have a graduate programme which is designed to ensure a supply of high-calibre executives for the future and thereby maintain the organization's competitiveness.

The fundamental rationale for a fast-track population is based on a traditional, rational, long-term career philosophy. Fast-track programmes have historically been used as a means of recruiting, training and developing "high-calibre" people for promotion to the top management positions of an organization and, generally, fast-track careers have been characterized by rapid, assisted, hierarchical movement.

However, the current evolution of increasingly complex organizational forms, with diverse lines of reporting, disparate levels of power and authority and different career progression opportunities, has influenced how people are managed into, through and out of the organization. Nicholson and West (1988) indicated that movement both within and between organizations for managerial populations has increased. Further research, for example Herriot (1992), Nystrom and McArthur (1989), Routledge and Elliot (1982) and Steele *et al.* (1990), has suggested that career progression opportunities are no longer vertical and hierarchical but increasingly horizontal in nature, resulting in fewer and different career progression channels. Inkson and Coe (1993) found an apparent increase in the number of sideways or downward moves and a decline in the number of upward moves contributing to an increased variation in career patterns for managers in general. As Stroch and Reilly (1994) suggested, the organizational structures which have traditionally supported rational

long-term careers are being gradually replaced with more fluid frameworks.

The number of graduates in the labour market has increased, generating a glut of prospective candidates for graduate positions and subsequently an increase in the competition for such posts. Scott-Clarke and Byrne (1995) indicated that this has resulted in a graduation of many jobs previously filled by non-graduates. In addition, many companies appear to be pursuing HR strategies which are flexible, adaptive and responsive. According to Tyson (1995) these include, as a core element, the development of a quality, management population where young high potentials remain the seed-corn to be preserved, developed and encouraged.

It has also been suggested by Doherty and Tyson (1993) and Kanter (1989) that the differential treatment of managerial populations compared to employees is decreasing with respect to HR policy areas such as redundancy and reward, resulting in what appears to be a convergence in the methods of managing different employee populations. This combination of factors appears to have led to a transformation in the employment relationship. It has been suggested that the employment relationship which was once based on security of employment and a job for life in return for loyalty and commitment is becoming increasingly untenable. Some authors, including Herriot and Pemberton (1995), have commented that employees can no longer enjoy the security of a psychological contract based on mutual trust and commitment over the long term, and that this change has impacted noticeably on senior managers and professionals.

Fewer opportunities for promotion, a decrease in the number of positions available and less-differentiated treatment of managers may mean that managerial careers, and in particular the careers of fast-track populations, will become qualitatively different. Finding new ways to keep their "up-and-comers" motivated and committed presents a challenge to many organizations, (Modic, 1989).

Recruitment and selection processes for fast trackers tends to be stringent and rigorous as highlighted by Strebler and Pike (1993)



and the Future Top Managers survey (Anonymous, 1994) revealed some general trends in the processes being used to manage this population. In general, fast trackers are identified within the first two years of joining the organization. Performance appraisal is the most common method of identifying and assessing high flyers, and tailored internal training programmes and secondments are the most popular methods of management development.

However, there is little in-depth research which exposes the organizational philosophy and practice for managing fast-track graduates. The present study was designed to explore this gap by investigating the current philosophies, strategies, policies and practices being used to recruit, motivate, reward, retain and manage fast-track recruits.

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### Method

A sample of the major graduate recruiters was compiled with the assistance of the Association of Graduate Recruiters (AGR). Twenty-four companies were identified to reflect industry spread and the recruitment of a range of graduate types and numbers. Of the 24 companies targeted, a total of 20 were accessed to obtain data from human resource (HR) managers and personnel responsible for fast-track recruitment and career management within these companies.

Data collection took place during April/May 1995. Interviewees provided data about the HR philosophies, strategies, policies and practices within the following five broad categories:

- 1 forecasting requirements, labour market information and sourcing strategies;
- 2 design criteria for fast-track development programmes;
- 3 induction, training, development, reward, succession planning, performance management, promotion strategies and contractual arrangements;
- 4 career management strategies;
- 5 the evaluation of fast-track programmes.

In addition, contextual information about the organization and any recent changes such as delayering and restructuring was collected. Supplementary information in the form of written policy documentation and marketing literature, such as recruitment brochures and application forms, was also collected.

The information was gathered by means of a semi-structured interview which lasted approximately one and a half hours. Interviews were tape recorded in 18 out of the 20 companies. Where tape recording was not

possible, detailed notes were taken at the interview.

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### Sample

Of the 20 organizations participating in the research, 55 per cent were service sector, 45 per cent manufacturing-based organizations. Seventy-five per cent recruited graduates for specialist positions, 75 per cent recruited graduates for generalist positions and 50 per cent recruited both specialist and generalist recruits. Graduate intake ranged from less than 50 per year (20 per cent), to the majority, recruiting over 150 per year (40 per cent).

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### Data analysis

Data were transcribed directly from the tape recordings (and from detailed notes in the two cases where taping was not possible). These notes were written up within the broad interview schedule categories (as outlined above). The three researchers involved in data collection held regular meetings to discuss the interview process, the data collection and analysis. The data and supplementary information were analysed using a content analytic process. The interview data were organized by the three researchers independently, within the five general themes. The categorization of the data was cross-checked by researchers to ensure consistency in coding.

To explore the data fully, a qualitative data analysis package, NUD.IST (1994), was employed. A coding structure was developed which consisted of a number of categories including philosophy, strategy, policy, practice, expectations, process, change, evaluation, processes and career development. The data were entered into NUD.IST and indexed according to this framework. Each category was clearly defined to ensure consistency among researchers, and the facility to keep an audit trail of coding and re-coding provided an added mechanism to ensure consistency in the analysis and interpretation of the emerging results. The package enabled searching among categories and across the indexing structure to explore links, themes and patterns within the data.

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### Results

The following is a synthesis of the main issues identified from the data with selected quotations to provide illustrations of the findings.



### **Career/high-potential philosophy**

All practitioners surveyed perceived the management of fast-track populations as a challenge. Over three-quarters of participating organizations had not explicitly changed their fast-track philosophy. The main purpose of fast-track recruitment continued to be the assurance of a supply of graduates with potential. These were considered the stock of senior managers capable of meeting the business objectives of the future, to achieve and sustain a competitive advantage. About half indicated that they still operated a longer-term career philosophy. However, there had been a shift in the articulation of this career philosophy even among those organizations which still espoused a long-term relationship. Although a pool of talent is achieved through the continued recruitment drives and for the very best people there is still an expectation that they can stay within the organization, this expectation appeared much more loosely coupled with a fast-track philosophy.

This looser coupling was apparent in subtle changes in emphasis. Over one-third of the organizations indicated that they did not use the term "career" or had no definition of career. These organizations appeared to be shifting the emphasis from the guarantee of a career *per se*, to the provision of a long-term opportunity for fast trackers. They indicated that they were providing the conditions under which graduates could increase their employment capacity, enhance their commercial value and so maximize their value in the marketplace, embodied in the notions of continuous "employability", "marketability" and "adding value" to the organization.

A less discriminating approach towards graduates as a distinct population was also evident. The majority of organizations indicated that they did not actively encourage an elitist culture among graduates, in order to reduce the differentiation between fast-track and other managerial populations. Hence, there was a growing emphasis on graduates being recruited into "real jobs" and for some a move from permanent to fixed-term contracts. The purpose and emphasis was stated as "acquiring brain power, enthusiasm and energy" to broaden and consolidate technical and professional expertise within these organizations.

Despite a continued organizational anticipation that they would probably fill the senior management positions of the future, there were changes in career patterns for fast trackers. In some organizations, the evolving career patterns were spiral in nature. The spiral pattern involved a number of lateral moves in the organization with a slower ascendancy through flatter layers than the

traditional hierarchical movement "up the organizational career ladder". Other patterns focused on either specialist development or generalist development, but with no guarantee of hierarchical progression.

### **The management of expectations**

In most cases, practitioners stated that their organizations "set clear expectations for graduates". These were mainly age/grade-related progression standards and development guided by benchmarks, over time. Since graduates were recruited into "real jobs", this reinforced the organizational expectation of "high performance, an immediate contribution" and the expectation of "adding value from day one". A minority of companies in the sample had an explicit "up or out" policy. This type of policy involved clearly set targets which were to be achieved within specified time limits. Individuals who did not meet the requirements of upward promotion were exited out of the organization, even when competent in their present jobs. Within the small number of companies operating in this way, practitioners stated that "targets were clearly communicated to graduates at the outset". Many organizations could no longer offer rapid progression as the structures to support this had been eroded, therefore the expectation had shifted generally to "development in a wider range of skills areas, over a longer period of time, without rapid promotion".

Company literature, presentations, and the recruitment and selection process used to convey messages about what the organization was offering were undergoing a change in focus within most organizations. In the majority of cases, the impetus for this change appeared to be to present a much clearer illustration of the type of training and opportunities available to graduates on entering the organization and to provide more information about the nature of the organization itself; "in an attempt to set more realistic expectations". Companies appeared to be trying to do this through symbolic changes particularly in the language and messages being used to "sell" companies to graduates. It appeared that organizations were striving to be more "frank and honest" about what was on offer by providing a clear and explicit idea of the organization and its culture, and more realistic profiles of the type of work graduates could expect. They indicated that they were attempting to convey an impression of "what it is like to work here" and to explain "the way we do things around here".

In an attempt to communicate clearer messages, nearly one-third of the organizations had avoided using the "high flyer" label or



did not communicate to graduates that they were defined as high flyers, since this was considered to raise expectations "unnecessarily". These included a move away from using the language of "job" or "career". Job titles had been dropped from the recruitment literature, and the word "career" was being removed from use. "There has been considerable change in the language used to articulate the type of relationship on offer". The emphasis in language was on the "opportunity to develop capabilities" or an "opportunity for training and development for a good start in the company".

The management of the graduates' expectations was considered a significant challenge. However, nearly one-fifth of the participants indicated that their company was not clearly communicating what was expected of graduates. These practitioners indicated that "it is difficult to make explicit", well-defined statements of expectations. There was a general agreement that graduates expected "openness and honesty about what the organization is offering". Practitioners noted that graduates appear to expect "good structured training and development, diversity and variety in job experience, decent salary progression" and "intervention" in career development through a well-managed process, "real work and a challenge". It was also felt that graduates tended to focus on the training and development opportunities available, as criteria for applying.

Some interviewees indicated that graduates still appear to expect an employment relationship which provides onward and upward progression. On the other hand, some practitioners perceived that graduates' expectations had moved towards, in their terms, "realistic, shorter-term opportunities" which were more in line with what the organization is now offering. The range of opinion about what graduates expected may be a reflection of the different types of employment relationship being offered by different companies. However, this is a significant area which requires further research, since organizations did not appear to collect data about the impact on graduates' expectations, of the various employment relationships being offered.

#### **Planning for future needs**

Fluctuations had occurred in the graduate intake of some organizations, with the most marked changes being a reduction in the early 1990s. The pressures of recession and major organizational change, such as downsizing, appeared to have resulted in reduced numbers of jobs available, and since many organizations recruited graduates into "real jobs", opportunities were reduced. About one-

quarter of organizations had reduced graduate intake in the past 12-24 months (1993-94). The reasons for this reduction included quality issues. It was felt that they "could not recruit people of quality in larger volumes" and there was a move to concentrating on "quality not quantity". Also, meeting "the expectations and needs of the organization and the individuals" was felt to require a focus on smaller numbers in the graduate schemes. Recessionary pressures had forced a reduction in graduate intake. However, almost half the organizations had increased intake over the 1993-94 period, to match and in some cases exceed the numbers being recruited before the onset of the recession, since it was considered essential to try and maintain a steady supply of talent for the future.

Within some participating organizations, practitioners indicated that "sophisticated" manpower planning was an integral part of the normal business planning process. This included "future needs analysis scenario planning" and "deriving targets from the manpower plan which in turn is linked to the business plan". In over one-quarter of companies, databases of the high-potential individuals were kept and there was an awareness among senior management and management development specialists of who these individuals were. Others had yet to introduce formal systems, and relied on *ad hoc* processes for determining requirements, or had disparate manpower planning due to the decentralized nature of the organization. For almost half of the organizations, the annual numbers were calculated "bottom-up, based on strategic business unit needs".

#### **Developing fast-trackers**

There was a great deal of convergence in the methods and processes used in the recruitment and selection of graduates. Ninety per cent of participating companies used the "milk round" process in the pre-selection phase. Despite an increase in the number of graduates available in the pool, there was a general impression that there has been "some regression in graduates' abilities". Companies were still competing for a relatively small group of individuals. Many indicated that it had become more difficult to find high-quality graduates; "there is a very wide quality spectrum, organizations are looking for a needle in a hay stack and the hay stack has got bigger". Therefore, the maintenance of a high-quality intake was of particular concern to over half of the organizations. These factors required organizations to become more rigorous and focused on maintaining a graduate intake of high quality. This had resulted in a noticeable shift towards a deliberate



recruitment strategy which moved away from mass marketing to selectivity in the targeting of specific universities.

In an attempt to decrease the sheer volume of applications and reduce the processing time, more structured and targeted links were cultivated through closer dialogue with selected campuses. Over half of those organizations recruiting specialists targeted particular university departments where they had a good track record of high calibre students in the past, or where they had close research links. For nearly one-quarter of the organizations it was suggested that "semesterization" of the university timetable would affect the timing of graduate recruitment. This may involve a move to year-round recruitment as opposed to the traditional once-yearly intake.

All organizations used rigorous selection methods, many of which were based on the competences criteria used for or derived from senior management competences. An assessment-centre approach was normally used to identify the required competences. A centralized recruitment drive was used by most companies and others were moving towards the centralization of the process, particularly where graduates were considered a "corporate resource", in order to regulate the standards and methods used in selection.

All organizations offered on-going training and development for graduates, which varied from between five months to ten years, for those companies with a longer-term focus. The majority of organizations provided an initial structured induction and training programme for fast-track graduates lasting between 18 and 24 months. Such programmes were focused, specific and often intensive, consisting of both on- and off-the-job training of a modular nature, including technical training, as a catalyst for rapid initial development.

