

DOWNSIZING THE CORPORATION : A SHORT-GUN APPROACH TO STRATEGIC HUMAN RESOURCE MANAGEMENT

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ABSTRACT

Artikel ini tidak bermaksud menawarkan cara untuk melakukan perampangan organisasi (downsizing) tetapi sekadar memberi penjelasan kepada para pemimpin mengenai pentingnya proses perampangan dalam organisasi mereka. Dua pertimbangan pokok dalam hal ini adalah bagaimana menciptakan persepsi mengenai pentingnya perampangan dan bagaimana melaksanakannya sehingga ia akan lebih banyak memberikan manfaat. Ini perlu diingat karena dalam kenyataan para pegawai yang bisa tetap bertahan dalam proses yang mereka benci ini akan menjadi penentu masa depan organisasi.

Pengembangan tata kerja yang memiliki kinerja tinggi membutuhkan segenap empati dan daya-pikir agar diperoleh keyakinan dan komitmen pegawai sehingga organisasi mampu melakukan inovasi dalam melaksanakan, mengorganisasi dan memanejemeni orang. Sebagaimana dipaparkan dalam artikel ini, untuk mewujudkan iklim yang penuh dengan kepekaan hubungan antar-pribadi, komunikasi, pemberdayaan dan artikulasi visi dan misi organisasi semacam itu, para pegawai harus mampu menjawab tantangan-tantangan berat sehingga tercipta pola perilaku yang diperlukan untuk mengejar efektivitas dan efisiensi yang tinggi.

Kata Kunci: perampangan (downsizing), produktivitas, komunikasi, teknologi informasi

Present and Future Vision : A Need For Downsizing

Heading for the global era when businesses are going lean and clean, a century of excellence, a corporation finds itself part of a global environment where it has a role to interact and perform (Nandler, et.al,1995). Since the organization exists in a changing environment, it must have the capacity to adapt to the rapidly early technological obsolesce and social changes by adopting change as the only constant as each presents new set of opportunities and

challenges (Harvey and Brown, 1992). Of Course this change must be articulated with very strong vision and mission for the continuity of the organization and more crucially fitting the values of the organization. The vision should be well founded on paradigmatic conceptual framework that defines the organization's destiny and objectives that will attract the emotions that acts as a motivator and a navigator's map for the organizations to succeed (Sinamo, 1998 and Tilchy and Stratford, 1994).

The changing environment poses organizational demands such as cost reduction in force as posited by Milkovich and Boudreau(1988). The organization has to try and discover ways to deliver quality services and goods at least cost than in the past. Failure to take action jeopardizes the viability and the future survivability of such a business. As such most of the organizations have been concerned about how to enhance short-term profit earnings by cutting back costs and further boosting the performance and productivity especially in situations of overcapacity.

In the pursuit and fulfillment of these demands most of the organizations in the declining industries or facing a cyclical downturn have been forced to transform in order to adapt to the market conditions through downsizing by divesting of full unviable departments and greatly affecting the organizational structure. Downsizing has therefore become a sutor to most of the organizations as a tool that not only accomplishes both the delaying of the organizational structure per se but entrench deep to impact on the human resource. Its results are immediate and permanent unlike for a process like reengineering which may only impact on some certain processes and departments and this ensures the organization's achievement of the right size to maximize efficiency as noted by Dubrin (1994).

The survival in this case is the dominant perspective, however. Consequently, due to the way it is executed it may be poorly placed for long-term survival whereby an environment of uncertainty is created resulting in the best employees leaving and exacerbating the difficulty of downsizing not forgetting the fact that the expected payoffs from this process have been remote due to the demoralized state the survivors have found themselves in. This is because most of the firms looked at downsizing as simply a workforce reduction process rather than as a restructuring or redesign of jobs in the context of corporate strategy or planning that should go to achieve competitive advantage, reduction in overhead and improved performance management. In addition, most of the organizations have been found to downsize the wrong way and ends up creating too many problems as are solved. With improper implementation it loses focus, target and fails to address exhaustively the fate of both survivors and downsized. Moreover, the company may be left without the bench strength it needs (Ettorre, 1997) and this may further translate into vicious cycle like hiring more after loosing the best talents whereby it is not only costly in terms of finances but more importantly waste time since the new employee need time to understand a new corporate culture, to build internal network and gain credibility. Above all, it has ended up in 'looting' trust, loyalty

and a sense of empowerment among the survivors.

