DOWNSIZING AND ORGANIZATIONAL CHANGE SURVIVORS AND VICTIMS: MENTAL HEALTH ISSUES

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Abstract

Survivors and victims of organizational change are experiencing mental health issues after downsizing and organizational change. The purpose of this study was to determine whether white-collar workers were aware of major changes in corporate America and how these changes might affect them. The research question, "Do survivors or victims of downsizing or organizational change experience mental health issues after downsizing or organizational change?" This was the foundation of this study. This quantitative approach involved surveying 196 white-collar workers in two industries: manufacturing and health. An analysis showed that the literature has sensationalized the health-related problems because only about 20% of the people surveyed acknowledged there was a problem. The study provided insights into the health-related problems associated with downsizing or organizational change. Survivors and employees should speak about downsizing and organizational change, and it affects them and their family members financially, emotionally, and psychologically.

Keywords
Organizational Change, Downsizing

INTRODUCTION

In the past, most organizations operated as closed systems and ignored the signs of the environment. Organizations survived and sometimes thrived, even with their internal focus. The environment showed signs of stress and threats, but not everyone perceives a threat in the same manner. Organizations continued operations with a "business as usual" attitude. Many businesses failed, but others attempted to survive and find a way to meet environmental demands.

Trends and emerging values like technological advances, environmental emergencies, and global economy are shaping the world. They affect corporate culture and the employees who

support the culture. Environmental forces such as technology as well as political/regulatory, economic, and socio-cultural challenges, coupled with bad decision-making, a lack of resources and knowledge, and global competition, are all factors driving change. H. Scott (2004) explained, "In addition, three full decades of economic restructuring in the age of globalization, coupled with the rise of the 'New Economy,' have resulted in a complementary and fundamental shift in employment status" (p. 144).

Business as Usual

Although organizations continue to find a new label for their changing methods, this strategy is just a smokescreen for the ever-present financial goal of shareholder wealth. These cost-reduction methods have been used for many years and have been camouflaged with names like "restructuring," "termination," "permanent layoffs," "resource alignment," "downsizing," and "rightsizing." "Spurred by increasing worldwide competition and shareholder pressure to boost earnings, many companies are focused on improving productivity and quality, while reducing expenses" (Gilmore, 1994, p. 43). Noer (1993b) suggested that more leaders make a direct connection between layoffs intended to make organizations lean and mean, and increase profits and productivity. It appears that organizations have not changed their ways: They continue to employ age-old tactics or resist change. In effect, managers have not learned a thing!

The Choice to Downsize

Downsizing, the process of eliminating people from organizations and businesses, has become a significant characteristic of working life (Burke & Nelson, 1998; Hurrell, 1998; Miller, Casio, & Young, 1999). Molinsky and Margolis (2006) voiced the following about downsizing:

Few people enjoy causing pain to others. Yet, this is precisely what business leaders must do when they make the difficult decision to downsize their organization. Downsizing represents

one of the most challenging tasks that business executives can face, because of the human costs involved. (p. 145)

Why downsizing? Environmental forces constantly affect society and organizations alike. On the one hand, organizations can create a cycle whereby they can influence or control the circumstances in which they operate through the changes they make and the way in which they make them. However, organizations also can find themselves in a vicious spiral of decline and stagnation through an inability to control their own destiny with inconsistent and unsuccessful approaches to change. Burke (2005) indicated, "Organizational restructuring and downsizing are a complex and difficult task. A small but growing literature suggests that such changes fail to reach their objectives (usually financial) about half the time" (p. 21).

The recession of the 1970s forced managers to reevaluate their relationship with the external environment, requiring radical changes in the way that companies operated. The first choice was to downsize the workforce. "Common trends in modern work life include global competition and organizational changes such as downsizing and mergers. Such trends and many other characteristics of modern work may increase stress and influence the well-being of employees" (Appelberg, Romanov, & Honkasalo, 1993, p. 1315). Experience suggested that such decisions caused a downward spiral of staff morale, productivity decline, more staff cuts, the erosion of organizational services, and many health-related problems.

