

Downsizing in Christian Organizations: Why Survivors Struggle with Trust

By Kevin Scheid



The adversity created by downsizing not only creates hardships for the people laid off, but it can cause significant problems for the remaining workers. The challenges these “survivors” face can translate to lower productivity and possibly a continued downward spiral for the organization. According to Applebaum, Close and Klasa (1999) “...the surviving employees of layoffs are often insecure, angry, and confused. These workers are worried that they will not possess the skills necessary to meet the job requirements of their new job descriptions. Also, they are insecure as to what influence they will have over their careers (p. 424).”

The recent findings of Watson Wyatt Worldwide (2009/2010) are consistent with this characterization of the negative effects experienced by employees who remain after downsizing. The recession has far reaching impact on employees the world over. According to Watson Wyatt Worldwide (2009/2010), 72% of all firms have downsized and laid off people in response to the most recent recession. On average, 7% of the workforce in high performing organizations was laid off while 9% of the workforce was laid off in all others. According to Watson Wyatt Worldwide this downsizing has a more significant impact on the highest performing employees, decreasing their commitment to the organization. Further, results indicate permanent negative effects on employee morale and

productivity while 72% of employees believe the quality of their product and customer service has suffered.

Christian organizations do not fare any differently. Survey data comparing employees working in Christian organizations before and during the most recent recession

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shows increased fear, a decrease in trust in management and a decreased commitment to the organization. The Best Christian Workplaces Institute (BCWI) surveyed over 16,000 employees in Christian organizations before and after the recent recession and the trend uncovered is very similar to that discovered by research in the corporate world.

The negative experience of surviving employees translates to decreases in productivity, commitment, trust, morale and perception of customer satisfaction (Clawson, 2001, Tichy and Devanna, 1990, Ugboro, (2006), Yukl, 2006). However, all organizations are not affected in the same way. In fact, according to Applebaum, Close and Klasa (1999) nearly half of all downsizing

attempts lead to improved organizational performance. This raises the question of what distinguishes between those organizations that experience successful downsizing compared to organizations with unsuccessful downsizing. We will examine this question through comparing the BCWI survey results with current research on the topic to identify how a Christian organization can improve with downsizing and avoid a potential downward spiral.

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

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competitors (Tichy and Devanna).

A second common factor in successful organizational downsizing is integrating downsizing with a coordinated change process. The openness of an organization to accept change and execute change is critical to a successful downsizing. Whether downsizing is part of the change integral to an overall strategy or if it is forced on the organization by external factors, the process needs to

follow the change process. As discussed in previous articles on change, the nature of Christian organizations may create more resistance to change. Anyone who has attempted to make a staffing change at a small to medium sized church would likely experience this difficulty first hand. If an organization is resistant to change or does not go through the necessary steps for change, they will likely be less successful. By understanding downsizing in the context of a

change process, leadership will more likely address all the steps necessary for a successful change. Leaders following the change process in downsizing will create a compelling reason, assemble a committed team, create a vision for the future, communicate the plan and empower employees. When downsizing is viewed in the context of organizational change or an overarching strategy as opposed to a misfortune, it is more understandable and less destructive

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

Table 1. Decrease in scores from 2009 to 2010.

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to employees.

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

Downsizing's Impact on employees in Christian Organizations.

To understand the effect of downsizing on Christian organizations, we look to the largest decrease in scores on specific questions as measured from before the recession and compare those to the scores after the recession. The decreases likely point to areas affected by the downsizing and appear to be consistent with research on secular organizations. Table one displays the Best Christian Workplaces survey questions with the greatest decreases from the 2009 to 2010 survey. (It might be important to note here that the survey for 2009 was actually

completed from October to December of 2008, while the 2010 survey was exactly one year later). Under the "Trend" column, the decrease in the average score from 2009 to 2010 is listed. Scores from the survey are derived from a 5 point Likert scale and represent the average of 16,000 respondents.

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

Trust

Table 1 indicates that organizational trust decreased the most of all the categories examined on the survey. The four questions included under this designation, in addition to the question directly referring to trust, can be broken into two subgroups. Since the presence or absence of trust is a complex multivariable

element, the presence of these factors helps indicate which aspects of trust best explain the decrease. Questions 19 and 37 relate to the perception of leaders submitting their decisions to the will of Christ and humility:

13. The management of my organization keeps a focus on putting Christ first in daily decision-making.

15. At my organization leaders are humble.

Questions 19 and 37 are more intuitively related to trust. That is, we would expect high trust to be afforded for people who are considered to be honest, fair, open and walk with integrity:

19. My organization's leaders behave with fairness and integrity.

37. My organization conducts its activities openly and honestly.

Chart 1 shows the trend of all five issues related to the trust factor seen decreasing in Christian organizations during the recession.