However, since many graduates were recruited into specific jobs which were dictated by business needs, they received job-related training in a technical or professional function in addition to corporate training modules. Some organizations offered initial training programmes which involved rotation through different parts of the business; for example, three six-month placements in different areas of the business.

Training, further education courses, the development of core competences and skills development were all high priorities in the overall development of graduates. Over half of the organizations stated that they actively encouraged graduates to continue their education; for example, by working towards professional qualifications, attaining chartered status, or further education such as an MBA,

to increase the general standard of education levels within the organization.

### **Monitoring progress**

Integral to the process of fast-track development in the organization was the monitoring of progress. Once in the organization, graduates were reviewed via the appraisal system and explicitly informed if they were not performing or were falling below performance expectations. Development targets for progression were usually set through a series of appraisals and reviews. These were formal and frequent, normally on a six-monthly or quarterly basis and often supplemented by informal reviews. The competences used for selection were normally used in the appraisal process. In general, these were based on the competences identified as important for senior managers.

Top management were generally involved in discussion of the progression of such individuals ("people with potential are known to senior management") and in influencing their progression ("senior managers review the whole graduate population"). Many organizations also expected graduates to take control of the management of their own progress within the company. This was stated as an explicit attempt to develop a "partnership" between the individual and the organization in planning and implementing their development. This signalled a significant change in the way in which graduate development was being managed. Previously, the development process was led and often prescribed by the organization. Managing personal development through a partnership between the individual and the organization put more onus on the graduates to take control of their development. This also created the opportunity to pursue mutually desirable development goals.

Mentoring was one mechanism used to facilitate this process and was offered by about two-thirds of the organizations. A coach/counsellor/development manager, typically independent of line responsibility, was assigned to the individual to provide help and guidance in planning their personal development.

In most organizations, the appraisal system was used to identify management potential in non fast-track as well as fast-track populations. Therefore, the competences required by the organization could be identified and developed across all employees. Apart from those organizations with an explicit "up or out" policy, following the initial training and development many high potential individuals were treated as an integral part of the employee population. If they performed well they would have an opportunity to rise to the higher



managerial levels of the company but they were not treated as a distinct population after they had received initial training. This lack of elitism was symbolic of another important shift in the management of fast trackers. Guaranteed development and progression were no longer part of the offer from the organization.

Non fast-track graduate entry was increasing, and therefore provided an additional source of talent which could be developed. Organizations appeared to be removing any barriers to distinction between fast-track graduates, non fast-track graduates and the employee population in general; the intention being to optimize the development of talent throughout the organization.

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### Discussion and conclusions

Hirsh *et al.* (1995) suggested that the uncertainty of the business environment of the 1990s prevents adherence to a traditional philosophy of talent spotting and the planned development of a future senior manager cadre. Changes in organizational structure and career opportunity, in combination with the lack of guarantees of security and continuity of employment, would appear to reinforce the notion that the traditional career philosophy, and in particular a high potential career which has been based on a rational long-term relationship between the employer and the employee, is no longer tenable.

However, this research has highlighted that, as found by Guest and Mackenzie Davey (1996), elements of the traditional notion of career endure. Many of the large organizations which sustain a graduate intake still adhere to variants of the traditional career philosophy with respect to fast-track recruits. Even though it has become increasingly difficult for such organizations to offer graduates a traditional employment relationship, many still appear to hold with the principle of recruiting the best graduates possible in order to maintain and enhance competitive advantage in the long term.

The majority of organizations researched were attempting to change the nature of their traditional relationship with high-potential employees. The processes by which graduates were being recruited, inducted, developed and managed once in the organization were evidence of a subtle, but very important, shift in re-defining career philosophy and generating a new understanding of career. The characteristic notion of career, as suggested by Arthur *et al.* (1989), as a hierarchical sequence of work positions was being redefined by these organizations as developmental opportunities.

Herriot and Pemberton (1995) suggested that

this type of employment relationship appears to emphasize a relational contract as opposed to a transactional one.

In order to realize a different type of employment relationship, change processes appeared to focus on a redefinition of the career culture within the organization through the HR policies and practices and the career structures in place. Among the organizations researched, the recruitment and selection processes continued to be stringent and rigorous. Such processes included the application of demanding performance criteria for the graduate population. In addition, the career development systems for high-potential people were being geared towards the individual assuming responsibility for career and career-development. Some organizations were trying to achieve this by encouraging an open dialogue about career development opportunities, aspirations and alternatives.

The differential treatment of graduates as a distinct population was perpetuated, but only initially. Graduate populations still enjoyed a high level of investment on joining the organization, but after recruitment and a foundation of training and development, many could no longer expect guaranteed, rapid, hierarchical progression. The increasing emphasis on contribution and added value from day one had resulted in the graduate population becoming increasingly undifferentiated from the wider managerial population. A further reduction in the elitist culture surrounding fast track was being attempted through the articulation of clearer expectations of achievement, closer monitoring of initial progress, and the concurrent identification and development of others within the organization.

This shift in organizational expectations may mean that graduates will be required to "buy into" a quite different offer on entry to employment. Although the high-potential philosophy remained pervasive, the symbolism in the language and systems now in place appeared to signal a transformation in the management of this population. The extent to which clarity in these messages had been achieved or realized was not obvious. Since organizations themselves were at a variety of stages of implementing different approaches, graduates' expectations may be some way behind organizational messages.

Previous research by Arnold and Mackenzie Davey (1992, 1994a, 1994b) on graduates' initial experiences in companies indicated that clarity of short- and long-term career possibilities is rarely experienced by graduates. This was a major determinant of the level of commitment and desire to stay in the organization. However, organizations appeared to struggle to achieve such clarity.



Further research by Robinson and Rousseau (1994) indicated that unmet expectations among graduate management cohorts has resulted in a subsequent lack of trust, lower satisfaction and greater intention to leave the organization. There remains an intuitive incongruity in attempting to perpetuate a high-potential philosophy within current constraints. Potentially, the return on investment for the organization could be lost if graduates take advantage of initial training and development as a stepping-stone in their personal development and then move on.

However, Arnold and Mackenzie Davey (1994a) suggest that there are dangers in having rigid career-development systems and that graduates are not concerned about guaranteed jobs but about "the existence of a map of the terrain", which outlines the possibilities available to them. It would appear that organizations are trying to shift the boundaries of their maps, but the key features of the terrain are still unclear and little is known about how graduates are charting the territory.

The data presented here provide a descriptive snapshot, from the organizational perspective, of the nature of the employment relationships being offered to graduates. This study was limited to data collection at one point in time; however, it revealed a number of signals that the essence of the employment relationship for graduates appears to be shifting. The evolving nature of the employer-employee relationship requires data collection at both the organizational and the individual level, over time, to explore the ways in which graduate populations experience their career development and management, within specific organizational contexts. Further research is required to assess the extent to which these apparently qualitatively different expectations are being fulfilled for both the organization and the individual.

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## DOWNSIZING

*Noeleen Doherty*

It is not news that organisational downsizing is becoming the norm rather than an unusual practice experienced by a few companies in trouble. (Cameron, 1994a, p. 183)

Downsizing has become a euphemistic term of the 1990s and Cameron's observation reflected a growing trend in the use of downsizing tactics throughout the 1980s and early 1990s. The term originated in the USA where it was coined in reference to the scaling down of car sizes by automobile manufacturers. Subsequently, it was used to describe situations where companies went on 'crash diets' to reduce in size, in their search for greater efficiency, necessitated by recessionary pressures (Appelbaum et al., 1987). Now the word has assumed intrinsic meaning in the vocabulary of management and has become synonymous with other terms used to describe organisational change such as rightsizing, reorganisation, restructuring and rationalisation.

Although originally attributed to recession, in this continued era of constant change, many factors may contribute to the need for downsizing. These include international competition, the pace of economic growth, changing markets, mergers and acquisitions, and technological innovations many of which are designed to improve productivity with less personnel. It has been argued that downsizing does not equate automatically with redundancy and layoffs (Vollmann and Brazas, 1993). They suggested that downsizing need not be sudden, drastic or disruptive but is just one management method that can be used to help the company to survive. However, Cameron (1994b) distinguished downsizing from other organisational changes. Downsizing is explicitly associated with the strategic impetus to improve organisational productivity, effectiveness and efficiency through an intentional set of activities which result in a reduction in employee numbers which also affects work processes. Therefore, in essence downsizing aims to cut costs by reducing head count.

The press has been full of announcements of downsizing, throughout the UK, bearing testimony to the scale of change being experienced by British business and industry. Many organisations have succumbed to this type of event and downsizing has been legitimised as a strategy for organisational survival and posed as a 'necessary evil'

Curtis (1989) observed that although the language of cutback may be recent there have always been cycles of commercial and demographic reductions within business. However, most research and literature has been characterised by a focus on the management of organisational change which results in growth, while the dynamics of change in declining organisations have been largely ignored. Many of the changes now being experienced result in redundancy, and often repeated episodes of redundancy.



Organisations are no longer just stripping out a layer of management but are shedding large numbers of employees, in successive tranches. Companies now face the need to manage repeated episodes of transition which are resulting in the reduction as opposed to an increase in the labour force. The current scale and pace of change is therefore both quantitatively and qualitatively different from any experienced before and the best practice principles of the past may no longer be sufficient to address the contextual variables currently at play.

## An era of insecurity

Not only is change endemic to organisations but the advent of the widespread practice of downsizing with the resulting reduction in labour force requirements has had many macro and micro repercussions. Even industries which have traditionally espoused a patriarchal attitude towards employees, offering security of employment and a life-long career, have not gone unscathed. The multifaceted nature of such change has posed a new challenge to organisations as they now need to navigate many transitions in order to achieve a successful outcome. This has led to the rhetoric of *change as a constant* and *insecurity* as the doctrine of the decade.

Downsizing is one practice which has posed the threat of insecurity for individuals, organisations and society (Feldman and Leana, 1994). At a societal level, downsizing has resulted in unemployment for larger numbers of people and unemployment which is becoming characteristically long-term. Redundancy and lay-offs of the scale now experienced have changed the rules of the game – that is the redundancy practices which have traditionally been adhered to by organisations and employees alike. The apparent demise of organisational commitment to providing security of employment also leads to individual insecurity and individual suffering both for those losing jobs and for those who remain in the organisation. Hartley et al. (1991) argue that this fuels job insecurity which has become pervasive in nature and extent. An exploration of the potential impact of downsizing exposes some of the underlying causes of this insecurity.

## The impact of downsizing

Cameron (1994b) outlined the impact of organisational decline which is pre-empted by downsizing. The negative outcomes of a downsizing situation can include the centralisation of decision making, a short-term planning horizon, the loss of innovation, resistance to change, decreased morale, the politicising of the organisational climate, across the board cutbacks, loss of trust and confidence among employees, increasing internal conflict for diminished resources, lack of communication, an increase in individualism and lack of leadership. The organisational responses to changes imposed by downsizing tend to focus on tried and tested solutions to manage the change situation and not on innovative behaviour. Such reactions from both organisations and individuals indicate that downsizing, in a worst case scenario, can invoke a cut-throat environment which breeds vulnerability and insecurity resulting in a 'backs to the wall' mentality. Downsizing can therefore create turbulence of considerable proportions (Fisher, 1988; Froiland et al., 1993; Overman, 1991; Rice and Dreilinger, 1991).



## The HRM challenge

The fundamental need for organisations to remain effective and efficient in order to survive, drives business strategy. Downsizing is now a commonly used strategy to achieve a reduced workforce in order to meet business objectives, therefore the management of the HR issues is a recurrent challenge for the HR function (Fisher, 1989). Hendry and Pettigrew (1992) argued that HRM should link operational and strategic activity through policies which proactively address conditions of continuous change. The contextual and continuous nature of change suggests the need for companies to develop policies and practices to address their unique circumstances. However, the management of HR issues and in particular the continued development of people becomes a universal requirement, fundamental to success throughout a downsizing event.

There is an emerging consensus that HRM strategies should match the business strategies designed to maintain organisational success. Tyson (1995) suggested that companies use different routes to achieve such integration. Because of the current nature of change corporate strategies appear to have become more short-term and this is reflected in the increasing prominence of HRM policies and practices which are used to manage change. The strategic HR influences currently in operation include employee relations policies which are designed to reinforce working relationships which meet the business objectives, organisation development programmes which increase responsiveness to external pressures, and management development policies to ensure competitive advantage through the development of the right skills and abilities of people in the organisation. Achieving the integration of the policies and practices which address the downsizing situation highlights the role of HR in driving and sustaining the change efforts at a behavioural level and accords with Tyson's (1995) view of the role of human resource management as 'an interpretative, representative and determining force for management intentions at work' (p. i). This provides one of the most exciting opportunities to consolidate the role of the HRM function for the next century.

## Managing exits

It has been argued that job loss is an integral part of a downsizing strategy. In many cases downsizing signals the tragic reality of redundancy for employees and a potentially traumatic transition for the individual. Work is a social activity which not only provides the means for economic existence but is a source of social identity and status. Because of the various functions of work, redundancy can provoke a range of responses from individuals. These include a loss of dignity, a loss of confidence, anxiety, despair and even relief and excitement. It is now well documented that the way in which the redundancy situation is managed can help to overcome some of the adverse effects for people made redundant (for example Doherty and Tyson, 1993; Latack, 1984; Latack and Dozier, 1986; Nicholson and West, 1988; Swinburne, 1981).

The humane management of redundant employees has been on the agenda for some time, and, within personnel management and HRM paradigms, is a central concern of the personnel/HR function. The recession of the 1990s which resulted in large-scale redundancies had encouraged the development of new policies and practices to deal



with the redundancy transition. The HR function played a key role in the development and implementation of such policies. The provision of support in the event of redundancy forms the basis of best practice models of managing the situation, and includes the use of structured programmes of help (The Institute of Personnel Management Redundancy Code, Hogg, 1988).