Organizational downsizing has become a ubiquitous feature of a great multitude of organizations throughout the industrialized and post industrialized world (Littler, 1998). Corporate America is downsizing by reducing its organizational structure to meet the global competitive marketplace. This phenomenon started in the 1980s with Ford, Chrysler, and General Motors pioneering this cost-cutting measure. Millions of jobs have gone by the wayside over the last

several years because of changing market conditions, lower productivity, and the inclusion of U.S. companies into the global economy. For example, Armstrong (2007) explained:

> As second-quarter numbers were filed in the last week of July, David Brennan sweetened AstraZeneca's bitter bottom line by announcing that he was upping the number of job cuts to 7,600, or 11 percent of its staff. A few days later, Johnson & Johnson's Bill Weldon joined in and said that the healthcare giant was "consolidating certain operations" and "standardizing and streamlining"-i.e., giving the boot to 4,800, or up to 4 percent, of its workers. (p. 1)

More recently, in 2005, "popular press headlines included the announcement of some 30,000 jobs cut at General Motors Corporation and 7,000 cuts at pharmaceutical giant Merck & Company Incorporated. The uncertainty of downsizing can be crippling" (Clair, Jackson, Dufresne, & Ladge, 2006, p. 131).

The losers are the employees who feel detached from the company: The feeling of community is absent. The term *corporate loyalty* has an archaic ring to it, and some consider it a betrayal of self. For such reasons, few individuals have any sense of belonging to something bigger and better than they already belong. For example, Piontek (2007) wrote:

> Call me old-fashioned. Call me a bleeding heart. Call me a babe in the financial woods. But whatever you call me, you're not going to quell the outrage I feel when I hear something like Citigroup's announcement that it was going to get rid of 17,000 workers. (p. 4)

In addition, A. Scott (2007) explained that cost cuts are probable at Pfizer Corporation. Speculation indicates there will be 10,000 people affected.

Society and organizations both seem to be in a period of transition, with many changes taking place in society on a daily basis. One might wonder where these changes will lead. Toffler (1980) referred to these periods of transition as "waves." The dilemma created by such change is turbulence in society, grossly increasing uncertainty for individuals and organizations alike, and raising far-reaching questions concerning the limits of human adaptation (Pepper, Messinger, Weinberg, & Campbell, 2003).

White-Collar Workers: Victims and Survivors of Downsizing or Organizational Change

There are many reasons for downsizing. Many factors are evident, such as acquisitions and mergers leading to excess personnel once the operations have been consolidated, technological innovations resulting in productivity improvements without employee intervention, global competition leading to product and employee redundancy, and slow economic growth caused by a rapidly changing marketplace resulting in the need to be cost competitive (Vahtera, Kivimaki, & Pentti, 1997).

Downsizing often fails to meet intended goals (Edwards, 2000; McKinley, Mone, & Barker, 1998). "Financial measures, such as return on assessment, return on equity, sales to total assets, and ratio of market to book value equity, are negatively affected by the announcement of layoffs" (Sahdev, 2004, p. 166). In addition to negative and detrimental financial consequences, there is a ripple effect attached to organizational downsizing, for example, the high cost of paying employees their severance packages (Applebaum, Close, & Klasa, 1999). Downsizing also has a negative effect on learning and innovation because it breaks the informal networks that have developed over a period of years (Amabile & Conti, 1999; Reynolds-Fisher & White, 2000). Further disadvantages to downsizing include: 1) morale issues can surface, 2) growth is stymied, 3) productivity can go

down, and 4) employee health and behavioral problems can surface. When considering downsizing, management must find the right balance.

The literature supported the reality of this instability from the perspective of victims and survivors. On one side are the victim issues that arise from the downsizing. On the other hand, the survivors also are subject to health issues. Beyond depressed financial considerations and chaos, the downsizing process also exacts a heavy emotional and mental toll on employees. An added examination of factors attached to downsizing and termination revealed that:

> A loss of attachment, lack of information, and a perception of "apparent managerial capriciousness" as the basis for decisions on who will be terminated causes anxiety and an obsessive need for survival, which also leads employees to leave the company with bitterness and hostility. (Schweiger, Ivancevich, & Power, 1987, pp. 127-138)

On the surface, it may seem to be a plausible explanation for the survivor phenomenon. However, on further investigation, Schweiger et al. noted that at the time of implementation, the bitterness begins.

Toffler (1970) explained that to survive and avoid the possibility of future shock, individuals must develop and adapt. Individuals must find new ways to respond to what the future might hold because all of the old traditions of the past are now shaking under the hurricane impact of alternative thrust. Was this the prelude to downsizing? For the American worker, the thought of even the healthiest companies shedding pounds is not a pleasant one. Moskal (1992) explained that when employees receive downsizing notice, they face a traumatic future, but the survivors are equally affected. Lublin (1993) reported that during a recent downsizing at a company in California,

one man looked around the room and could not help wondering who the lucky ones were: the victims or the survivors.