As the various management fads come and go at a disconcerting speed the pursuit of organic growth gains favor where the real point is getting more from undownsized people triggering the need for sufficiently appreciating the human dimension in an organization by leaders and human resource department in an organization experiencing downsizing to tackle as a whole and with the assistance of employees at all levels any likely ailment emerging from the process. That is the only way to join a new management fashion by incorporating downsizing.

Downsizing should be carried out with class and with immediacy because conducting it by phases will only help to accelerate anxiety, fear and suspicion which resultantly culminates into morale, productivity and trust nose-diving. Survivors will remain loyal well knowing that lay-off however painful, were handled tactfully and amounted to a single-shot deal.

As a short-gun strategic human resource management approach, downsizing ought to be backed up with adequate resources to maintain it as a process and not just enough to get the firm through the transition stage. This is further necessitated by the fact that today the capitalistic greed is busy relegated to the history and being replaced by the care of personnelism that involves not only providing economic well-being but also the psychological comfort to the departing souls so that to avoid a situation whereby they are left

walking wounded as lame ducks in the event of downsizing. That is, they are left with their esteem through outplacement programs, training and others that promotes empathy. This in turn reorients the survivors' attention to their new work rather than becoming obsessed about their future with the company and boosting the community relations too (Northcraft & Neale,1990).

By the thoughtfulness with which it is designed, coordinated and implemented, downsizing will translate successfully into a short-gun strategic human resource management approach.

It is in the light of the foregoing analogy that this article undertakes to discuss in details how downsizing as a process could be adopted as a short-gun strategic human resource management tool by examining the process from its definition, comparison of a variety downsizing strategies for what constitutes effective downsizing , the parties involved in implementing downsizing process, the critical factors involved in succeeding at downsizing, the implications downsizing will have on other human resource policies and practices.

Definition of Downsizing

Downsizing is a catchall phrase for a variety of approaches that organizations uses to reduce the number of people they employ. That is, using fewer people to do same or less work in the same way as suggested by Hammer and Champy (1995).

By definition downsizing entails reducing the number of employees in an organization in a deliberate attempt to decrease costs and/or increase the speed of decision making (Dubrin, 1994). It aims at improving the organization's effectiveness and efficiency.

This definition comprises of three key words worth detailed elaboration. The first one is reduction. Employees are eliminated in response to the reducing of objective and strategies. Secondly, as a deliberate attempt downsizing is about shrinking an organization workforce, permanently, to cut costs and make the firm more competitive.

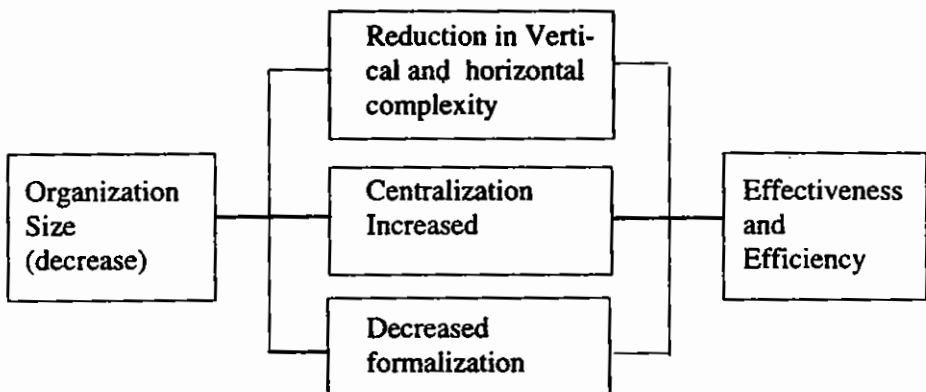
In a well-defined business corporation the process stems from a firm's strategic vigor or thrust. Therefore, as an intentional move downsizing goal is to improve organization's effectiveness and efficiency. This could occur in three forms such as, attrition, natural attrition or lay-off. This paper however adopts a lay-off perspective. Finally decision-making in downsizing is about partnering with