## Outplacement

One intervention which has been used in the management of redundancies is outplacement. This concept permeated from the US and enjoyed prolific growth throughout the 1980s in the UK. Those being exited receive help in the form of structured programmes which include advice on preparing job search strategies, practical assistance with secretarial support, skills training and counselling through the change process. By providing a tool-kit of techniques and skills, individuals can be facilitated through the redundancy transition and helped to re-enter the job market. The benefits of such programmes included easing the redundancy transition for both the individual and the organisation and helping the redundant person to manage their own personal transition issues (e.g., Crofts, 1992; Doherty and Tyson, 1993; Eggert, 1991; Hyde, 1988).

Considerable financial resource is often allocated to ensure the smooth passage of redundant employees out of the organisation. Outplacement policies have assumed a near normative stance in the UK and are now often an integral part of redundancy packages for all levels of employees. Along with other mechanisms for managing major change, outplacement represents one element in the portfolio of policies designed to ease the transition process for individuals. In addition to helping redundant employees, organisations are also increasingly recognising the value of such programmes as a damage limitation exercise for those who remain (Boynton and Thomas, 1991; Doherty, Tyson and Viney, 1993). Organisations which are seen to be behaving humanely towards redundant employees, through the use of outplacement, are communicating an ideology that they value people. Within this ideology, the rationalisation for redundancy is that the sacrifice of some jobs will improve performance and allow the remaining employees to survive in an increasingly competitive environment.

## Survivors of change

Although considerable attention has focussed on the impact of the redundancy situation on those leaving the organisation, there can be casualties of the change among those who stay: the so-called survivors. In the aftermath of downsizing those who stay in an organisation can be as much victims of change as those who leave. The term 'survivors' syndrome' gained popularity in the mid 1980s following research which simulated the impact of a lay-off situation. This research indicated that co-worker lay-offs can have a dramatic effect on the people who retain their jobs (Brockner, 1986), therefore after the actual downsizing event the 'survivors' may be as adversely affected as those who leave.



## The impact of redundancy on remaining employees

Survivors' syndrome is a concept now common in academic and anecdotal literature and can pose a very real problem due to its potentially negative manifestations. The reactions of the survivors, like those experiencing redundancy, can vary considerably between individuals and even within organisations (Armstrong-Stassen, 1993). The emotions and responses can range from shock, anger, anxiety, animosity towards management, concern about their colleagues who have left, to guilt and relief that they still have a job, to fear about future security.

Survivors' syndrome is characterised by behavioural outcomes such as decreased motivation, decreased morale and increased stress due to the remaining employees having to work harder, over longer hours, to fulfil the tasks of departed colleagues, decreased confidence and commitment and a lack of trust and loyalty to the organisation. Survivors also face the dismay of losing the peers who have formed the social fabric of their work life and the threat to their own jobs of further redundancy. Not surprisingly these many factors can leave the people who keep their jobs feeling shell shocked, cynical and less than positive towards the organisation (Brockner et al., 1986, Covin, 1993; Doherty and Horsted, 1995).

Ultimately, the reactions of the survivors may have a detrimental impact on organisational performance and adverse effects on bottom-line results. Since it is the actions and reactions of the employees who remain that dictate the organisation's effectiveness, survivors' syndrome has become an increasingly legitimate concern for management when a downsizing event occurs. Often the very reason that the organisation institutes downsizing and redundancies in the first place is to increase output and consolidate competitive advantage but the detrimental effect of survivors' syndrome if not managed satisfactorily may severely undermine this.

## The complexity of survivors' syndrome reactions

There are many complex interactions among the emotions and behaviours displayed in survivors' syndrome. The extent to which remaining employees exhibit the 'symptoms' is mediated by a variety of factors. These include organisational and individual variables. The way in which the company decides which people will be made redundant has been found to be important to survivors' reactions, as have factors such as the person's position in the organisation, their attitudes towards work and personality factors. Self-esteem, the individual's personal coping mechanisms, the perceived fairness of the lay-offs and the perceived threat of further redundancies all influence how individuals react when work colleagues leave (Brockner et al., 1986, 1988, 1992a, 1992b, 1993).

One of the most fundamental factors which can exacerbate survivors' reactions is the perceived fairness of the redundancies. Survivors' perceptions of the fairness of how the situation was handled are determined by beliefs about why it occurred and the justification for redundancies, therefore it is important that the corporate culture is consistent with a redundancy strategy. For example, until recently IBM had espoused a no redundancy policy and used other means of reducing the workforce including early retirement and voluntary resignation. When such an organisation then resorts to lay-



offs this runs contrary to employee beliefs about the corporate culture and may therefore be more likely to be perceived as unfair.

The handling of the redundancies is also an important factor in determining survivors' reactions. Survivors appear to be concerned with what might be considered the detail of the lay-off procedure, for example how the notice is communicated, what decision rule was used to decide redundancies, whether good services were provided to soften the blow for those leaving, including severance pay, counselling and the continuation of benefits. The policies and practices which are applied to the people leaving the organisation, therefore, can determine the reactions of the survivors.

After redundancies working conditions in the organisation often change. Workload may increase in the first instance since remaining employees may be required to fulfil the jobs and tasks of departed colleagues. The nature of the work can also vary. New working practices may result from technological changes and business process re-engineering which means that people have to cope with different ways of working together. Job security often decreases after lay-offs as employees may perceive the threat of additional cuts in the workforce. For many survivors this involves different threats and opportunities and this type of change can create a lack of clarity and mission, feeding insecurity and uncertainty about future prospects within the company.

Clearly the survivors of organisational change such as downsizing are sensitive to a number of issues which are interlinked and are impacted by the policies and practices used to manage the situation. Brockner (1992) suggested that many of the factors that contribute to survivors' syndrome *can* be influenced by management, therefore it is argued management should plan any downsizing exercise with special consideration for the survivors. This requires strategies which are consistent, integrated and compatible since it is important to remember that all actions have significant symbolic meaning to both those leaving and those staying and may be interpreted as an exposition of the covert philosophy of the organisation by both groups.

## Employee involvement

Employee involvement strategies have been used to address the many HR issues which result from downsizing. British Aerospace embraced a downsizing situation through the institution of a programme which used a high employee involvement strategy (Guest and Peccei, 1992). The closure of a site was achieved through a programme of redeployment and redundancy which included carefully planned communication, generous severance terms and a package of 'special measures' such as job search, counselling, training and retirement advice. This approach was designed to fulfil four major objectives. The programme aimed to minimise the risk of collective union disruption, guarantee no compulsory redundancies, provide special help to those remaining employees such as counselling, training, job search and retirement advice and to retain skilled employees by offering the opportunity to transfer to another site.

Analysis of the outcomes indicated that management objectives were met. The programme successfully disarmed collective action and enabled the transfer and retention of over a third of employees including professional and skilled workers. However, from the employees' perspective the outcomes seemed less successful. Although the involvement strategy was extensively used and highly valued by a large proportion of



the workforce, a substantial minority of employees felt worse off after the plant closure. Forty-two per cent of those who had been redeployed believed they were definitely *not* better off as a result of the closure and 59 per cent still found the exercise a stressful event. This case is a potent indicator of the difficulty in attempting to address the whole range of issues which arise due to the redundancy situation and shows how survivors' syndrome issues can persist despite a concerted effort to implement a strategically planned intervention.

## Downsizing and employee involvement

Buch (1992) outlined the effects of downsizing on employee involvement activities and attitudes in a sample of US organisations. The types of employee involvement activities reported in the downsizing organisations included employee involvement teams, quality circles, total quality management, suggestion schemes and survey feedback. Over half of the organisations surveyed reported that downsizing had an overall negative impact on employee involvement. This was apparent in decreased motivation and morale among employee involvement participants, cynicism towards employee involvement efforts and a decline in the quality and quantity of employee involvement activities leading to the conclusion that downsizing can threaten the health and survival of employee involvement. However, some organisations considered the downsizing as a challenge. Such companies were characterised by a corporate culture which embraced employee involvement as an integral part of their overall strategy and these organisations were more likely to allocate dedicated resources to employee involvement initiatives.

These studies indicate that employee involvement strategies are only part of the solution to managing the downsizing situation. Guest and Peccei (1992) suggest that any employee involvement strategy should be integrated into a coherent company-wide personnel strategy in order for it to succeed. The integration of interventions is clearly key in addressing the HR issues associated with downsizing.

## Current interventions for survivors

Recent research on the extent to which changes in the financial services sector in the UK have impacted on remaining employees reflected the continuing very real impact of survivors' syndrome (Doherty and Horsted, 1995). Human resource managers reported many of the symptoms of survivors' syndrome such as decreased motivation, morale and loyalty to the company in tandem with increased stress and scepticism, similar to findings in organisations in the USA (Pinola, 1994; Richey, 1992; Skopp, 1993; Tombaugh and White, 1990).

However, this survey showed that, while 79 per cent of respondents indicated that outplacement was provided for those leaving, fewer than half (45 per cent) reported that structured help was provided for survivors. Redundant employees were being given assistance to leave the organisation and help in finding a new job or career, but the survivors were receiving much less attention. The structured help which was provided for remaining employees focussed mainly on the immediate needs for job and task training.



Formal strategies were reported for the retention and motivation of remaining employees. These were mainly reward strategies (84 per cent of respondents), and training strategies (83 per cent of respondents). Fewer respondents reported strategies focussing on the individual, for example, succession planning (43 per cent), career management (44 per cent) and cultural change (38 per cent) strategies were much less prevalent. Survivors appeared to be receiving little help to redress their personal change issues or to re-orient themselves to the new organisation and few actual or symbolic messages about their long-term security.

## Short-term tactics

These findings may reflect a firefighting approach which is driven by the current pressures for change and has concentrated organisational interventions on short-term requirements. This has put job and task issues at the top of the agenda. There is often an immediate need to address new skills requirements, hence a need for job and task skills training to maintain if not increase productivity. However, individuals can experience a short-term organisational focus in personal insecurity and anxiety. Many employees work harder or are seen to be working harder, through fear and insecurity about their position in the company. This may result in short-term gains for the organisation but at the expense of individual well being.

The impact of short-term tactics on individuals is apparent in the attitudes and behaviours exhibited by remaining employees. There appears to be a move away from corporate allegiance to more close identification with peers and the immediate work group. This may be a factor of the changing working practices that many companies are attempting to institute in the form of team working and semi-autonomous work groups which focus attention on an immediate group of colleagues. These often naturally follow changes associated with technological innovation and business process re-engineering. In tandem there also appears to be a changing emphasis from the current concept of employment to the idea of employability, with the focus now being on the relevance, flexibility and transferability of work skills. As a consequence there appears to have been a shift in loyalty from the corporate body to loyalty to colleagues and a re-orientation from organisational to personal goals. These changes are indicative of a different working relationship between the organisation and the employee. However, individuals are struggling to accommodate such a change without the security of a job for life philosophy and, it would appear, little assistance in developing the skills required to assume personal responsibility for coping with major change or for managing their own transitions and future career.

## After the downsizing

When downsizing is over managers should be allowed to direct their energy towards recovery (Bunning, 1990). This recovery requires a re-orientation of attitudes and behaviours. However, there appears to be a lack of programmes that are designed to encourage a renewed relationship with the downsized organisation (Borson and Burgess, 1992; Doherty and Horsted, 1995). The practical implications of downsizing



require a radical rethinking of organisational dynamics. Not only does downsizing impact on organisation size but structural issues, working practices and working relationships are also highlighted. Therefore organisations need to find alternative ways to accommodate the changes imposed by downsizing (Leana and Feldman, 1989; Loucheim, 1991/2).

## Addressing downsizing as major organisational change

It has been suggested that an organisation development strategy which matches organisation development interventions to downsizing challenges can meet this need (Buch and Aldridge, 1990). They propose that an approach which consists of strategic interventions, technostructural interventions, HRM interventions and human process interventions can be used. Strategic interventions enable the creation of a new corporate culture which is compatible with the new business strategy and structure of the downsized organisation. These would help to create a clear vision of the future and facilitate employees to become active agents in supporting and achieving the new vision. The change programme at British Airways described in the previous chapter fits into this category.

Technostructural interventions, it is suggested, are needed to help employees to respond to the structural changes which often accompany downsizing. Structural changes often imply different co-ordination and control systems which emphasise authoritarian and rigid management. Participation, communication, problem solving and employee involvement programmes are recommended to redress the powerlessness that remaining employees often feel. It is well documented that communication through a period of change is very important. Positive messages about the organisations' future security are good press in times of chaos. However, in the current context such messages do not necessarily assuage the concerns that individuals have about their own future. Therefore, it is not just the quantity and quality, but also the focus of communication which can have a fundamental impact on how survivors feel. Survivors need information about their future role and position within the company and enabling mechanisms to help them achieve this.

Human process interventions include team-building activities to facilitate open communication, which helps to instil the new vision and culture of the organisation and rebuild trust, morale and commitment. These should be complimentary to the HRM interventions which are necessary to re-establish the psychological contract. The psychological contract encompasses the expectations of the individual and the organisation in the employment relationship, like a glue that binds the two together (Herriot, 1992). Major change upsets the balance and currently appears to have changed the rules of the game completely. Employees can no longer expect security of employment in return for loyalty and commitment to the organisation. Individuals' concerns, therefore, include the changing nature of work, personal development and career issues.

Counselling and support for the survivors could be used to facilitate the personal change required by the 'new deal'. Such programmes need not only address the issue of surviving the immediate change but also facilitate discussion of the individual's aspirations and longer-term needs. The interventions available include stress management to manage feelings of job insecurity, role and career confusion. Career development



would also help retained employees to achieve clarity about the different career opportunities within the new organisation and to develop compatible career goals.

## Practice in pursuit of theory

Buch and Aldridge (1990) suggested that an integrated and compatible series of programmes can be compiled from this menu of interventions to redress the imbalances created by the downsizing event. Such interventions can meet both the organisational and the individual objectives by equipping survivors to cope with personal change, providing the skills for future survival and also facilitating more flexible and responsive change for the organisation. Despite a sound theoretical basis for the use of a combined and integrated approach to the problems of downsizing, in practice the organisational responses seem to be lagging behind. The HR interventions that are currently being applied need to become much broader, with more innovative investment in survivors to accommodate the evolving new relationship between individuals and organisations. Organisational survival strategies are abundant, but strategies for individual survival should be an integral part of the change management process as the successful transformation of attitudes and behaviours are essential to organisational success. If the implications of survivors' syndrome are not adequately addressed at the personal level the impact could be quite detrimental to the company. A demotivated, demoralised, cynical, sceptical and insecure workforce with little organisational commitment is not an ideal on which to drive industry ahead into the twenty-first century.