Vahtera et al. (1997) noted that some common mental health issues surface during and after a downsizing or an organizational change. These include stress, self-esteem, and anxiety. Stress is "a dynamic condition in which an individual is confronted with an opportunity, demand, or resource related to what the individual desires and for which the outcome is perceived to be both uncertain and important" (Schuler, 1980. p. 189). Self-esteem is the individuals' perception of liking or disliking themselves and the degree to which they think they are worthy (Brockner, 1988). Anxiety is common when stressed. It helps individuals to cope with various tense situations (National Institute of Mental Health [NIMH], n.d.a). Finally, depression is another issue that may surface in the wake of downsizing, according to the (NIMH, n.d.b).

Study Results

On initial investigation, analysis, and examination, it may appear to business professionals and practitioners that organizational change is simple, straightforward, and an uncomplicated task. However, the victims and survivors of change know that such assumptions are not true. Following are examples of research studies conducted on this topic.

Survivor Issues

This section examines survivor issues after a downsizing or an organizational change process. A growing body of evidence has indicated that downsizing and related forms of organizational change can have profound effects on employees' health and well-being. Koeninger (2007) explained, "You don't want your people to die the death of a thousand cuts" (p. 1). Almost

every change triggers a reaction in employees and influences each person differently, directly affecting how the individual feels about his or her work. Questions arise out of uncertainty and lead to the inability of a person to cope with the required changes. The survivor literature provides convincing evidence that organizational downsizing has negative consequences for remaining employees (Beylerian & Kleiner, 2003; Brockner 1988; Devine, Reay, Stainton, & Collins-Naki, 2003; Kozlowski, Chao, Smith, & Hedlund, 1993; Makawatsakul & Kleiner 2003). The empirical evidence also shows that management-level survivors are not immune from the adverse effects of downsizing (Allen, Freeman, Russell, Reizenstein, & Rentz, 2001; Clifton, 1999; Goffee & Scase, 1992; Worrall, Campbell, & Cooper, 2000).

Survivor literature also suggests that workload increases during organizational downsizing (McHugh, 1997; Van Horn-Christopher, 1996). "This has specifically been found for middle managers (McConville & Holden, 1999; Newell & Dopson, 1996; Thomas & Dunkerley, 1999; Thronhill & Saunders, 1998). On the other hand, executive-level positions are usually associated with heavy workload demands (Cooper & Sutherland, 1992; Corneil, Barling, & Hepburn, 1998; Sutherland & Cooper, 1995; Worrall & Cooper, 1995).

According to Rice and Dreilinger (1991), the survivors of downsizing or organizational change display several reactions:

1. They have low morale. Survivors have the tendency to become depressed when their friends and associates leave the organization. They are not sure what to do to save their own jobs, so they maintain a low profile.

2. They become less productive. Survivors usually face worker overload because there are fewer employees to get the work done. They can get confused about their specific roles or responsibilities, as well as what management thinks about them.

3. They distrust management. Survivors have seen that competence and performance no longer equate with continued employment. Their so-called bargain with management has been unilateral, and they question management's trustworthiness.

4. They become excessively cautious. Survivors usually discontinue risk taking and decision-making, and innovation. Shifting the responsibility or playing it safe are the new rules of conduct.

Noer (1993b) suggested that the survivors and downsized victims typically experience a number of emotional reactions, including fear; sadness, depression, and quilt; betrayal, distrust, and anger; unfairness; and anxiety and stress.

Survivors have more confidence in the company's future than their own future; many are insecure about their jobs, and many are less secure about their careers. Kivimaki, Vahtera, Pentti, and Ferrie (2001) conducted a study of 550 municipal workers in a variety of jobs. This longitudinal study collected data before, immediately after, and 4 years after downsizing. The results revealed that downsizing predicted adverse changes in work characteristics and a long-lasting decline in self-related health. In combination, decreased job control, high job insecurity, and increased physical demands appeared to be the linking mechanism between downsizing and general health. Houston (1992) stated that a 1991 survey of 909 firms that were downsized found that 70% of the employees who still had their jobs were afraid of losing them. Boronson and Burgess (1992) reported, "When Wyatt Co., a health benefit-actuary consulting firm, surveyed 1,005 company executives last year, 58% reported that employee morale had worsened after layoffs and restructuring, and 37% agreed that keeping employees had become more difficult" (p. 43).