stakeholders for ideas and suggestions on how to effectively reduce costs and managing the transition without disfiguring the corporation's mission ability. Moreover, it implies flattening multi-tiered bureaucracy and replacement with more organic design , effective and efficient structures calling for bottom-up and cross-functional teamwork, clan control approach culture, individual responsibility, innovative and responsiveness, and transformation from atrophy to strength. This is achieved through a collaborative and up-front rich communication model.

Sensible downsizing avoids mechanistic tendency, retains necessary personnel and respect good job design principles whereby there is clear definition of who is working, why he works and the advantage such a worker is going to realize not to mention that the worker should be willing, able and have a feeling of security (JD'O'Brian, 1998).

Resultantly, it will affect both the size and the structure of the firm as shown in Figure 1

Fig. 1: Relationship between size and structure in a downsized organization



From the above figure, one finds some certain restrictions which if taken care of could facilitate its adoption to explain the process of effective downsizing. For example, if we allowed for internal tightening up it may lead to damaging the external relations with customers. This is especially so where communication openness is restricted by increased centralization and reduced formalization, though. Likewise, if flexibility is not allowed for instance in coordination and control of the survivors, we would find a situation of recurrent vicious cycle sprawling and thus defeating the sole purpose of the process. Faced with such a dilemma, the management should utmost harness information technology to link the line management levels and workteams to the top with the aim of reducing the span of control and thus realizing harmony in delegation. Hence, the key issue is anticipation and management of both the structural and human consequences caused by downsizing. The implication is therefore having well-articulated job design and workload. It is this kind of management view, where the organization undertakes to implement this most dreaded process by starting with the end in mind just like an intelligent cop would weld a short-gun before a captive to avoid being overpowered just in case, that will differentiate and make the organizations realize the effectiveness and

efficiency enshrined in downsizing. In this regard, the organization will be expected to start with leadership-management view and not the vice versa so as to realize the commitment and involvement by unleashing the power of survivors by first overcoming resentment in the heart and second in the mind once they are beguiled of their value as people.

Notably this will involve conversion of the restraining forces into driving forces to easily accomplish the mission at hand with unison and not as a minutia in an atmosphere of trust and motivation instead of one hovered with disillusionment and fear of the survivors' immediate future. According to Hirschhorn and Gilmore (1992) as the organization becomes flexible the boundaries existing in the boundaryless firm are in the minds of the managers and employees and could be overcome only by enacting a psychological relationship. This will assist in unleashing human spirit which makes initiative, creativity and entrepreneurship possible. Esmet (1998) viewed the modern management era as to constitute no superhero but superteam requiring commitment and involvement in a program in an atmosphere of high morale and productivity founded on a unanimous objective. This will reposition the organization as the survivors perceive themselves as experts in their work.

Comparison of Variety of Downsizing Strategies

Downsizing basically leads to reduction of capacity and boosting capability by hewing the 'deadwood' to let the 'greenwood' flourish. This necessitates jobs to become more narrowly defined or scientifically designed as the teamwork and empowerment becomes vital in job redesign.

However, the process does not always yield well especially so when it involves lay-off as the last resort even though it is destined for the organization's good. Therefore, psychological and affective related

disorders may creep in to affect not only the productivity and morale but of important other human resource policies and practices. This demands the human resource department to explore other variety of downsizing strategies beside lay-off as a means of overcoming the long-held misconception of downsizing process as a corporate strategy with an aim of preferring to save the company out instead of selling their way out of trouble. These strategies which assists in assuaging the difficulty of the transition an organization has to veer through are as compared in table 1.