## Redressing the balance

Undoubtedly there is little that the HR function can do to prevent the external circumstances which impose change on the organisation. However, the reality of the transitions imposed by organisational change of the magnitude and pace currently being experienced has led to both organisations and individuals being put in a situation where they are not just addressing a learning situation, but in many circumstances are being expected to unlearn old responses and relearn a new way of responding to the pressures being put upon them (Stuart, 1995). This has created a new era of survival values where prescriptive approaches to the management of downsizing may no longer be satisfactory in managing the highly complex and interactive process between the organisation and its employees. Balancing the needs of the organisation and the individual requires consideration of two sides of the psychological contract. Both are experiencing the stresses of surviving in an ever-changing environment with the immediate demands of coping with the present change and the unknowns of the future. Models for organisational change need to more fully encompass the variety of issues that are now on the agenda at the organisation and individual level, in order to be able to implement *downsizing without capsizing* (Feldman and Leana, 1994, p. 258).

## The role of HRM

The successful management of a downsizing programme requires long-term commitment and adaptability. Human resources can usefully contribute in the design and delivery of policies and practices that are symbolic of the organisation's commitment to the individual in times of crisis by facilitating positive messages and complementary actions. Specialists in HR need to be instrumental in the management of the new workforce and its requirements by driving change at the strategic level (Tyson, 1995) and fulfilling a new role as consultants, counsellors and brokers of the psychological contract (Herriot and Pemberton, 1995). The ability of HR to play an active role in managing change at these levels may be critical to the survival of the function itself.

## Conclusions

British industry has yielded to many unprecedented changes recently. Although downsizing may not remain the major impetus for change in the future, organisations will undoubtedly continue to experience metamorphoses through expansion, contraction and reconfiguration in response to the external pressures of market changes, technological innovation and the global economy. Such external factors generate the strategic impetus to be flexible and adaptable, driving organisations to deploy their labour forces in increasingly diverse ways. Strategies, policies and practices are needed which afford the organisation the freedom to shed labour and reorganise the workforce in order to achieve this flexibility and adaptability.

However, although there are many prescriptions on the management of downsizing and other pervasive major changes, organisational practices seem to be lagging behind. In particular, the way in which organisations deal with the human issues needs to be reconsidered and management rhetoric about people as the most valuable asset must be tempered by the reality of an insecure, unstable environment which seems to offer little to the individual. Many organisations have addressed the challenge of exiting people from the organisation humanely through the use of outplacement interventions. The outplacement industry itself has developed a variety of programmes which now include provision for all levels of employees and interventions designed to help employees through change within the organisation, such as inplacement. These developments are testimony to the continued evolution of the industry to meet the diverse needs of organisations and individuals in coping with change. No doubt the industry will continue to develop programmes and interventions, since organisations and individuals now face a constant barrage of change.

The strategies, policies and practices which organisations adopt in the management of change such as downsizing have many strategic implications. They are fundamental to the speed at which the organisation can react to and manage the change situation and they also determine the capital and human costs. These strategies, policies and practices need to be designed to facilitate responsive and cost-effective change and also to assist individuals through the change process. They are the chief mechanism through which organisations and their employees can reach a sustainable equilibrium.



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# Paradoxes of fast-track career management

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## Changing nature of the fast track

"Fast-track graduates" are high potential university graduates who, on entry to employment, are specifically recruited on to accelerated development programmes, with a view to their reaching senior management positions in less time than the norm for non-fast-track graduates or non-graduate managerial populations. Historically, organizations have recruited fast-track graduates in large numbers in order both to meet short-term succession planning goals, and longer term (senior) managerial needs (Herriot, 1992; Knights and Raffo, 1990). While only a minority of graduates may achieve senior management positions, career management practice has demonstrated that it is from this pool that the top management cadre commonly emerges.

The traditional graduate employment deal has tended to focus on the opportunity for continual, onward and upward career progression. That is, graduate career paths have been clearly demarcated, and the message has been that graduates have been employed in order to fill the senior management positions of the future. They have thus been given privileged access to the requisite training and experiences necessary to fulfil this expectation. However, the "new deal" (if we accept that it exists) is fundamentally different, since organizational restructuring has resulted in the stripping away of managerial levels, and at the same time in the blurring of traditional routes to the top. Therefore, the new (graduate) deal no longer assumes vertical progression, and there is much less of a guarantee that graduates will indeed be managed through the levels in order to arrive at senior positions at some obscure point in the future.

Given this pervasive philosophy, fast-track graduates have traditionally entered employment with high expectations, particularly regarding their rate of career progression (Arnold and MacKenzie-Davey, 1992; Herriot, 1984; Mabey, 1986). Such expectations have commonly been reinforced by company "promises" to provide future opportunities which embrace traditional, bureaucratic notions of onward and upward progression (Williams, 1984). However, given widespread organizational restructuring and changes in the nature of organizational careers in the late 1980s and early 1990s, many of the assumptions underpinning this philosophy are being brought into question. Thus, in the light of the new organizational reality (Herriot, 1992), many organizations are articulating a new deal for graduates.



Under the terms of the old deal, graduates could have expected to join an established management training programme, typically lasting two years. During this period, they would have been allowed time to orient themselves to the world of business, develop basic skills, and move around the organization to try out different roles. For the first few years, they would not typically be expected to make a tangible contribution to the business; rather this period would be seen primarily as one of training and development. Before the end of the period, however, organizations would have expected graduates to develop an understanding of their business and be able to identify an area in which they could make their contribution. At this point, they would be offered their first substantive position. Over the following years, their careers would be monitored by senior management, they would be offered extensive training and they would typically attend a management assessment programme.

From the graduate's perspective, therefore, the nature of the psychological contract being established suggested a succession of opportunities to prove managerial capability. Having taken and met the challenges of these opportunities, the over-riding expectation would have been to achieve a managerial position within five to ten years, depending on the nature of the organization's business.

However, since the late 1980s, we have witnessed widespread organizational restructuring, downsizing and de-layering. Given the degree of change and uncertainty, hierarchical career paths have, at the very least, become more blurred, and in a number of cases no longer seem to exist (Nicholson and West, 1988). This research suggests that these changes are beginning to have an impact on the nature of the policies and practices in those companies we studied (which we argue is in itself "evidence" of the change in the relationship).

### **The new deal for fast-track graduates**

The employment deal now being offered to fast-track graduates seems to reflect three important changes in the nature of the employer-employee relationship. First, organizations seem no longer able or willing to allow for extended induction periods: the message from employers seems to be about contribution from day one. Second, organizations seem less likely to want to speak of a "normal" or "typical" fast-track career; rather they are beginning to talk more of opportunities to develop core skills, increase marketability, or develop employability. Third, while previously the graduate recruitment and development rationale implied privileged access to training and development opportunities, it seems that there is now less of a differentiation between graduate and non-graduate populations. That is, progression seems now to be more directly and more explicitly related to performance against business objectives, facilitating greater equality in the treatment of all populations.

The consequences of this new deal have yet to emerge, but clearly on the one hand graduates' expectations will need to undergo substantial revision if they are to avoid personal traumas (or dashed hopes) in early career (Herriot *et al.*, 1993). On the other hand, if companies wish to retain, and grow from within, a



pool of high potential staff who are able to reach senior positions, they will need to place a high emphasis on the continuous matching of organizations' and individuals' needs (Herriot and Pemberton, 1995; Schein, 1978). The new deal thus raises key questions for all graduate recruiters: how to attract the best graduates; how to train and develop them to maximize their contribution to business goals; and how to retain them.

Many organizations no longer hold with traditional definitions of career, which embrace the notion of hierarchical progression. The language of the new deal seems to suggest that organizations now view the career more as the sequence of opportunities to enhance core skills, or as the sequence of additions to personal market value. The emphasis is no longer on vertical progression up an established career ladder, but rather on continuous personal development. Thus, one's career may progress in any direction within an abstract three-dimensional framework, and personal progression is guaranteed so long as each career move adds something to an individual's skills base. The task for employers, therefore, is to find a form of words that accurately expresses this shift in thinking and which thus avoids setting up false expectations in the minds of new recruits.

#### **Research and methodology**

The broad aim of the research (which was supported by the Association of Graduate Recruiters (AGR)), was to explore the philosophies, strategies, policies and practices of private sector organizations in the management of the careers of fast-track populations. In particular, the study investigated organizational expectations of fast-track recruits, how these have changed in the light of organizational change, and how human resource management (HRM) policies and practices had been changed to manage these new expectations.

Data were collected at the organizational level. A qualitative approach was taken using semi-structured interviews with HR managers and others responsible for fast-track recruitment. A sample list of 24 companies, recognized as major players in graduate recruitment, was compiled with the assistance of the AGR. The sample was designed to reflect industry spread and the recruitment of a range of graduate types and numbers.

Along with an exploration of the organization's career and fast-track philosophies, the interviews covered the areas of manpower planning, recruitment, selection, induction, training, development, reward, succession planning, performance management, monitoring and evaluation, promotion and career management strategies. Supplementary information, such as recruitment literature, policy documents, and documentation on the tracking mechanisms used to follow the career progression of fast-track recruits, was also collected.

The interview schedule was piloted and a total of 20 private sector organizations participated in the study. One person per organization was interviewed, the individual identified as being responsible for the recruitment of fast-track graduates. The interviews were approximately one-and-a-half hours



long. Eighteen of the interviews were tape-recorded and transcribed, while comprehensive notes were taken for the two interviews not recorded.

### Data analysis

The first stage of the analysis involved developing a coding structure for the data. This was an iterative process, involving the research team discussing the main issues arising from the interview data and developing a coding framework. This framework consisted of over 60 clearly defined categories designed to explore themes within the data that looked at philosophy/strategies, HR policies and practices used for the management and development of fast-track populations.

To analyse and fully explore the data, the interviews were indexed according to the framework developed, using a qualitative data analysis package (NUD.IST, 1994). The research team met regularly to discuss the analysis of the data and the interpretation of the emerging results. NUD.IST is a very flexible package in that the categories could be expanded, altered and combined as the researchers developed new categories when interpretations emerged. The package enabled searching among categories and across the indexing structure to ask questions and explore links between different themes. With NUD.IST the researchers were able to keep an audit trail of any recording or alterations made to the coding structure and this was used as a mechanism to ensure consistency between the researchers and their interpretations of the data.

### The participating organizations

Of the 20 organizations that participated in the research, 11 (55 per cent) were in the service sector and nine (45 per cent) were manufacturing organizations. Half of the organizations recruited both specialist and generalist graduates, whereas a quarter recruited just generalists and another quarter just specialists. The current graduate intake, for 1995-1996, varied from under 50 per year (20 per cent) to 40 per cent recruiting over 150 per year.

### Results and discussion

The following presentation of the results builds up evidence of some apparent paradoxes between the organizations' career philosophies, policies and practices and their fast-track philosophy.

#### *Shift in career philosophy*

Many of the organizations examined in this study had changed their career philosophy. This shift in philosophy had been more marked for some, with just over half of the respondents saying that their organizations were moving completely away from what they termed as a traditional long-term "job for life" philosophy to what they now call a shorter-term association. The remainder either still operated on the notion of a long-term career relationship, or were in the process of re-defining career relationships in their organizations. Irrespective of where the organizations were on this spectrum of a long-term as



opposed to a short-term career philosophy, there was consensus that the nature of careers in organizations is changing.

Those organizations whose policies and practices have changed to reflect a move towards shorter-term associations explained that this shift was due to significant organizational changes in recent years, such as downsizing and restructuring, resulting in flatter structures. These new structures can no longer support hierarchical career paths, and the insecurity currently being experienced by organizations precludes a guarantee of lifetime employment. Also, with fewer levels in the organizational hierarchy, there are "fewer jobs to aspire to". Careers in these organizations were thus characterized by shorter-term relationships and more lateral, cross-functional movement. Even for those organizations whose policy was to continue to offer longer-term relationships, the nature of careers had changed: "They are not traditional hierarchical careers, but more spiral". These findings lend support to the extensive claims in the literature about the changing nature of careers in organizations (Herriot, 1992; Inkson and Coe, 1993; Nystrom and McArthur, 1989). Most of the respondents considered this to be a challenge: "Due to flatter structures, in order to develop people we'll have to move them sideways ... some people accept it happily, but some people have difficulty with it because they associate a move with promotion which you can't always offer".

Career development will not only be about upward progression, but much more about building out from the core of jobs and taking opportunities when they come to do other things: "Job growth and career development, without actually moving job, is the key point for future jobs; it is not going to be about hierarchical movement upwards in every case".

It has also been noted in the literature that companies will have to find new ways of attracting and keeping their talented employees (Hilltrop, 1995) and alternative ways of motivating their "up-and-comers" on the job (Modic, 1989). A variety of mechanisms were being used to achieve this. The minority of organizations whose policy it was to continue to offer long-term career relationships explicitly stated that they do so because they cannot compete on salary. Therefore, they are offering long-term careers to give them the edge in terms of retention: "The philosophy is, we will not offer a lot of money but, longer career opportunities".

A shift in career philosophy was further illustrated by the fact that over one-third of organizations had moved away from using the term "career" or had no working definition of "careers" within their organization. An extreme example of this came from an HR director who said; "I'm fed up with people asking me about careers in the organization, there are none". Although many companies may no longer be offering "jobs for life" they do state that an individual with high potential will have the opportunity to stay a for a long-term career. Many organizations' philosophies still include the belief that there is merit in growing people in the business and cultivating people for the top who have experience of the company. However, companies can no longer guarantee they will stay for ever, as one interviewee put it: "Even if you have been an exceptional performer



or contributor that doesn't necessarily guarantee you a further job with the company, because the business needs actually drive that."