The survey trend is measuring the attitude of people who survived the layoffs. Then, one may ask why someone who still has a job would have less trust, think leadership does not put Christ first and believe leaders are less fair, open, honest and humble? Do employees expect something else out of management? Are they blaming management for

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the recession? Are they faulting leadership for laying off the wrong people? Or are they upset that anyone was laid off? We may never be able to answer these questions with complete assurance, however, previous research may provide insight into better understanding of the decreased trust of survivors of downsizing and help understand how to mitigate the negative effects.

According to Clawson (2007), anytime there is a layoff, there is a breaking of an implicit contract between the employer and the employee. The implicit contract is an assurance that if the worker continues to perform satisfactorily in their job, then they should be paid, receive benefits and continue with their employment. Watson

Wyatt Worldwide (2009/2010) asserts that most employees believe the contract is formal and well articulated while most employers do not. This assertion is verified from BCWI survey data seen in Chart 2 which compares the trend in the five trust factors for senior management with the same five factors for all employees. Even though senior management is mostly aware of the decrease in trust, they are not as aware of the related factors, especially the perception of putting Christ first in daily decisions.

Clearly communicating the vision and mission of the organization, along with a well understood plan for achieving the vision, helps put the employment contract in the proper context and can potentially

mitigate the decrease in trust caused by downsizing. Applebaum, Close and Klasa (1999) contend that clear direction forward for the organization mitigates the negative effect on survivors of downsizing. When the direction forward is logically linked to the mission and vision of the organization, then the precedence of the implicit employment contract is superseded in the minds of employees.

Additional insights can be seen from research completed by Clay-Warner, Hegtvedt and Roman (2005). Surviving employees are most concerned with a just process in relation to a layoff, whereas victims of downsizing are more concerned with equitable outcomes. To mitigate the effect of downsizing on

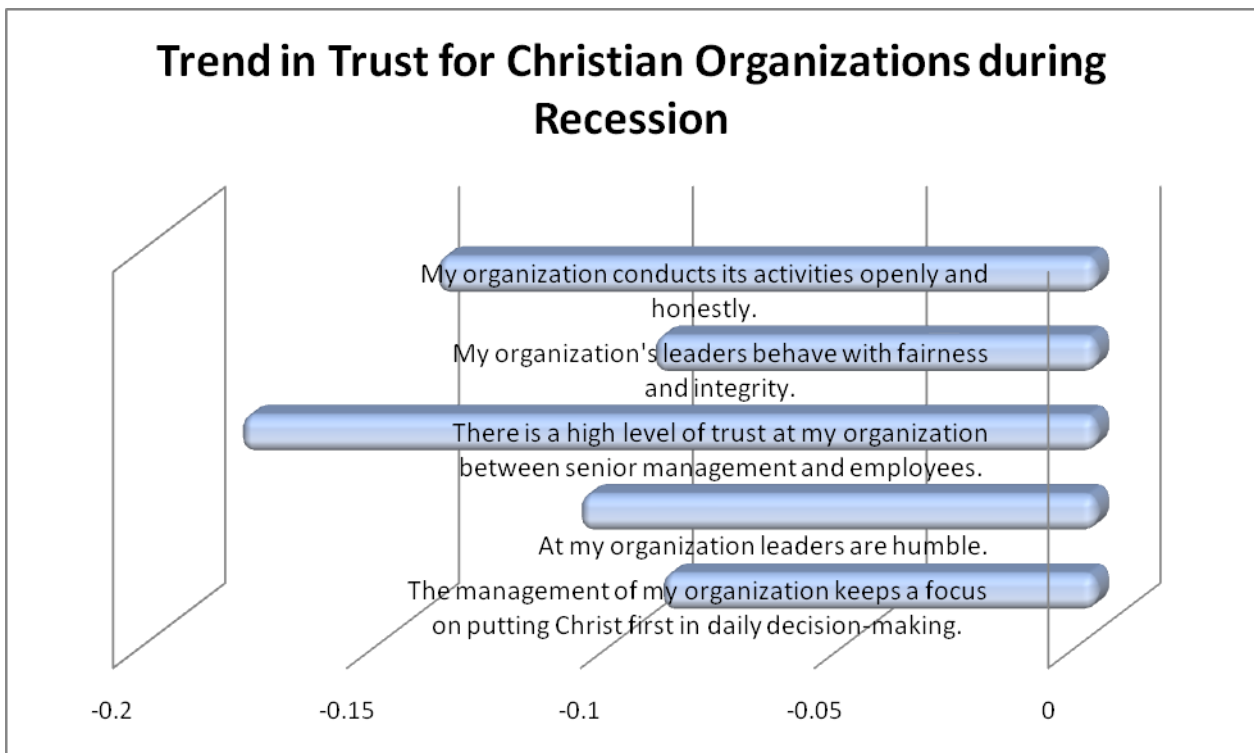


Chart 1. Factors relating to Trust in Christian Organizations during downsizing.