Table 1 : Alternative Downsizing strategies

Characteristic Type of strategy	Goal	Nature of the process	Focus	Superiority	Weaknesses
Job sharing	Recruiting the best personnel and reduce costly absenteeism and turnover	Two part-time employees divide the work of a full time job accompanied by reduced wages at times	- Temporary - Permanent	- Reduces overtime. - Easier training - Attract/and or retain highly capable employees against full-time employment. - Productivity is moderately boosted. - Caters for workforce diversity.	- Expenses increase since benefits are function of the employee not the pay - Expensive due to curdination problems related to inadequate communication. - Performance appraisal problems.
Flex-time	- do -	Arrival and quitting times (schedules) are flexible.	- Temporary - Permanent	- Best during recession. - Slight productivity gains due to better use of scarce	- Unlikely in organisation where jobs are highly interdependent.

				resources.	
Retraining	To remain competitive and survive.	Staff-development on new customer services skills.	- Long-term	- Boosts efficiency of employees when they think like entrepreneurs. - Cost-effective for new jobs as it boost morale.	- Requires huge capital investment in the face of changing technology - requires considerable planning and evaluation.
Hiring freezes	To bridge the gap between demand and supply of labor to avoid over-capacity	Recruitment and selection of new employees frozen temporarily.	- Temporary	- Reduces budgetary constraints - Ensures optimal utilization of the existing human resource. - Suitable during recession.	- High risk of losing lucrative business in a booming period. - Suitable for contract jobs.
Encourage early retirement.	To overcome the payroll constraints and shed obsolete skills.	Employees near retirement age offered extended benefits, partial pay that attracts them to terminate earlier.	- Permanent	- Provides incentive to leave and loss of pension. - If well planned can shed obsolete skills.	- Increase pool of potential retirees. - Source of wisdom for the organization lost of mentoring; through attractive termination programmes such as severance pay based on seniority.
Decruitment	To curb rising salary payrolls for senior employees in the top or middle management by pay-cuts.	Top and middle management cadres recycled to work in lower level jobs after attaining a certain age or position after which promotion is frozen.	- Permanent	- If well coordinated it boosts efficiency since there is respect for jobs from seniors who are more involved and motivated. - Prevents expensive hires.	- Only affects few employees whose impact may have little to do with reducing labor costs in the entire organization. - May face rejection if newly introduced in an organization
Voluntary/Involuntary demotion.	same as above	Cut the pay and reduce the status of the employee.	Short-term to long-term temporary to permanent.	- Mutually acceptable where employees unable requirements for	- Undermine the group morale. - May face

				<p>higher level jobs.</p> <ul style="list-style-type: none"> - If temporary, the productivity is boosted since the employee is assured of promotion during good business prospects. - Prevents expensive hires. - Allow for relocation, transfer and redeployment. 	<p>opposition from interested parties like trade unions.</p>
Pare contingent workers	To adjust payroll costs	Individual employees during good economic times and released during downturns.	- Temporary	<ul style="list-style-type: none"> - Retains the loyalty of the core employees and productivity stabilized. 	<ul style="list-style-type: none"> - Overworking and overloading the core employees and causing abrupt stress.
Encourage employees to use vacation time, unpaid vacations and leave of absence.	To cut expenses related to conversion of leave/or vacation time for money.	<ul style="list-style-type: none"> - Employees not allowed to forego leave/or vacation. - During economic crisis they are requested to proceed on leave/or vacation to ease the payroll crisis. 	- Temporary	<ul style="list-style-type: none"> - Curbs banking time off which adds to the vacation expenses especially among the seniors. - Work-related stress said to contribute to low productivity is reduced and worker boosts performance. 	<ul style="list-style-type: none"> - It may attract opposition from interested parties like trade unions who may interpret unpaid vacations as breach of employment contract therefore escalating commitment.