*Fast-track philosophy*

For nearly all participating companies, the philosophy of fast-track schemes was founded on the need to attract high quality graduates with the potential to be the feed stock for future senior management. Young high potentials were often seen as the seedcorn of companies (Tyson, 1995). The main purpose of recruiting graduates was to ensure a future supply of staff capable of meeting the business objectives of the future: "We want to develop them to the highest potential so that we gain a competitive edge through the quality of people we have got." Despite a general shift in career philosophy, many organizations are still operating on the basis that a large percentage of the graduate and professional staff will stay for a significant proportion of their "careers". As the intention is to fill senior management positions, organizations need people who will stay with them and obtain the experience required for those positions, in a structured way. They were investing in training and development for this population, and they therefore wanted them to stay long enough to generate a return on that investment: "What we are trying to hang on to is indeed the concept that the high flyer does still have a career. We are still recruiting a large number of people, we are investing in their training and development, and we do want them to hang on with us."

Over half the organizations had a long history of a "grow your own" philosophy, but for a few this was changing. The philosophy was predominantly "grow your own" but in future they see a greater need to bring more people in at a senior level. The fact that very few organizations had formulated any changes to their fast-track philosophy or strategy would seem to be incompatible with the overall shift to shorter-term career relationships. For one organization, a "grow your own" philosophy prevailed, as internal research had shown that they were more able to retain those promoted from within, than to retain managers brought in at senior level.

Most organizations had continued to employ fast-trackers during the recession, but as the current strategy is to recruit them into "real" jobs, this has been difficult to justify while downsizing, especially since "real" jobs are not always available. As one participant noted; "It is difficult with company philosophy, to justify graduate recruitment when making others redundant in SBUs [strategic business unit], but we have reduced the intake in the past which has distorted the age profile." Another respondent stated: "The trick was to recruit a small but steady stream of graduates, to avoid over-enthusiastic recruiting at the peaks and turning the tap off in the dips."

For most, the changes to fast track were a subtle blend of language and symbolic moves; for example, nearly one-third of respondents noted that their organizations no longer used the high flyers label, or did not tell the graduates if they were considered high flying. Most organizations recruit their graduates straight into "real" jobs and thus did not like to describe the schemes as "fast



track". As one respondent stated "We don't like using the high flyers label as it raises expectations unnecessarily."

However, in over a quarter of companies senior managers were notified of those who had been labelled as having high potential, even if these high flyers had not been explicitly told themselves. Often, databases were kept of those with high potential, so that their careers could be closely monitored and managed by the organizations.

A number of respondents were increasingly aware that many graduates were finding their way into the organization through non-traditional fast-track routes. For example, graduates were applying for lower level jobs that would previously have been earmarked for A-level entrants. As a result, in many of these organizations systems were now being set up, through appraisal and performance reviews, to tap into this extra pool of graduates and to identify and earmark those with potential. A few respondents stated that flatter structures, in particular, had perpetuated the need to recruit a steady flow of quality graduates into junior and middle management roles. The rationale for bringing in more graduates at this level was largely due to automation. These companies had lost many lower level employees, and thus did not necessarily possess a large pool of people from which to select for promotion into junior or middle management positions.

Although for many organizations the changes were incremental, in two organizations radical changes were being planned for their entire fast-track recruitment strategy. Both had traditionally taken on large number of graduates each year, but now wanted to select smaller numbers for a specific fast-track scheme as well as recruiting graduates generally for other vacancies. One organization's policy is still to recruit specialists, but also look to recruit more generalist managers as a corporate resource and develop them for the benefit of the company as a whole rather than strategic business units. The second organization's fast-track recruitment strategy was being rethought in a similar vein. In the past, graduates were recruited in large numbers in the belief that more "brainpower" was good for the company, whereas now the company wanted to focus on developing a smaller number of outstanding high flyers who are capable of reaching senior management level, but still recruit other graduates for other vacancies: "Everyone is not a high flyer; there is not room for promoting all graduates".

#### *Organizations' expectations of fast-track graduates*

Not surprisingly, as most of the organizations recruited their fast trackers directly into "real" jobs, the senior managers expected them to perform well in the job almost immediately, to contribute and add value to the business "from day one". This need was being met by the development and use of sophisticated selection processes, including a mixture of psychometrics, interviews and assessment centres. The selection criteria were based on competences derived from those of senior management. These recruitment mechanisms had been fine-tuned over the years to ensure that only graduates with high potential were



selected. In fact, most of the respondents noted that the preferred organizational practice was to under-recruit rather than compromise on quality. Since graduates had been selected using these rigorous procedures, HR managers expected them to be motivated, intellectually capable, to "pick things up quickly" and "to be at least identified as having good potential by their first appraisal".

A further expectation was that graduates would be people "who are not institutionalized, who will ask questions" and "challenge the organization". HR managers believed that part of the outcome of recruiting this graduate cadre was to bring people into the organization who offered a different approach to problems and problem-solving from that which they would get from a promotee. The belief was that graduates would question the organization's approach to tackling issues, "which provides an opportunity for learning on both sides". Therefore, they expected this cadre to "bring in energy", and supply the organization with "fresh blood" and "enthusiasm". In addition, they expected the graduates to "broaden and deepen the company's technical and professional expertise", by working towards professional qualifications, and obtaining chartered status. This applies not only to the specialist graduates; in many organizations, generalists were also expected to work towards management qualifications, such as an MBA.

Nearly all the organizations had specific performance-related objectives for the graduates: "people have to perform and that's the bottom line". There was more of a focus on performance and competence in the job, objectives were set early on, so that graduates would know what they should achieve and "have a sense of purpose". Regular performance reviews, and the appraisal system, were mechanisms used to monitor these performance objectives closely. Line managers (and in some cases career development managers) were heavily involved in this process. Nearly all the companies stated that, once in the organization, graduates were told if they were not performing or were falling below the expected levels of performance. It was common among many organizations that the line managers communicated performance expectations and promotion potential of individuals.

Despite the apparent disappearance of traditional, hierarchical career paths, many of the organizations still had specific expectations of age-related progression; that is, reaching certain management grades within specified time periods. In a couple of organizations these expectations were very explicit as they had an "up or out" policy. "Up or out" policies were designed so that individuals who did not meet the requirements for upward promotion would be "exited out" of the organization, even if they were competent in their present jobs. The rationale behind this policy was that, unless a particular segment of the management population was promoted, there would be fewer jobs for the generation below. However, the majority of organizations did not have specific hurdles for the graduates and individuals were "not kicked out". According to performance, either they reached a plateau, or a "mutual decision" was made that they should leave. One company was planning to tighten up its



expectations of graduates by introducing a test at the end of a five-month fast-track training programme, failure in which guaranteed dismissal from the organization.

About one-third of organizations still tracked and monitored the career paths of their graduates, especially those with "up or out" policies, and one company had recently moved towards playing a greater and more directive role in the career development and management of its high flyers. Nevertheless, the majority of the organizations did not have mechanisms for monitoring the career progression of their graduates through the organization, particularly once their initial training was completed. They now expected fast-track graduates to be motivated enough to take the initiative, grasp opportunities and be more directive in managing their own development and careers than they were in the past. Graduates were not "spoonfed".

#### *Communicating expectations*

Companies with specific "up or out" policies communicated this clearly to graduates right from the start by being very "up front and explicit" about expectations in their recruitment brochures. However, nearly one-fifth of respondents felt that their organizations did not communicate clear expectations to their graduates. Some of these respondents thought it was difficult to make explicit statements about expectations, and they felt they were "not good at defining expectations". In these organizations, expectations were more informal and unwritten. Correspondingly, changes in the organizations' career philosophies were reflected by changes in the symbolic messages conveyed to graduates in the recruitment literature. Many of the organizations had altered or were in the process of modifying the language they used in the recruitment brochures to mirror these philosophical shifts.

Many of those organizations that could not offer rapid progression had changed to become more realistic in communicating expectations by giving a more "honest" message in their literature, which focused on "development" rather than upward progression. In an attempt to set more realistic expectations, organizations had moved away from using the language of "job" or "career"; it was felt that "fabricating" the opportunities available in the brochure was "a waste of time and effort". For some of the organizations that no longer offered graduates a permanent "career", this was reflected by changes in the title of their recruitment brochures; they had explicitly taken out the word "career".

#### *The new deal*

The old deal has gone; many companies can no longer attract and retain graduates in the traditional manner by guaranteeing long-term employment and rapid progression upwards. Over one-third of the respondents talked about offering graduates "employability" and "marketability" as the new hooks and anchors. The practitioner literature has focused on employability, that is, giving employees the opportunity to develop competitive skills that are transferable



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from job to job within or outside the company (Hilltrop, 1995; Holbeche, 1995; and Waterman *et al.*, 1994). It would appear that, for fast-track graduates too, organizations regard themselves as the providers of the conditions under which they may increase their employability and enhance their marketability. Some respondents speculated that graduates' expectations had moved in line with those of the organization, while others perceived that graduates still expected onward and upward progression. By adopting the "employability" strategy, many organizations were thus "acting on faith", in the hope that graduates would become more highly motivated and more satisfied, and therefore would contribute more added value to their business.

There was increased focus on developing skills and gaining experience; individuals were expected to take more responsibility for their careers. Organizations were not looking to provide careers, they were looking to provide the opportunity to develop employability. As one HR manager stated; "Just as the company is saying, we can no longer guarantee you a job for life, so the individual is saying, I can't guarantee I'm going to work for you for life. So that puts the emphasis on adding value on an ongoing basis" Several organizations were now saying to graduates: the deal is we will "add value to you" and in return "you will add value to us". These companies were attempting to do this by offering graduates high quality training and development, and in return they expected a contribution to the business. The deal was no longer a career but a career opportunity. "Working for the organization is not a passport but it's a good apprenticeship for a career in the industry."

Enhancing graduates' employability and marketability was recognized as a risk by many respondents. The danger was that, after the excellent training they received, graduates would leave to join competitors; "If you ensure that they are going to have an on-going ability to add value to the business, then presumably they could add value to someone else's business." They recognized that there was competition between organizations for quality graduates, but this seemed to be a risk that organizations were prepared to accept.

The offer of a broader career path was considered to be something positive. It gave them more opportunity to try a "variety" of jobs, providing the openings to move across many different parts of the business. There was now a lot more scope for moving through the organization, picking up different skills and gaining experience in different areas. Companies were offering a much more flexible career path whereby graduates were encouraged to try different jobs. Most respondents expected both their specialist and generalist graduates to work towards professional qualifications, and they subsequently provided the appropriate support for them to achieve this.

Organizations that no longer offered rapid, hierarchical progression recognized the need to sell themselves. The recruitment brochure was one of the most popular vehicles for selling the organization. Many companies also used graduate recruitment fairs and university career seminars. They assumed it was important to convey the new message to the fast trackers, to help ensure that their expectations matched those of the company. The HR managers



believed graduates wanted to know what the new deal was. Therefore, to market the new deal, many organizations had changed the emphasis in their recruitment literature, stressing the benefits of their structured graduate training programmes, the support given to acquire professional qualifications, and the opportunity to work in a variety of areas. They were trying to move away from the idea of offering a job with a distinct title and convey the message that they are not offering a long-term career but an opportunity to develop capabilities.

### The paradoxes

This study has highlighted some incongruities between organizations' philosophies and practices concerning fast-track populations, in the current context. The following three key areas highlight these incongruities.

First, there was an apparent paradox between the evolving overall career philosophy of short term, no promises and a continuing longer-term association with high flyers. Even though many organizations had been, or were, in the process of shifting career philosophy, very few had changed, or had any intention of changing, their fast-track philosophy. To maintain a competitive advantage, all respondents stated that their organizations needed to attract and retain a high quality cadre of graduates and had various strategies for managing this process. This point was emphasized by the fact that some of the interviewees stated that the company carried on recruiting graduates even though it was difficult within the company philosophy to justify when making others redundant in SBUs.

Second, many of the HR managers suggested that their organizations could no longer guarantee *anyone* a long-term career. Nevertheless, they expected fast-track recruits to stay with them for a significant proportion of their careers so that they could reap the benefits of the investment in training and development. Likewise, for many organizations the fast-track scheme is founded on the need to recruit individuals to be the senior managers of the future. Recruiting a graduate cadre to be the feedstock of future management assumes that this population does indeed have a long-term future within the organization. This suggests that organizations may be sending out confusing messages to fast-track recruits about the career opportunities available to them. This could have negative repercussions for retention and motivation. There is evidence in the literature to suggest that graduates have very little "career clarity" (Arnold and MacKenzie-Davey, 1994a), that is, the extent to which they could identify short-term and long-term career possibilities in their organizations.

Third, in several of the organizations' policies there were still specific age-related progression expectations, although they had moved away from the concept of hierarchical careers. This implies that there are still opportunities for promotion and upward progression for this cadre in the organization.

The organizations' side of the deal for graduates has changed. The new deal appears to move the emphasis on to the training and development opportunities



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available to increase "employability and marketability". This may create highly skilled, experienced graduates, but there is still no guarantee they will stay with their organizations long enough for them to reap the benefits, since increasing their marketability creates the danger that they will leave.

However, the literature indicates that organizations can buy graduates' commitment by providing them with development opportunities that will equip them for the future (Arnold and MacKenzie-Davey, 1994b). Communicating, and setting out more realistic expectations, could reduce the chances of people leaving an organization within the first six months of joining (Hilltrop, 1995).

This study focused on the organizational level and has described what organizations expect from their graduate cadre and what they are prepared to provide in return. In the course of this study, a number of incongruities between the organizations' career philosophy and fast-track policy emerged. Organizations' expectations may have changed, but have graduates' expectations also shifted in the same direction? Are graduates buying into this new deal? Further research is required to examine graduates' perceptions of the new deal.

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# The role of outplacement in redundancy management

Outplacement in  
redundancy  
management

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## No guarantees

Organisations have rarely been able to guarantee that the number and type of people they employ will remain constant, therefore redundancy has always existed as one legitimate means of manipulating the internal labour market to enable adjustments to the size and composition of the workforce. Often used liberally to reduce the number of employees in blue-collar positions, the threat of redundancy was once limited to lower level positions. However, the pressures of recession in the 1980s and 1990s resulted in large-scale workforce reductions and posed the threat and the reality of redundancy across all levels of employees including managerial positions (Cole, 1988; *Employment Gazette*, 1993; Nicholson and West, 1988). This situation was driven by the need to increase organisational effectiveness, efficiency and productivity. Global competition, technological innovation and business process re-engineering provided the rationale for re-organising and re-structuring, reportedly resulting in 90 per cent of Britain's largest companies downsizing during the early 1990s (Crace, 1995).