Pinola (1994) reported that Right Associates conducted a survey to determine the effect of downsizing on the employees who had remained with the organization. A total of 1,141 human

resource executives across the United States participated in the study. The results showed that the employees who had remained with the organization in transition exhibited a lack of confidence, distrust, high levels of stress, and doubts about their roles. In another survey at the Air Defense Systems Division of General Dynamics Corporation, Richey (1992) reported that 29% of the survivors indicated that their job performance had either decreased or decreased significantly. Richey's prior research revealed that organizations often enjoy an initial increase in productivity following downsizing. However, depression and lethargy usually follow.

Petterson, Hagberg, Hertting, and Theorell (2005) conducted a study of Swedish hospital personnel over an 8-year period. A regression analysis showed a downward trend in mental health and an upward trend in long-term leave. In addition, increasing trends of work demands accompanied by deteriorating mental health and decreasing time to plan work, showed the strongest association with increasing long-term sick leave. Job satisfaction and support also declined. There was a relationship between a lack of support and short-term sick leave.

Stress

Although employee terminations may help a company improve its efficiency and productivity, these layoffs have a negative impact on all employees. Faced with the possibility of a layoff, increased workload, the unknown, or an early retirement, many employees experience an increase in their stress level. Situations that results in stressful reactions affect virtually everyone. Stress can be good or bad, and by itself, it might not alter behavior. However, the cumulative effects of stress can reach an individual's coping threshold (Gilmore, 1994). Behavior can be altered at certain levels of stress given a person's ability to function is at risk.. The continued threat of possible victimization as the causative agent in deteriorating psychological health induces such stress-related illnesses as heart disease and ulcers (Leana & Feldman, 1988). Stress also can reshape an individual's entire disposition. It will alter feelings, perceptions, social interactions, well-being,

conduct, and almost all social or individual reactions. It is very damaging, and if it is not contained, it can lead to serious consequences.

Torkelson and Muhonen (2003) conducted a study to determine how men and women cope with stress during a period of change and how there is a relationship between coping strategies to health. Ninety-eight health care administrators participated in the study. Denial explained a significant proportion of variance in the health problems.

A study to systematically separate and combine the effects of organizational downsizing and work-related stress on a measure of health in survivors of layoffs included 240 men and 319 women ages 16 to 59 (Dragano, Verde, & Siegrist, 2005). The researchers found that although health associated with organizational downsizing was partly attributable to an increase in work-related stress, the findings showed an additional synergy produced by the combined exposure to both conditions.

Cheng, Chen, Chen, and Chiang (2005) administered a survey to 8,705 male and 5,986 female Taiwanese individuals' ages 25 to 65 years old from the general population. The findings reported that job insecurity was an important source of stress and that adverse psychosocial work conditions and poor health followed.

Anxiety

The feeling of anxiety can be infinite, and many emotions can surface during this trying period of uncertainty. The emotional, psychological, physical, and job-related problems of the survivors take their toll on the individuals and their families. The emotional and psychological toll is similar to the grieving associated with death and the devastation of fighting in military conflicts. In addition, Greenglass and Burke (2000) surveyed 1,363 nurses employed in hospitals. They found

that the heavier was the nurse's workload, the greater were their levels of emotional exhaustion, cynicism, depression, and anxiety.

Paterson and Cary (2002) surveyed 71 employees in an organization that had just downsized. Path analysis and a Q index of .992 offered preliminary support for the proposed model by showing that procedural justice and change anxiety explained the effects of change management procedures on acceptance of downsizing. Although distributive justice did not have the predicted direct effect on employee morale, it did help to explain the effects of procedures on the employees' acceptance of change and morale by helping reduce anxiety about the change.

Depression

Greenglass, Burke, and Moore (2003) conducted a study with 488 unemployed hospital nurses whose units had closed as the result of restructuring. Their findings suggested that anger, cynicism, and emotional exhaustion operationalized distress, indicating the importance of studying patterns of negative reactions and their consequences for depression. In another study by Greenglass and Burke (2001), 1363 nurses participated. The results indicated that in hospitals undergoing restructuring, workload is the most significant and consistent predictor of distress, as manifested in lower job satisfaction, professional efficacy, and job security. They also found that greater workload contributes to depression, cynicism, and anxiety.