What Effective Downsizing is ?

For effective downsizing to be realized, it requires building of a more flexible and behavioral approach to management that would assist in upholding the essence of transition without espousing it too glibly. In this case, it should put the regard for employees as paramount by the way they are empowered to be

accountable in the decision making and not relegated to the ambivalent role of pawns or victims. This will help the firm to innovate in the management of organizational behavior that will assist it to be better positioned for changes. Resultantly, it pragmatically becomes both efficient and effective as discussed below.

First, effective downsizing means enhancement of productivity, profitability effectiveness and efficiency by linking it to business strategy and human resource planning to avoid competitive blindness.

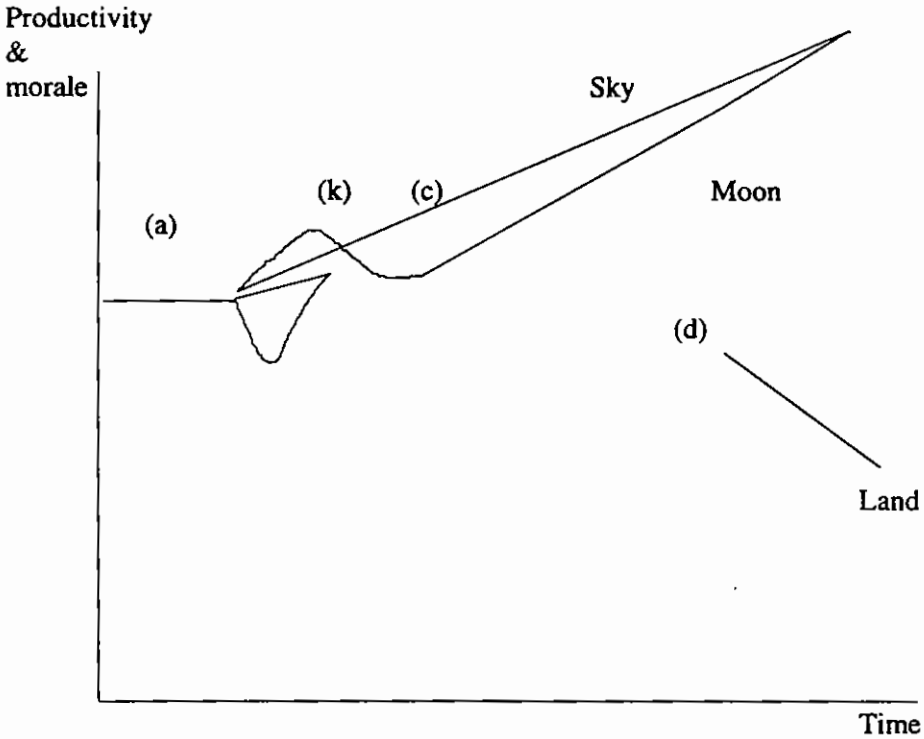
Secondly, it is a wrenching sacrifice of beloved colleagues and skills, causing consternation and pressure to the decision makers as they lift the judge's bell to wave off the victim. Not with cold-bloodedness attitude but based on sound and well-researched facts from sources such as thorough performance appraisal and evaluation. Factor used to determine lay off such as skills and performance should therefore indicate some fairness by ensuring that the process applied to all employees as suggested by Noe, et al (1994).

Thirdly, where-as organizations have tried to an extent to uphold the legal impact and taking cautious efforts to the unions reactions, little input in the obligations to the community has been enlisted. As posited by Carrell, Jennings and Heavrin (1997), downsizing does not only affect the survivors morale and introduces the psychological problems such as depression but more importantly has a great financial impact on the communities

of laid off employees in terms of reduced tax revenues, and consequential rise in public expenditures. Thus the process should cleave for reconciliation of the stakeholders such as the legal environment to maintaining a cooperative approach with unions and upholding of obligations to the community.