The mass exodus of large numbers of employees has been stark testimony to the extensive use of redundancy tactics, legitimised by this need to attain flexibility and adaptability, in order to meet the challenge of business survival in an increasingly competitive environment. Contraction of the workforce through a reduction in head-count was equated with reduction in costs and posed as the way of generating lean, mean, competitive businesses (Hamel and Prahalad, 1994). Even though research has suggested that the anticipated gains in productivity were not realised over time (Cameron, 1994; McKinley *et al.*, 1995) such transformations continued, making redundancy one of the most pervasive and significant outcomes of organisational change in recent times.

## The event of redundancy

Because of the various functions which work fulfils, not only as a means for economic existence but as a social activity and as a source of personal identity and status, the event of redundancy can prompt personal changes at the individual level for both those being made redundant and those remaining in the organisation. Much research has focused on the individual variables, exploring the psychological impact on those made redundant. The detrimental effects of redundancy can be profound. Loss of employment can result in a loss of dignity, loss of confidence, anxiety, depression and despair for some



people, while for others it can be a liberating experience (for example, Doherty and Tyson, 1993; Latack, 1984; Nicholson and West, 1988).

It has also been found that the so-called "survivors" of large-scale redundancy may be detrimentally affected. Research, predominantly from the USA, has considered the differential responses of individuals who remain in the organisation after redundancy (for example, Brockner, 1985; Brockner *et al.*, 1986, 1987, 1988, 1992, 1993; Covin, 1993). Such studies have indicated that owing to the many changes prompted by a lay-off situation, including new ways of working, different organisational forms, different and often tougher work loads and new working relationships, co-worker lay-offs can also have a dramatic effect on those who retain their jobs. Survivors' reactions can range from shock, anger, anxiety, animosity towards management, concern about colleagues who have left, to guilt, relief that they still have a job, to fear about future job security.

#### Managing redundancy

Therefore, in addition to managing major organisational change, redundancy events require the management of a wide range of issues, emotions and behaviours at the individual level. The emotions and behaviours of those made redundant and of survivors can vary considerably between individuals. In addition, the reactions of both those leaving and those remaining have been found to vary as a function of the way in which the organisation manages the redundancy situation (Armstrong-Stassen, 1993; Brockner, 1986, 1992). The pluralist nature of organisational change and the individual transitions provoked by the redundancy situation and the fact that management practices can have a fundamental impact on behavioural outcomes, makes it a challenging human resource management issue. However, much research and literature on the management of change *per se* has been characterised by a focus on growth, while the dynamics of change in declining organisations has been largely ignored. This has often led to prescription before description and analysis, resulting in a number of models and guide-lines for the management of major organisational change, in particular change prompted by downsizing which commonly results in redundancy (these include Buch and Aldridge, 1990; Feldman and Leana, 1994; Labib and Applebaum, 1993).

In addition to the more macro level models of change management, owing to the potential for unfair treatment of employees, employment law provides recommendations on the justifiable use of redundancy and further guidelines on the management of the redundancy situation (Fowler, 1993). Professional bodies such as the Institute of Personnel and Development also make recommendations on the management of redundancy, which focus on the humane management of employees (Hogg, 1988; IPD, 1996).

Such prescriptive approaches on redundancy management invariably emphasise the central role of human resource management and are usually based on good practice principles for managing people. HR is positioned as the key player in ensuring that good practice is implemented. For example,



guidelines emphasise the need to ensure that preventative measures, based on strategic manpower planning and the strategic deployment of human resources, are taken to avoid redundancy. In the event that redundancies are unavoidable, then HR is tasked with the implementation of good practice, such as ensuring objectivity in redundancy selection, consultation, communication and the management of the process for exiting those made redundant.

### Outplacement

A common element underpinning the principles of good practice for redundancy management outlined in such models and guidelines is the provision of support for those employees being made redundant. The provision of support for redundant employees is embodied in the concept of outplacement. The elements comprising outplacement were originally based on models of transition, grounded in the study of bereavement (Hopson and Adams, 1976). Such models of individual coping with change have been usefully applied to helping people through major transitions such as job change and redundancy (e.g. Nicholson and West, 1988). Outplacement services were originally developed in the USA. They involve structured programmes of help for individuals, usually provided by an external consultancy and paid for by the organisation. Outplacement aims to facilitate the individual through the redundancy transition and help them re-orientate to the job market. This is achieved by providing practical and psychological support. The type of help given includes advice on preparing job search strategies, practical assistance with secretarial support, skills training, and career and personal counselling. Hence, outplacement programmes focus on developing the CV, providing the opportunity to review job skills, facilitating networking in the job market, providing personal counselling through the redundancy experience and giving career counselling.

Although the emphasis of earlier programmes was at the executive level, the advent of widespread redundancies led to the development of outplacement programmes which provided for all levels of employees (Filipczak, 1992). Programmes were generally of a fairly standard nature and organisations bought into standard consultancy provision which was designed for senior management levels. It has been suggested that the benefits of such programmes include easing the situation for both individuals and the organisation by helping those made redundant to manage their own personal transition issues. The marketing of outplacement by consultants emphasised the professional nature of the help provided, access to networks of contacts in industry, good placement rates and practical support. Additional virtues of using outplacement proposed by consultancies included good PR for the organisation and even damage limitation for those who remain in the organisation after major redundancies (e.g. Crofts, 1992; Eggert, 1991; Hyde, 1988).



### Evaluation of outplacement

Certainly anecdotal reports and empirical research findings supported the realisation of benefits to redundant individuals using outplacement. Success stories of the benefits of outplacement for executives abounded in the literature (Parkhouse, 1988; Perkins, 1990). Survey evidence verified the overwhelming appreciation of such services for redundant executives. Key benefits from the individual perspective included the opportunity for skills review and development, practical help and psychological support (Boynton and Thomas, 1991; Doherty and Tyson, 1993). Thus, the services provided by the outplacement industry appeared to deliver many of the publicised benefits at the individual level, in terms of practical support and maintaining self-esteem and self-confidence. However, the most often quoted flaw in outplacement services was that individuals did not find re-employment. Those people using outplacement appeared to expect the guarantee of another job by going through an outplacement programme. This was an expectation which may in part have been perpetuated by the placement rates which were used extensively by consultants in the publicity about their services, but was in many cases unfulfilled (Doherty and Tyson, 1993).

Organisations also reported many benefits from the use of consultancy based outplacement interventions. Research (Doherty *et al.*, 1993) has shown that some organisations do attempt to evaluate the effectiveness of their outplacement policies, however, this was done mainly through exit interviews and peer group feedback tapping perceptions of the usefulness of the services. The reported benefits from the organisational perspective included helping to re-orient the departing individual's career and easing the separation process for the individual and the company. From the organisational perspective it was also reported that outplacement played a key role in maintaining the morale of remaining employees and helped to maintain the external reputation of the organisation (Doherty *et al.*, 1993). Although the cost of services provided by commercial consultants was seen as prohibitive for some companies, many bought into the outplacement philosophy and were planning to continue using such services for the management of future redundancies.

Despite some reservations about the quality of services provided by consultants (Challenger, 1989; Machan, 1989, 1991), including the lack of specialised knowledge of job markets, lack of trained counsellors, lack of value for money services and in some cases the over selling of the prospect of employment, outplacement became a well established, widespread practice throughout the UK. The industry enjoyed prolific growth throughout the 1980s, evolving and developing more sophisticated services. In a move away from being the safety net, catching the fall-out of redundancy by picking up the "casualties", outplacement consultancies attempted to develop a more strategic position. Key players in the industry itself developed and extended



the type of services on offer. By creating programmes and interventions which were designed to promote closer relationships between companies and outplacement consultants, they positioned themselves as partners in the planning of redundancy strategy as well as in managing the exiting process.

The Duracell case highlighted the use of outplacement consultants as an integral part of the redundancy process (Pickard, 1993), an approach which also gained approval as good practice (IPD, 1996). The status of outplacement as accepted good practice and an increasingly normative element in HRM strategies for redundancy management was also evidenced by the development of recommendations and guidelines for its use in the *Institute of Personnel Management Redundancy Code* (Hogg, 1988; IPD, 1996). Such publications highlighted the legitimacy and approval of outplacement as a global panacea in redundancy management.

#### Outplacement as an integral part of HRM

From an HRM perspective, the history of outplacement is interesting in that its origins were grounded in the need for often pragmatic and expedient responses to manage the exit of senior individuals from the organisation. The programmes of outplacement were largely developed by consultants and sold to organisations on the potential benefits to both individuals and the company. Outplacement appeared to address part of the need to exit individuals in a humane way and most outplacement provision was bought in as an externally provided consultancy service as and when required. The responsive way in which outplacement was initially used could be interpreted as the thinking pragmatism alluded to by Legge (1995), where HR practices are instituted as reactive rather than proactive. Outplacement could be viewed in its initial use as a bolt-on tool used to address the need to smoothly exit individuals.

However, there was an intense proliferation of the use of outplacement throughout the 1980s and 1990s predominantly owing to the increasing incidence of redundancy which resulted in the mass exodus of middle management and then all levels of employees. This led to a growth in the number of consultancies offering outplacement type services and the development of outplacement as a multimillion pound industry (Crofts, 1992). Outplacement provision was included, at a policy level, as an integral element in redundancy management. In a survey of the benefits included in severance packages, outplacement was found to be the most common element throughout the USA, the UK and Canada (Woodger, 1992). Further research indicated the widespread use of outplacement, in the UK, as a strategic response to managing redundancy, with about 75 per cent of organisations including outplacement provision as part of their job loss policy (Doherty *et al.*, 1993). As a result, a largely consultancy driven, pragmatic approach gained credibility and integrity as a strategic response to managing a major human resource issue.

In addition, decision making with respect to the use of outplacement, in the majority of cases, lay solely with the personnel/HR department or with



personnel/HR in collaboration with other functional representatives (Boynton and Thomas, 1991; Doherty *et al.*, 1993). Thus, HR played a key role in determining the extent of the use of outplacement as well as acting as the liaison between outplacement providers and those individuals who would use the service. This notion of the centrality of human resource management to the management of redundancy accords with views which propose that HRM should link strategic and operational activity through policies and practices which proactively address conditions of continuous change or should play a key role in embracing the management of change (Hendry and Pettigrew, 1992; Storey, 1992; Tyson, 1995). As key players in the change management process, which is fundamental to the success of the business, it is suggested that HRM assumes a strategic position.

Also, research indicated that once introduced, outplacement remained as a management practice (Boynton and Thomas, 1991). Thus, the use of outplacement assumed a normative stance as an integral part of HR strategy, policy and practice. This increasing use of outplacement, approved by the HR function and the perceived legitimacy of outplacement as an integral part of HR strategy may be considered an example of an emergent HR strategy. Tyson (1995) suggested that human resource management may be viewed as an interpretative process synonymous with emergent strategies and he proposed that the implementation of emergent strategies, in particular those which deal with change, are indicative of the HRM contribution to achieving strategic outcomes. Although the initial use of outplacement appeared to be somewhat reactive in nature, the heightened credibility and proliferation in its use as a tool in the change management process raised it to strategic status. Outplacement has been shown to contribute to the successful exit of redundant individuals, as well as providing organisational benefits in managing redundancy. It has become integrated as a central part of HRM strategy in redundancy management and may, from this perspective, be viewed as a mechanism for achieving strategic objectives.

#### **Similarity, diversity and complexity in redundancy management**

However, the complexity of the organisational and individual variables at play in redundancy management poses an array of difficult issues, not only for those leaving the organisation but in particular for those who remain. Owing to the extent of large scale redundancies experienced throughout British industry over the past decade, the issues of managing those who remain after such change began to attract attention. Although research in the UK has shown that many organisations appeared to have subscribed to the good practice principle of providing help for redundant individuals, the management of remaining employees often lacked a coherent, structured approach. In addition, the overall process of redundancy management rarely included an evaluation element. This resulted in the lack of rigorous data on the impact of interventions on those remaining (Doherty *et al.*, 1996, Thornhill and Gibbons, 1995a, 1995b). A survey of organisations in the financial services



sector, which had undergone massive redundancies, indicated that although the use of outplacement was well established within many companies (79 per cent) fewer than half of these organisations (45 per cent) provided structured help for survivors (Doherty and Horsted, 1995).

Many companies appeared to emphasise organisational survival, legitimising redundancies as a way of guaranteeing the survival of the company as a whole. They appeared to rely on the provision of help for those leaving, through the use of outplacement, as a mechanism for managing the expectations of survivors. Certainly, the use of outplacement may be helpful in assuaging survivors' perceptions of justice and fairness in the use of redundancy, which have been shown to be key determinants of survivors' reactions (Brockner and Weisenfeld, 1993). However, redundancy management for those who remain is a complex and multifaceted issue which is determined by a range of individual and organisational variables which encompass psychological, social psychological, organisational behaviour and organisational development factors. These include the need to address not only issues about justice and fairness but also concerns about job security and future development of survivors, which require more than outplacement provision as the key intervention.

This diversity in the factors at play means that, although organisations may be able to use similar principles of best practice in HRM for managing exits, the contingent nature of organisational culture and the variation in how remaining individuals perceive and react to change compound the prediction of outcomes. Although the pluralism in the nature of what is required of HRM policy and practice and the role of human resource managers in the redundancy situation in particular, and as change agents in general, has been reported and described (e.g. Labib and Applebaum, 1993; Storey, 1992), models of HRM and HR interventions often stop short of addressing such complexities.