Survivor Syndrome

The employees who remain on the job face some of the same symptoms as the survivors of catastrophic accidents. Survivor syndrome is a set of attitudes, feelings, and perceptions that occur in employees who remain in organizations following staff reductions (Devine, Reay, Stainton, & Collins-Nakai, 2003). In addition, the survivors suffer survivor syndrome because of the guilt of surviving (Conway, 1993). Gandolfi (2008) explained that survivor sicknesses include guilt,

positive inequity, anger, relief, and job insecurity. Organizational change also affects the health and well-being of downsized employees (Burke & Nelson, 1998b; Landsbergis, Cahill, & Schnall, 1999; Noer, 1993b).

Doherty and Horsted (1995) described survivor syndrome as the manifestation of many different emotions by the surviving employees after a downsizing. Research to date has suggested that the various reasons for survivor syndrome include a violation of the psychological contract, an act of unfairness by the management, or an organization's lack of vision (Sahdev, 2004). The survivors usually have feelings of guilt, stress, anxiety, distrust, fear, insecurity, and depression. The syndrome first affects morale and then influences the company's productivity and bottom line ("What About Employees," 1990).

Downsizing or Organizational Change Victims Study Results

Termination of Employment

Terminating employees, even when it is an absolute and obvious necessity, is extremely unpleasant for all involved. When one is on the receiving end, it is unnerving. At worst, the loser (victim) propels swiftly into a severe state of anxiety, stress, self-doubt, and depression. Devine et al. (2003) reported that individuals are called downsizing victims because the literature documents job loss and the psychological and physical consequences. Devine et al. explained that "based on a small number of empirical investigations it is accepted that those who lose a job through no consequence of their own become anxious, depressed, unhappy, and dissatisfied with life in general" (p. 110). The following event puts it all into perspective:

Rene Kim was no neophyte when it comes to Wall Street layoffs. She had been through the wars at First Nationwide and Wells Fargo – more than once she had seen blizzards of pink slips dispensed and armies of colleagues shown the door. She never imagined she would have to endure that kind of thing at Charles Schwab Corporation. Schwab she had learned was a great place to work, filled with nice people you'd choose to spend the day with, and jobs you couldn't wait to begin each morning. As it turned out, it would have been a lot less gut wrenching to stay put at Wells Fargo. In the past three years, Kim has had to be as much an executioner as a brokerage vice president. She has orchestrated four rounds of layoffs (Morris, 2003, p. 80).

Stress

Using a stress and coping framework. Armstrong-Stassen (2005) conducted a study that "compared the reactions of executive-level and middle managers to the large scale downsizing of the Canadian federal government civil-service. Stressors, coping behaviors, job performance, and well-being were assessed over a 3-year period prior to, during, and following the downsizing" (p. 118). The results were when compared with executives. The middle managers perceived greater job insecurity, were more likely to use escape coping, and reported lower job performance and higher levels of health symptoms. Over time, both executives and middle managers reported a decline in perceived threat of job loss but an increase in sense of powerlessness, a decrease in the use of control-oriented coping strategies, and reduced job performance in the initial phase of downsizing.

Depression

Tsutsumi, Kayaba, Theorell, and Siegrist (2001) administered a survey to 190 Japanese workers in a plant suffering from economic hardship. The results revealed that the targeted support staff was more likely to have depressive symptoms. In addition, job strain, a combination of high demand and low control at work, was more frequent among assembly-line workers, whereas the combination of high effort and low reward was more frequent among support staff.

Self-Esteem

Another concern for employees affected by restructuring, downsizing, reorganization, or reengineering is the possible loss of self-esteem. Examined were two seemingly contradictory hypotheses about the impact of job loss on emotions. On the one hand, job loss is associated with increased feelings of anxiety, challenge, and aggression among terminated employees. On the other hand, job loss is associated with increased feelings of apathy, passivity, and depression among the survivors of change and staff reduction (Leana & Feldman, 1988).

In 2001, Wiesenfeld, Brockner, Petzall, Wolf, and Bailey surveyed the victims of layoffs on three occasions. All three studies supported the predictions that if negative reactions to aspects of layoffs are due to threatened self-integrity, the effects of those aspects should be reduced when the individuals have engaged in activities hat reaffirm their self-integrity.

Anxiety

Astrachan (2004) surveyed 119 laid off people. The results indicated a stimulated anxiety by the mere announcement that people in an organization were leaving and that the impact of anxiety was expressed differently, depending on the proportion of people staying and leaving the organization.