Fourthly, it is about discarding mechanistic bureaucratic structures with its status quo and replacing it altogether with more organic, cordial (with no alienation) corporate culture cutting across management and the bottom circles. That is, though usually surrounded by intermittent mourning that usually lead to a freefall of morale and productivity with prior participation, adequate time to nurture it, the renewal stage owes promises as team-work is everyone's responsibility and not a duty. Petrick and Quinn (1997) abhorred the way downsizing was implemented in a binge-and-purge addiction consequently revealing unwise planning and readiness to act virtuously and out of organizational loyalty. A similar picture is likely to be perceived by examining the way in which the process has been executed in the hypothetical case explained in Figure 2.

Fig. 2: Effect of downsizing on productivity at a given moment in time



The above hypothetical curves represents three different firms namely Sky, Moon and Land respectively which are out to implement downsizing. At point A, all the firms are productively healthy and workers morale befitting the prevailing conditions.

Immediately Sky announces downsizing the morale and productivity shoots upward unlike downward as in the case of Moon and Land to point K. This is an indication that the employees are well prepared in several ways. The first reason to explain the shift is that there was adequate warning and communication about the plan to

downsize to the survivors or victims which is a rare occurrence for firms such as those that manifests themselves as either Moon or Land (Gibson, 1997 and Schuler and Huber, 1993). This is what will entail leading from the top to avoid raising of anxiety among the employees. Consequently, at first the survivors will be highly motivated for having avoided the cut and fear of being the next in future. Beside communication, in firms poised as the Sky there is input from both bottom-up whereby both their views and initiatives are thoroughly reconciled well in advance before execution. Likewise it could as well

have involved provision for outplacement for victims or retraining to make them employable after retrenchment. Singly or in combination these factors could be perceived as a motivation among the survivors to respond positively. However, there will be slight fall in productivity and morale as the survivors adjust to learn new skills to be applied in self-directed teams, short mourning period for their former organizational structure and culture as well as the departed souls, and a time when management is busy wrestling with introduction of a philosophy of human interaction (win-win) which assists in capturing the survivors frame of mind and heart in order to achieve commitment and involvement born of principle rather than power and position.

This is the most critical stage where the management has to undergo stiff acid test because survivors have to be adequately provided with adequate psychological survival feeling by the way of management response. For the management that is empathic enough as in the case of Sky they will carry the day as they celebrate reduction of the vulnerability of their mission. This is also attributable to their proactive focus which displays them as managers driven by values and not feelings, and reading reality and identifying what is needed at the material time. The nature of energy input at this stage is crucial because it will determine the rate of morale and productivity renewal. As for the

Sky, the energy is positive, enlarging and magnifying to the extent that the management's circle of influence is widened and so is the observable increase in productivity as compared to both Moon and Land where turbulence is the order.

Moon and Land signifies those firms which adopts a win/lose paradigm. That is, employees' value as assets is compromised in the sense that there is great shift in loyalties among the survivors coupled with decreased morale though people remain attached to their work. This is evident from point C to D where employees are living in suspicion and have little attachment to their employer because the downsizing process is perceived as unfair due to the reactive and poorly planned lay-off that ends up reawakening the vicious cycle. The remaining motivation is directed towards self-presentation and risk avoidance. Prolonged state of turbulence as these organizations try to capture back motivation by adopting even worse oriented programs such as compensation schemes expressed as percentage of certain rate of performance as motivation blinders without giving adequate attention to such factors as the influence of individualistic and collective culture of employees equality and equity, and above all the level of outcome expected by the employees which the perception of the recipients. It is even worse when the management in Land reverts back to the vicious cycle from point D and resentment among the

employees increases leading to free falling productivity irrespective of much justification and escalation of commitment. Sympathy is misconstrued for motivation.

However, at point D there are several alternatives that Moon could pursue to evade the trap. For one the management could harness the information technology to link top and the bottom circles in the sense that there is free flow of communication and the traces of alienation avoided altogether. Second, great management support and creation of team spirit that promotes morale and attachment to the employer in an atmosphere of hope and assurance. The organization may as well change the management to the advantage of the organization and replacing it with a more proactive one that may be perceived by the employees optimistically to resuscitate the formerly eroded job security after the lay-off. Renewal is achieved by tapping on empathy and interpersonal sensitivity.