### **Tensions and dilemmas**

Managing the potential tensions at the interface between the organisation and its employees is an unceasing challenge, particularly owing to the extensive nature of redundancy but increasingly because of the continually changing nature of the employment relationship which is affected by, among many other factors, the use of redundancy tactics. The basic principle of providing outplacement appears to be applicable across organisational contexts to deal with exiting people and has thus remained a normative practice. However, the complexity of the situation for the survivors of redundancy means that no simple formula exists. The variables at play are diverse. It is often difficult to provide cause and effect data, reflected in an overall lack of evaluation. It appears that there have been few reported successful attempts to implement intervention strategies which support and assist the integration of



organisational change and personal transition for both those leaving and the survivors of a redundancy experience (Cameron, 1994; Doherty, 1997; Fisher, 1989)

These are difficult tensions to resolve and the extent to which HRM theory can assist in description, analysis and prescription in the management of the issues relevant to the organisation and its employees, precipitated by redundancy, may be bounded by the dynamic nature of such change. Normative approaches propose that certain strategies, policies and practices constitute best practice in the management of people. These have led to prescriptive methods for integrating the interests of organisation and employee (Guest, 1987) as is evident in the concept of outplacement. However, it is clear that the nature of the impact of redundancy for survivors is contingent on specific organisational contexts and individual variables (Guest and Peccei, 1992; Schuler and Jackson, 1987).

The level of complexity in the redundancy situation is similar to other change events experienced by organisations and their employees. The lack of coherent approaches to managing the potential effects of redundancy in its entirety may simply reflect the transitional nature of the HRM function and role itself. As Tyson (1994) suggested, it may be that the HR function is always in transition as it has to address fundamental people dilemmas for which there are no resolutions. In attempting to manage the continually moving target of the interaction between organisational policy and practice and individuals reactions to these, so HRM must continually be in transition. Therefore, the management of such dilemmas may continue to rely on the emergence of HRM strategies which are themselves malleable, flexible and a mixture of normative good practice such as outplacement and contingent, specific solutions designed to meet divergent needs at the individual and organisational levels.

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## Chapitre 9

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# La tradition britannique de sélection des hauts potentiels

*Noeleen Doherty et Shaun Tyson*

*Au Royaume-Uni, les cadres à haut potentiel qui participent à des formations en management sont souvent affublés de l'étiquette « jeune loup », ou encore « candidat pour une carrière accélérée ». De tels individus se recrutent en général parmi une population de jeunes diplômés (licence ou maîtrise d'université) de grande qualité ; ils reçoivent une formation complémentaire rapidement. L'hypothèse sous-jacente est qu'ils peuvent devenir le noyau des futurs cadres supérieurs et dirigeants et qu'ils sont essentiels au succès de l'organisation. Les dispositifs de recrutement et de formation pour ces cadres à progression rapide ont une longue histoire au Royaume-Uni, pays où le concept de « haut potentiel » a toujours été important.*



## 1. Une tradition centenaire

Au XIX<sup>e</sup> siècle, la fonction publique britannique a commencé à formaliser la détection et le recrutement des futurs hauts-fonctionnaires dont les missions successives allaient les conduire aux plus hauts postes du pays. Dès les années 1930, il existait déjà des programmes de développement en management destinés aux jeunes diplômés rejoignant les sociétés les plus importantes du secteur privé. De nombreuses professions libérales utilisaient déjà des modèles d'apprentissage permettant de développer le talent de l'individu ; ensuite, la philosophie du recrutement et du développement de l'individu à fort potentiel s'est ancrée plus profondément et s'est transformée en pratique quasi généralisée dans bien des organisations britanniques.

Au Royaume-Uni, la volonté d'accroître le niveau de formation a été soutenue par une politique gouvernementale visant à augmenter rapidement le nombre de programmes universitaires proposés et à encourager plus de candidats à poursuivre des études supérieures<sup>1</sup>. Il en est résulté un nombre croissant de diplômés sur le marché du travail ainsi qu'une « diplômisation » (*gradualization*) de nombreux postes qui étaient occupés jusque là par des non-diplômés. Ceci a conduit à une plus grande qualité des candidats recrutés et à une concurrence accrue pour les postes réservés aux individus à haut potentiel. Cette situation a permis d'attirer l'attention sur les changements profonds du marché du travail pour les diplômés et sur la nouvelle donne de leurs opportunités de carrières<sup>2</sup>. Même lorsque les entreprises ont subi les pressions liées à la récession et lorsqu'elles ont été amenées à réduire leurs coûts pour améliorer leur efficacité et leur performance, l'investissement financier et humain dans les hauts potentiels est resté une priorité, à travers le recrutement de jeunes diplômés. Bien que la récession se soit quand même traduite par une légère diminution du recrutement de diplômés du supérieur, on a observé une augmentation des postes non pourvus, destinés aux diplômés. Cette augmentation a été estimée de façon très prudente à 4,2% par l'association des Graduate Recruiters en 1994<sup>3</sup>. Et on assiste actuellement à une reprise du recrutement des diplômés.

Traditionnellement, la gestion des individus à haut potentiel était fondée sur les principes d'une carrière à long terme, gérée de manière rationnelle. Cette philosophie reposait sur la notion d'une carrière hiérarchique, où l'organisation permettait aux individus de se développer rapidement, les aidait par une planification régulière (plans de succession) et ils se voyaient récompensés par des perspectives de revenus plus élevés. Cette philosophie se retrouve dans les stratégies, les politiques et les pratiques de GRH. D'où les efforts pour identifier, sélectionner, recruter, intégrer, former développer, récompenser et gérer les carrières des cadres à haut potentiel. Sur le marché du travail, une évolution s'est amorcée vers un flux de CDD et vers une banalisation, voire une « intérimérisation du travail managérial ». Il est courant de trouver des cadres

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1. Scott-Clarke & Byne 1995.

2. (a) Personnel Management 1993, (b) Journal of Management Psychology 1994.

3. Thatcher 1994.



ayant un emploi temporaire et des managers « intérimaires » alors qu'ils occupaient auparavant des postes à des niveaux élevés avec un CDI. On a également noté en Grande-Bretagne des phénomènes nombreux de changement de carrière à mi-parcours, tout comme une flexibilité accrue des horaires de travail, une intensification et un prolongement de la journée de travail à domicile. De même, on note une proportion plus grande de femmes rejoignant les rangs des jeunes cadres de gestion. Tout ceci coïncide avec des structures organisationnelles plus plates (voir chapitre 2), une augmentation du nombre d'individus qui ont leurs propres entreprises, une extension des activités à l'échelle européenne, et l'émergence de nouvelles professions. Ces changements se sont accompagnés d'une plus grande incertitude, d'une plus grande peur et d'un plus grand stress (voir chapitre 3). On a assisté à une réorientation générale de la relation d'emploi associée à de nouvelles définitions du concept de carrière, cette situation a conduit à des carrières plus fluides, à des opportunités de développement de carrière plus variées et à des perspectives d'évolution de carrière de plus en plus ouvertes, pour tous les salariés<sup>1</sup>. La nature de ces changements se détourne de la notion de carrière pour privilégier celle d'emploi, passe de la définition du long terme, au court et au moyen terme, explique les panoplies « d'accords » et de « contrats » proposés aux diplômés de manière presque généralisée<sup>2</sup>.

Herriot (1995) a déjà constaté que les contrats psychologiques passés entre les employeurs et les salariés avaient changé. Ceux des années 70 reposaient sur les principes de loyauté et de conformité de la part de l'individu qui, en retour, recevait sécurité d'emploi et de promotion. Ceux des années 90 sont centrés sur la flexibilité, les longues heures de travail et la responsabilisation de l'individu qui en contrepartie se voit proposer un travail et non plus une carrière. Herriot argumentait d'ailleurs qu'à l'avenir, le contrat psychologique reposerait sur le principe du donnant-donnant par lequel le salarié accepte d'être flexible et de pratiquer la mobilité externe en échange d'une « employabilité » et de clauses flexibles du contrat de travail. Ainsi de nombreuses organisations n'offrent plus la sécurité de l'emploi, (d'un emploi à vie *a fortiori*), en échange de la loyauté et de l'implication du salarié au travail. Ce refus de cet *ancien arrangement* a eu un impact très important sur les cadres supérieurs, qu'ils soient managers ou experts, car ils avaient pu jouir jusqu'alors de la sécurité d'un contrat psychologique qui était basé sur un engagement mutuel et une confiance à long terme<sup>3</sup>. Il en résulte que les politiques et les pratiques de gestion des carrières reflètent désormais ces changements dans les organisations<sup>4</sup>.

Au début des années 80, il y eut une lente évolution vers des critères « objectifs » pour la sélection des personnels à fort potentiel, en particulier dans la fonction publique, l'attention s'est progressivement détournée des diplômés d'« Oxbridge ». D'autres changements ont été apportés aux pro-

1. Coffee et Scase, 1992, Stroch et Reilly, 1994, Herriot et Pemberton, 1995.

2. Hirsch et Jackson, 1996, Jackson *et al*, 1996, Herriot et Pemberton, 1996, Arnold, 1997.

3. Herriot et Pemberton, 1995.

4. Hirsch, Jackson et Jackson, 1995.



grammes de développement rapide du fait de la nomination généralisée, à tous niveaux, de personnes de plus en plus qualifiées (niveau licence). Ainsi s'est développée l'idée que le personnel existant pourrait peut-être avoir le même potentiel de développement que les diplômés recrutés et envoyés dans les dispositifs de formation au management.<sup>1</sup>

Nous pouvons caractériser ces changements comme une évolution d'un système de recrutement destiné à un développement à long terme vers un nouveau système, qui à partir de la constitution d'un vivier d'individus permet à certains d'entre eux d'être promus à des postes de cadres supérieurs. On pourrait penser que les individus ont changé vis-à-vis de la notion de carrière, mais le concept de carrière défini traditionnellement comme « la perception de soi dans un processus de vie »<sup>2</sup> nous rappelle l'importance de cette notion de la perception de soi, tant elle est liée au statut procuré par la carrière et aux différences entre carrière objective et carrière subjective. Plus récemment, Jackson et al. (1996) ont mis l'accent sur l'importance de la notion de carrière comme moyen de faciliter le développement personnel de l'individu à travers son activité professionnelle. D'où l'attente forte de « faire une carrière » basée sur un développement à long terme : elle permet une progression (série de fonctions et de postes qui garantissent des perspectives de revenus de plus en plus élevés), mais elle est aussi étroitement associée à un développement personnel et au contexte du développement du « moi ». Par contraste, la perspective d'une organisation où règne l'incertitude des besoins futurs en effectifs et les nouvelles perspectives de carrière menace d'ébranler les individus dont le concept de soi s'est fortement ancré dans l'organisation. Il existe un décalage dans le temps évident entre ces nouvelles réalités et les attentes encore présentes chez les futurs diplômés des campus britanniques<sup>3</sup>.

Alors que les recherches en matière de carrière se sont poursuivies dans les années 90, les spécialistes affirment que les organisations vont concentrer leur attention sur l'intégration des programmes de développement des carrières à la stratégie de l'entreprise et aux objectifs individuels de carrière<sup>4</sup>. Ceci requiert une synergie entre les différents besoins en recrutement, la gestion prévisionnelle des compétences, les plans de succession et les aspirations intimes des individus. Dans le contexte actuel des changements organisationnels, cela signifie une refondation de la gestion des carrières à tous les échelons de l'organisation et *a fortiori* pour ceux qui sont les managers à fort potentiel de demain.

Comme ailleurs, de nombreuses organisations britanniques désirent actuellement consacrer leurs ressources à une population plus élargie afin de développer le potentiel de tous les salariés, tout en identifiant les plus performants par l'intermédiaire des dispositifs d'évaluation. Le débat est reflété par une interrogation majeure : faut-il une approche qui fait intervenir les centres de

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1. HMSO, 1993, 1994, Clarke, Wiseman et Craven, 1994.

2. Everett C. Hughes, 1937.

3. Modic, 1989, Lockwood, Tevan et Walters, 1992.

4. Feldman, 1989.

développement ou les centres d'évaluation ? En effet, en ne dévoilant pas le nom des hauts potentiels, l'organisation évite peut-être que la prophétie annoncée se réalise.

Il importe de souligner la nécessité de maintenir la motivation du personnel à haut potentiel. Les techniques utilisées par les sociétés britanniques pour répondre à ce besoin incluent l'utilisation des postes d'adjoint, la participation à des programmes de formation de haut niveau au management (MBA financé par l'entreprise...), une rémunération élevée ou des avantages en nature importants, des opportunités d'apprentissage qui incluent une plus grande possibilité d'apprendre par ses erreurs, un travail plus riche et plus exigeant, comme par exemple la direction d'un centre de profit, et ceci plus tôt dans la carrière que pour la plupart des managers plus anciens. De grandes capacités intellectuelles sont requises chez de tels individus, mais aussi de savoir développer des compétences managériales, politiques et relationnelles qui sont les compétences essentielles<sup>1</sup>.

## 2. Gestion prévisionnelle et développement des ressources humaines

La gestion prévisionnelle aussi bien au niveau des activités de l'entreprise que du renouvellement, est un élément fondamental du recrutement des cadres à potentiel managérial qui, combiné à une vision stratégique de l'organisation, détermine les besoins pour cette population. Rothwell (1995) a démontré que la gestion prévisionnelle des RH, aspect pourtant essentiel de la GRH (visant à faire correspondre l'offre et la demande provenant de sources internes et externes) s'est vue accorder une faible priorité du fait des turbulences et des incertitudes économiques. Rothwell montre qu'un besoin de gestion prévisionnelle des RH existe depuis longtemps, mais qu'il y a peu de recherches empiriques confirmant une démarche et des résultats rigoureux. En fait, une politique relative aux individus à fort potentiel s'appuie sur le développement des potentiels existant dans l'entreprise et elle requiert une gestion prévisionnelle du renouvellement managérial, permettant d'identifier le nombre d'individus qui occuperont les postes les plus élevés et les compétences dont ils devront faire preuve à l'avenir. La gestion effective d'un tel changement au sein de l'organisation ainsi que le développement des individus, impliquent un suivi précis des taux d'échec et de réussite, au fur et à mesure que les individus progressent dans les structures.

La gestion du personnel dans la fonction publique britannique repose sur un modèle issu des « meilleures pratiques ». Ainsi, les politiques et les différentes pratiques en vigueur sont souvent en avance par rapport aux entreprises privées. Celles-ci ont largement repris ces modèles et adopté des pratiques initiées dans la fonction publique<sup>2</sup> ; on a également essayé d'adapter et d'intégrer des pratiques du public au privé<sup>3</sup>.