General Downsizing Issues: Study Results

Research on organizational downsizing has recognized that health risks to personnel may stem from growing work demands, perceived job insecurity, and reduced job control (Kivimaki et al., 2000; Landsbergis et al., 1999; Vahtera et al., 1997). Wiesenfeld, Brockner, and Thibault (2000) examined the predictors and consequences associated with managers' reactions to job layoffs. They found that relationships were mediated by self-esteem, procedural unfairness, and managers'

behaviors. The managers' subordinates, who engaged in less effective managerial behaviors, had negative perceptions of their work environment.

A study conducted by Hertting and Theorell (2002) to access changes associated with downsizing or reorganization in the health care sector found that protective and anabolic functions had suffered. Vahtera et al. (2004) surveyed 5,909 male and 16,521 female municipal employees. The results were that organizational downsizing might increase the absence and the risk of death from cardiovascular disease in the employees who keep their jobs (survivors of change).

The Purpose of the Study

The purpose of this study was to determine whether white-collar workers are aware major changes in corporate America and how these changes might affect them. The study aims to determine through survey and quantitative analysis of the results precisely the mental health issues survivors and victims experience after downsizing. One instrument developed by the researcher will be used to the gather data. One hundred ninety six white-collar workers in corporate American from two industries (health and manufacturing) in the Detroit metropolitan area participated in the study by completing hand delivered questionnaires. Three research questions will be tested using descriptive statistics such as: 1) frequencies, 2) percentages, 3) means, and 4) standard deviations to analyze the data. This study aims to provide data to corporate America, so they can make informed decisions on how to handle the downsizing and organizational change process.

Research Methodology

Population

The most practical approach to survey research is to select a group of individuals within a designated target population (Zikmund, 2003). This study samples and compares data from two industries. The first industry was the health industry and the second was a manufacturer. Both are in the Detroit metropolitan area.

Sampling

The participants were selected using convenience sampling because the researcher had know that these companies recently had experienced downsizing or organizational change. The researchers approached the two organizations, and the CEOs of both organizations gave their permission to conduct the survey. The sample consisted of 196 salaried white-collar workers. The researcher administered 128 questionnaires to a manufacturing company; 100 were completed and returned, giving a 78.1% response rate. In addition, the researcher dispensed 68 questionnaires to the employees at an osteopathic hospital; 51 were completed and returned, for a 75.0% response rate.

Survey and Instrument

Descriptive analytic survey was the basis for this study. The survey instrument was Likert-based (1-*strongly disagree* to 5-*strongly agree*) and yes/no questions that addressed several research questions. This section of the research paper discusses one of the research questions… "Do survivors or victims identify negatively with organizational change in terms of the personal effect on them or their families?"

Validity

To ensure validity, the questionnaire was submitted to a panel of experts to scrutinize its content and format, and to offer suggestions for revision. Five faculty members from Walden University sat on the panel. Based on the suggestions offered by these distinguished faculty members, modifications to the content, format, and directions were made.

Reliability

The researchers conducted a test-retest method for reliability of the instrument. Fifteen employees at a manufacturing company located in the Detroit metropolitan area who recently experienced organizational change participated in two tests 15days apart. The test resulted in a correlation coefficient ($r = .98$) that was significant at the .005 level. The instrument was not subject to random error.

Data Analysis

Descriptive statistics, specifically frequencies, percentages, means, and standard deviations were used to analyze the data.

Results

Question 9 sought responses from the participants regarding whether they had experienced emotional, physical, or psychological problems because of the change in their organizations. A review of the literature pointed out that many survivors of change experience health problems (Pinola, 1994), yet 72.8% of the respondents in the study replied negatively to this question. It might be useful to note that 19.2% indicated that they experienced health problems and 7.9% were undecided. The literature seemed to sensationalize the health related problems because only about 20% of the people surveyed in this study acknowledged it was a problem.

Question 8 of the survey asked the participants if they had experienced stress due to the change in their organization. It should be noted that over half of the total respondents (64.9%) selected "yes." These responses were supported by the literature in that stress in the workplace is

increasing and causing productivity problems (Gutknecht & Keys, 1993; Solomon, 1993). The

literature and the results of this survey question seemed to be in agreement that health-related issues

are associated with downsizing or organizational change (see Table 1).

Table 1

Participants' Responses to Organizational Change and Personal/Family Effects: Questions 8 and 9

Question 8. I have experienced stress due to the organizational change in my organization.