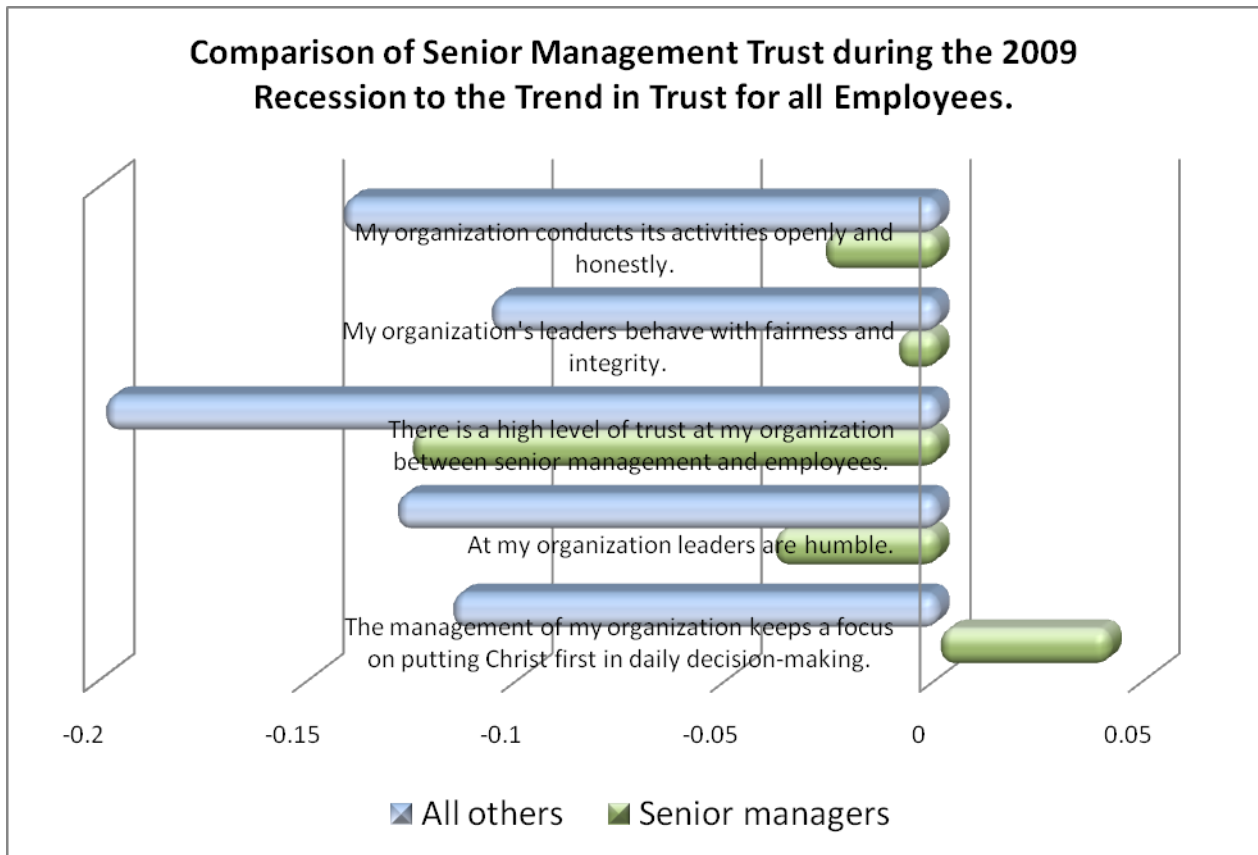


Chart 2. Comparison of the trend of Senior management perception of trust with the perception of all others during a recession.

survivors and set your organization up for growth after downsizing, management is best served to ensure the process for selecting the employees to layoff is fair and clearly communicated. If the process is secretive, confusing or poorly communicated, then survivors will continue to live in uncertainty with eroded trust in leadership. Again, the decision process in downsizing is much easier to communicate and understand if it is connected to the mission and vision of the organization. For example, if the mission, vision and direction of an organization is evangelism, then

downsizing by eliminating functions not related to evangelism is easy to communicate and easy to understand as a just process, thus mitigating the loss of trust.

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