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1. Strebler et Pike, 1993.

2. Doherty, 1994.

3. Morley, 1993.



### 3. Le recrutement et la sélection

La sélection et l'évaluation sont de plus en plus souvent vues comme des éléments cruciaux de l'ensemble des processus liés au changement organisationnel<sup>1</sup>. Les organisations cherchent à recruter et à sélectionner des collaborateurs capables de contribuer à la mise en œuvre de leurs objectifs stratégiques. Elles pensent que les changements récents de structures et systèmes organisationnels doivent être associés à la recherche, dans l'entreprise comme à l'extérieur, de candidats qui présentent de nouvelles attitudes, compétences et expériences. En effet, les organisations ne recherchent plus les mêmes compétences-clés. Le recrutement et la sélection sont des pratiques de plus en plus stratégiques pour obtenir les types de comportements indispensables au changement organisationnel. L'approche par les compétences managériales influence de manière fondamentale les résultats obtenus en termes financiers aussi bien qu'humains.

Les compétences sont spécifiquement définies comme des caractéristiques personnelles nécessaires à l'accomplissement efficace de son travail. Depuis<sup>2</sup>, on s'est intéressé à la définition des individus à fort potentiel à travers la notion de compétence<sup>3</sup>. Les systèmes de sélection des « hauts potentiels » impliquent fréquemment l'utilisation de centres d'évaluation, dont les exercices classiques sont conçus pour révéler si le candidat possède ou ne possède pas, les compétences requises pour être considéré comme à fort potentiel. Le problème qu'une telle approche peut présenter réside dans le fait que l'on présuppose que ces compétences peuvent être évaluées alors qu'il est difficile de prévoir des performances futures à partir de performances existantes. L'ampleur du changement est actuellement si rapide qu'il n'existe aucune méthode pour définir quelles compétences seront requises à l'avenir<sup>4</sup>.

La façon d'aborder ce problème a été de se tourner vers des compétences génériques ou générales qui sont plus orientées vers l'individu que le poste, telles que « l'esprit critique », « le seuil de tolérance face à l'incertitude » et « le sens des relations ». Des qualités abstraites telles que la capacité à faire « l'hélicoptère »<sup>5</sup> ou la capacité à développer une vue globale sur l'ensemble des domaines importants du management, et à voir de quelle façon ils sont interdépendants ont été utilisées depuis plusieurs années dans certaines organisations.

Le *Human Resource Research Centre* de la *Cranfield School of Management* a récemment mené une recherche auprès de vingt organisations britanniques, qui recrutent un grand nombre de diplômés<sup>6</sup>. On a constaté une grande conver-

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1. Iles et Salaman, 1995.

2. Moyatzis, 1982.

3. Tyson, 1988, Jacobs, 1989.

4. Fulmer, 1993.

5. Au sens d'avoir une vision d'ensemble sur les problèmes ainsi que la capacité de les approfondir concrètement.

6. Doherty, Viney et Adamson, 1995, 1997.

gence des méthodes et des processus utilisés en matière de recrutement et de sélection : 90 % d'entre elles utilisent le système du *Milk Round*. Il s'agit d'une méthode où des équipes de recrutement se rendent dans les établissements d'enseignement supérieur (*colleges* et universités) pour promouvoir les opportunités de carrières offertes aux meilleurs diplômés. Il s'agit d'attirer des candidats à fort potentiel sur le point d'obtenir leur diplôme, afin qu'ils posent leur candidature. La volonté d'obtenir le meilleur niveau de qualité est au cœur du processus de recrutement depuis que l'augmentation du niveau d'exigence du marché du travail a abouti à un très large éventail de niveaux de qualité. Les organisations cherchent une aiguille dans une botte de foin et la botte de foin a grossi dans les années 1990.

Les principales conclusions mises en évidence par cette étude portent moins sur des questions relatives au processus que sur l'évolution apparemment subtile, de l'offre faite aux diplômés. Bien que près des trois-quarts de ces organisations n'aient pas explicitement modifié leur philosophie en matière de hauts potentiels, un grand nombre semblent avoir légèrement infléchi leur philosophie de gestion des carrières. Plus d'un tiers indique qu'elles n'utilisent pas le terme de carrière ou qu'elles n'ont pas de définition de ce terme. Un changement subtil met l'accent non plus sur la garantie d'une *carrière* mais sur l'offre d'une *opportunité* à long terme. Les diplômés se voient proposer des conditions grâce auxquelles ils peuvent améliorer leurs compétences et accroître leur valeur commerciale sur le marché du travail, ce qui se retrouve dans les notions d'*employabilité* permanente, de *commerciabilité* et de *valeur ajoutée* pour l'entreprise. Du point de vue linguistique, des termes comme *développement* et *opportunités* sont devenus ces expressions clés utilisées actuellement pour et par les diplômés.

De nombreuses organisations s'efforçaient d'être sincères et honnêtes sur ce qu'elles offraient en essayant de faire comprendre « ce que c'est que de travailler ici » et d'expliquer « comment on fait les choses ici ». La majorité des entreprises adopte également une approche empreinte de plus de discernement pour la gestion des diplômés en indiquant qu'elles n'encouragent pas de façon active une culture élitiste, qu'elles veulent réduire la différenciation entre les populations à progression de carrière accélérée et les autres managers. On a de plus en plus mis en évidence, que les diplômés étaient recrutés pour de véritables postes et, qu'une évolution apparaissait, consistant à proposer à une partie d'entre eux des CDD plutôt que des CDI.

Ces recherches montrent que les organisations essaient de faire évoluer la nature du contrat psychologique destiné aux salariés à fort potentiel vers un nouveau « contrat » qui traduit des attentes différentes de la part de l'organisation et propose un autre type d'emploi. Ce nouveau contrat n'est plus une relation mais plutôt une transaction où les offres et les attentes de l'organisation sont plus explicites<sup>1</sup>.

Cependant, Robinson et Rousseau (1994) ont suggéré que le nombre croissant de violations du contrat psychologique ont créé des attentes non satisfai-

1. Herriot et Pemberton, 1995.



tes parmi la population des jeunes diplômés. Cela se traduit par un manque de confiance, une baisse de satisfaction et une intention plus grande de quitter l'organisation. Ces cadres à fort potentiel constituent un vivier de plus en plus nombreux d'individus capables de discernement, qui voient ce nouvel accord comme une opportunité de formation et de développement et l'utilisent donc comme un tremplin pour le développement de leur carrière personnelle sans engagement ni loyauté de leur part envers l'organisation. Or, les organisations ont besoin de favoriser un certain sens de l'engagement afin de rentabiliser l'investissement que constituent les individus à fort potentiel<sup>1</sup>. La gestion des cadres à fort potentiel et les changements qui affectent les choix politiques et les pratiques des entreprises sont clairement illustrés par le cas de la banque anglaise présentée ci-dessous.

### **Les diplômés dans la banque**

Sadler (1993) a analysé l'approche de 50 entreprises en matière de développement de leurs cadres à haut potentiel. Parmi ces entreprises, le cas de la National Westminster Bank était particulièrement significatif des pratiques de sélection et développement des managers à potentiel.

#### **Une grande banque**

Cette banque constitue chaque année un groupe de nouveaux embauchés qui inclut un certain nombre de hauts potentiels probables. Elle utilise un centre d'évaluation pour sélectionner et identifier trois sous-groupes parmi les hauts potentiels juniors qui ont un excellent diplôme en gestion ou finance et une première expérience professionnelle : ceux qui sont affectés à Londres, ceux qui sont affectés dans un des principaux centres régionaux de la banque et ceux qui commencent dans des agences locales de la banque où ils ont une moins grande espérance de profession rapide. Pendant les deux premières années d'expérience, une formation est prévue pour amener les jeunes diplômés et les non diplômés à un niveau comparable grâce à la formation interne. Après l'âge de 24 ans, un programme structuré de formation au management est proposé en utilisant les techniques des centres d'évaluation et de l'évaluation psychotechnique pour désigner les bénéficiaires et identifier les besoins individuels de formation pour développer les jeunes diplômés en direction des responsabilités de management.

Les hauts potentiels doivent développer ensuite leurs compétences de management général à travers une formation réservée aux cadres supérieurs et qui inclut des formations dans l'entreprise et à l'extérieur comme les programmes de développement personnel et les MBA en temps partagé.

1. Viney, Doherty et Adamson, 1995.



Ces démarches de formation et développement doivent permettre d'offrir aux jeunes embauchés une culture d'apprentissage permanent centrée sur le développement de soi.

Ce cas montre le type de développement proposé aux cadres à haut potentiel. Les récents changements externes et internes à l'entreprise les obligent à faire face au « challenge » de repositionner la relation d'emploi avec tous leurs salariés et en particulier avec les hauts potentiels du fait de leur importance stratégique pour le succès futur de l'entreprise.

#### 4. Le concept d'individu à fort potentiel survivra-t-il ?

Il ressort de notre analyse que les nombreuses pressions qui s'exercent au sein des organisations soulèvent des questions sur le devenir des politiques visant à développer les managers à fort potentiel par le biais d'une progression de carrière accélérée. Le changement de nature des carrières n'est pas simplement la conséquence de l'aplanissement des structures et de l'incertitude auxquelles font face les organisations. Parallèlement ceux qui croient pouvoir assumer leur propre concept de carrière indépendamment de l'organisation qui ont choisi de miser sur « l'employabilité » sont susceptibles d'avoir le plus à offrir, et à prendre le contrôle de leur destinée. Ces individus sont ceux qui sont intellectuellement les plus capables de gérer entre vingt et trente ans de carrière en passant d'une organisation à l'autre.

La carrière « portefeuille » constitue un objectif légitime pour ces cadres quand ils atteignent quarante ou cinquante ans. Ils ont pu, en effet, acquérir une expérience très étendue, un réseau de contacts et une bonne compréhension de leur propre processus de développement. C'est à l'intention de ces individus à fort potentiel que l'on avait conçu et développé les formules d'accélération de carrière. Ceux-là même qui, à présent, n'ont plus besoin de l'organisation pour gérer leur carrière. Ils constituent la population à qui l'on a enseigné la façon de survivre dans la jungle que représente l'organisation. On pourrait argumenter que de telles « perles rares » ne resteront pas dans l'organisation pour y devenir des hommes ou des femmes engagés vis-à-vis de cette dernière.

Cependant la demande pour des sujets loyaux à leur entreprise subsiste. La possibilité d'offrir des promotions est valorisée, développée et utilisée dans les nombreuses entreprises depuis la fonction publique jusqu'aux grandes banques, compagnies d'assurance et autres organisations de tout premier plan et un grand nombre de dirigeants continuent à vouloir se reproduire. Les plans de succession ne concernent pas seulement quelques hauts dirigeants, au sommet de la hiérarchie quand il existe une fonction RH centralisée, la responsabilité de formation en management est centrée sur le maintien d'un vivier de compétences disponibles dans toutes les fonctions stratégiques importantes telles que le marketing, la finance et le management industriel. Ceci ne peut se réaliser que par la gestion d'un marché du travail interne sophistiqué qui s'accompagne de politiques adaptées en matière d'appréciation, d'évaluation et de formation.



Si elles sont appliquées dans toute l'organisation, de telles politiques ne sont susceptibles de « propulser les meilleurs au sommet que si tous les responsables hiérarchiques sont impliqués dans le processus » comme le démontrent Poole and Jenkins (1996). Dans une importante étude, ils ont montré que les managers avaient « plus de responsabilités que le service des ressources humaines pour la plupart des questions qui ont trait à la formation et au développement ».

L'utilisation croissante des systèmes d'évaluation à 360 degrés<sup>1</sup> montrent qu'ils sont de plus en plus engagés dans l'évaluation de la performance des hauts potentiels, souvent au-delà des frontières nationales. Il existe un mouvement évident qui engage les cadres opérationnels à assumer la responsabilité de toutes les pratiques importantes de GRH. Ces évolutions sont basées sur les notions de responsabilité individuelle et d'autonomie. Mais cela reste une simple hypothèse car le besoin d'assurer la relève des managers reste très puissant et les dirigeants le considèrent comme essentiel à la pérennité de l'entreprise. Le recrutement et la gestion des cadres à haut potentiel semblent donc compter parmi les fonctions les plus susceptibles de conserver le soutien des équipes dirigeantes<sup>2</sup>.

La réconciliation de ces forces potentiellement conflictuelles, le désir de contrôler la carrière des individus à fort potentiel, peut se réaliser grâce à des politiques qui organisent l'apprentissage tout au long de sa vie, des interruptions de carrières, des années sabbatiques, des détachements, des mobilités horizontales et des programmes de formation qui présentent un réel défi. Le concept « d'organisation en tant qu'entité » inclut désormais des investissements personnels tels que les connaissances, les compétences, les contacts, les ressources familiales et amicales et des « charges » telles que le crédit hypothécaire, les dettes, les échecs personnels et les manques de compétences, le tout impliquant que l'individu considère son travail comme un instrument pour atteindre ses objectifs de vie. Mais ceci s'insère bien dans le concept actuel de carrière au sein de l'organisation.

Les organisations sont devenues de larges confédérations d'intérêts aux frontières mal définies entre les fournisseurs, le personnel, les clients et actionnaires. L'organisation est constituée actuellement d'une pluralité d'intérêts qui rivalisent entre eux et d'alliances mouvantes. Qui sera le mieux placé pour faire face à un tel environnement si ce n'est l'individu à fort potentiel qui se prend en charge, qui est motivé par ce lien instrumental et social et qui construit sa carrière en saisissant les opportunités de développement offertes par l'élargissement des tâches, la progression hiérarchique définie de façon très générale et l'apprentissage continu, pour ensuite changer et aller vers de nouvelles aventures ailleurs ?

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1. Questionnaires d'évaluation remplis par le manager, son (ou ses) supérieurs, ses pairs, ses collaborateurs et parfois même certains de ses clients pour confronter sa perception de lui-même à celle de son environnement.

2. Tyson, 1995.