		Frequencies by response type		
Organizational type:	*N*	Yes	No	Undecided
Manufacturing	100	68.0	28.0	4.0
Medical	51	58.8	33.3	7.8
Total	151	64.9	29.8	5.3

Question 9. I have experienced emotional, physical, or psychological problems due to the organizational change in my organization.

		Frequencies by response type		
Organizational type:	*N*	Yes	No	Undecided
Manufacturing	100	19.0	73.0	8.0
Medical	51	19.6	72.5	7.8
Total	151	19.2	72.8	7.9

Note: Frequencies shown in percentages

In Question 10, the respondents were asked whether members of their families had

experienced stress, that is, emotional, physical, or psychological problems, due to the organizational

change in their organizations. Over half the respondents (61.6%) replied either *strongly disagree* or

disagree. Also, it is important to note that 22.5% of the total respondents remained neutral and

responded *neither agree* or *disagree*. The literature indicated that families suffer greatly from organizational change and they experience the same emotional and psychological problems as the survivors (Symonds et al., 1985). The results of this question indicated that the family members of the participants were not experiencing health-related problems as the result of downsizing or organizational change (see Table 2).

Table 2

Participants' Responses to Organizational Change and Personal/Family Effects: Question 10

Question 10. Members of my family experienced stress, emotional, physical, or psychological problems due to the organizational change in my organization.

Frequencies by Response Type						
Organizational Type:	*N*	SD	D	NA/D	A	SA
Manufacturing	100	19.0	42.00	22.0	16.0	1.0
Medical	51	25.5	37.3	23.5	11.8	2.0
Total	151	21.2	40.4	22.5	14.6	1.3

Note: SD = strongly disagree, D = disagree, NA/D = neither agree nor disagree, A = agree, and SA = strongly agree

Note. Frequencies are shown in percentages.

General Implications

The following are speculations of a general nature from data gathered in this study.

1. If downsizing continues, there may be some drastic changes in lifestyles previously enjoyed by the two-wage earner families. It is possible that one-wage earner families will lose employment or that wage levels from past jobs will not be realized in a new job.

2. If downsizing continues, more individuals will be joining the contingent workforce as jobs will become more and more unavailable.

3.   More people will become consultants as jobs become more and more scarce.

Organizations are looking at their value-added objectives and shedding departments such as personnel and information systems, so there may be some previously employed people fulfilling the tasks that companies used to outsource.

Recommendations

Organizations and survivors can use the following recommendations for action before, during, and after the process of downsizing or organizational change. Such involvement could lead to fewer health-related problems, less devastation during downsizing, a smoother transition of the change process, and better preparation to combat the problems of the survivors.

People

The following recommendations could help individuals (i.e., employees and survivors) and organizations to develop a completely new mindset and become proactive about their lives and decisions. Individuals should monitor the health of their companies and acquire the knowledge to recognize symptoms that will result in change within their organizations. The employees should pay attention to the top of their organizations, such as key executive layoffs, mergers and acquisitions, or divestitures. People should pay attention to the signs of the environment and recognize that this era of rapid change requires new expectations. Individuals should investigate and find out about the educational and skills requirements of today's workers and prepare themselves accordingly. Employees should speak to family members and share the organizational climate with them. All family members should discuss the subject of organizational change and discover how it could affect them. A recent study determined that family members suffer the same emotional, physical,

and psychological effects as the victims or the survivors of organizational change (Leana &

Feldman, 1990). Finally, individuals should save money in case of a job loss.

Organizations

According to Stephanie Beer, operations director at Accor Services (as cited in Blyth, 2003),

It's useful to have counselors on site and a helpline in place to deal with employees' concerns and

help to fast-track them back into a positive state of mind (¶ 4). Also, managers need to rebuild the

team and develop a new culture (¶ 7) . In addition, Kuhn and Stout (2004) suggested that

organizations should minimize the risk of discrimination charges, demonstrate respect for workers

and survivors, and be sure that the employees enter into the agreement freely. After downsizing,

there is still much work to do.

Ramsey (2004) recommended the following protocols:

1) Make a big deal out of full disclosure.

2) Radiate confidence and a "we'll get through this" attitude.

3) Show you truly care about former co-workers who have been let go and about those still

on the job.

4) Remind employees that the mission of the organization is still the mission.

5) Rally your staff or crew by emphasizing the best insurance against further layoffs is to

make themselves more productive, more profitable and more indispensible to the overall

organization.

6) Provide additional training and growth opportunities for employees.

7) Do whatever you can do to lighten the load of your downsized workforce that is over-

stretched and over-stressed.

8) Make your case to the front office for retaining all remaining employees.

9) Take care of yourself so you have the resilience and energy to offer others all the support

they need during tough times. (p. 5)

Finally, Chang (2003) explained, "Honesty is the best policy when it comes to managing in a post-

layoff environment" (p. 10).

Alternative to Downsizing

Organizations often forget about the potential consequences from their stakeholders in the

rush to downsize. For example, one consequence is that politicians consider laws to stop plant

closings. Another consequence is a new assertiveness by unions. Finally, the community stops

buying products and frowns on an organization that does not stand by its workers (Abbasi &

Hollman, 1998). Also, downsizing does not necessarily result in increased financial performance or

a rise in productivity. There must be another way to competitiveness. Perhaps, an alternative to

downsizing or organizational change is feasible. According to McCarthy and Millen (1994),

reducing the workforce does not produce efficiency and bears no necessary relationship to greater

customer satisfaction or improved business processes. Fundamental changes in business practices

can change these results. There are alternatives!

Organizations can improve results through fundamental changes in the way they conduct

business. Cutting costs elsewhere or developing products or services might be attractive

considerations. Increasing labor productivity often is an effective alternative to downsizing.

Organizations can benefit from increased productivity. Increasing productivity and paying higher

wages helps to balance the conflicting demands of the workers and the managers. In addition,

companies could retrain employees for other jobs. By matching employees with internal jobs,

companies can save severance costs. Management should provide workers with the opportunity to

acquire new skills before deciding to downsize the workforce. Finally, employees may agree to accepting a wage reduction in return for employment; being seconded to neighboring companies; or taking voluntary unemployment, but with a guaranteed return date (Rayburn & Rayburn, 1999).

Conclusion and Remarks

The literature suggested that downsizing or organizational change leads to health-related issues. The literature review research results did verify that the downsizing process creates a great deal of stress in the workplace (Gilmore, 1994; Iverson & Sabroe, 1998; NIMHa, n.d.; Pinola, 1994). In addition, the survivors of downsizing exhibit anxiety as they try to come to terms with the loss of their colleagues (Schweiger et al., 1987; Vahtera, et al., 1997). Employees grieve for colleagues who have left, and they experience uncertainty and anxiety about who will be the next person to lose his or her job. Finally, depression sets in, and a downward spiral begins (Rice & Dreilinger, 1991; Greenglass & Burke, 2001; Greenglass et al., 2003).

The study results suggested that downsizing and organizational change produced very few emotional, physical, or psychological issues among the respondents. However, about 20% of the victims and survivors did acknowledge that they experienced health-related issues. Depending on the size of the organization, this can be a substantial percentage of the workforce. , Therefore, further studies might be appropriate, and some suggestions to assist these stricken employees might be helpful. For example, what is available for the victims or survivors? Help from family members is critical at this point. Eriebach, Amundson, Borgen, and Jordan (2004) suggested that there is a need for clear communication among people at all levels of the enterprise. Counselors or employee assistance programs can play a key role by helping to establish communications, monitor the effectiveness of the dialog, and attend to the employees' health-related issues. They indicated:

In addition to individual counseling, participants in our study were very positive about counselor-led workshops in which they had the opportunity to discuss and validate their emotional reactions. These workshops presented an opportunity for both emotional validation and action planning (Borgen, Pollard, Amundson, & Westwood, 1989). Counselors can help survivors examine existing resources and develop new resources for coping. Action planning can include both a focus on the current situation and a longer-term perspective.

On an organizational level, counselors can facilitate the transition through team-building workshops for new colleagues. Survivors benefited somewhat from seeing evidence that their organization was concerned about worker well-being, but they did not see actual changes in coworker relations because of workshops. It is likely that onetime workshops cannot address the complex issues new coworkers face as they adapt to the downsized organization. Issues of damaged trust in the organization and its impact on coworker relations must be explicitly addressed. Furthermore, in order to be effective, team-building efforts must be supported and followed up by managers. (p. 18)

Wise (1993) explained that employee assistance programs are helping employers to manage downsizing, restructuring, acquisitions, and divestitures, and are reviewing the use of mental health care. Additional studies are recommended to assess these health-related issues because the data gathered seems to be contrary. The literature indicated there are health-related downsizings and organizational change issues, but this study found otherwise. Finally, at least 20% of the respondents expressed that they were experiencing health problems; in large companies or in depressed economic times, this could be a potential problem.

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