Creative use of information technology for the survivors assists to maintain trust and confidence through rich communication models like computers without filtering. According to Chillemi and Gui (1997) real-time information systems should be integrated into daily decision-making process. That way a more flexible and behavioral approach to management is attained. In addition the management should realize that numbers do not make an emotional impact and harness stories

and vivid language especially in a situation where by they are advocating a goal, strategy or an initiative with uncertain outcome to the survivors. This will further assist in preparing the workforce for involvement and change (Conger, 1998 and Lowenthal, 1998). It promotes openness, honest and a sense of belonging and appreciation let alone restoration of psychological focus and job security that was dramatically eroded.

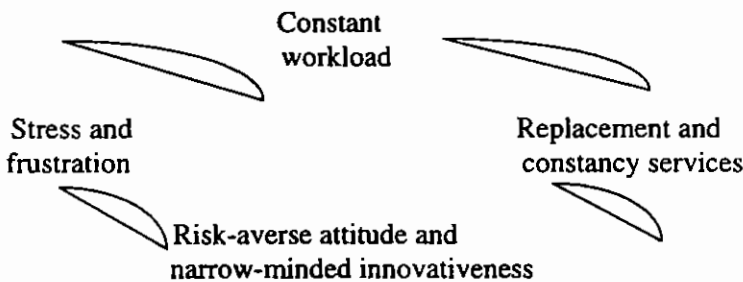
Furthermore, it involves effectively retaining the effective performers by striking short-and long-term demands and goal of workforce stability and organizational adaptability so as to avoid as depletion of knowledge base for distinctive competencies and mortgaging the corporation's position in terms of arising business opportunities in future. That is maintaining the right organizational context with committed, motivated and managerially aware workforce as advocated by Cooper (1995). In addition Osborne and Plastrik (1997) draws similarity of the downsizing to a process involving removing grains from a pile of sand and afterwards remaining with sand. From the two views we find that it is easy for an organization to fall prey to corporate anorexia, becoming so hooked on controlling expenses, and elimination of jobs that it neglects the fact that it should seek to grow and not to varnish, after going leaner and thinner due to blind adoption of the Pareto's Principle of trying to

concentrate on the 20% of the problem that is responsible for 80% of waste and with the assumption that activating a resource is congruent to utilizing it. Heene and Sanchez(1997) posited that the adjustment is achieved by realizing that the pressure for the better is not inertia and thus the pressure to change as brought by downsizing should be viewed in a double edged view - survival and desire to grow and be more successful such maximal exploitation of the existing competencies and capabilities in concert with long-range vision, guiding principles and broad objectives (Goetsch and Davis,

1995). The implication therefore is to avoid downsizing into a state of noncompetitiveness and maintaining long-term survival and ensuring future retained workforce value (Rummler and Branche, 1995 and Hubbard, Pocknee and Taylor, 1996 , Milkovich and Boudreau, 1988, and Ashkenas et al, 1995). No need of making an organization more efficient if it is ineffective to face the future.

Properly conducted downsizing process entails application of methods and procedures that prevent vicious cycle as described in Figure 3.

Fig. 3: Vicious cycle of Ineffective Downsizing



This is because it attracts visceral reactions from "departing souls" and while erupting reverberation and repercussions for the 'survivors' where the question of who is going to do what and how is not well addressed and thus culminating into a perilous cycle.

Who will downsize?

Downsizing and layoffs have

been embraced as a strategy implementation reality (Greer, R.C, 1995), and therefore must be enacted with greater care and on the basis of demonstrable evidence in the face of employees right and worker diversity (Kramar, Mcgraw and Schuler, 1997). The following roles either occurring concurrently or singly plays a crucial part in implementing the downsizing strategies.

The leader who initiates it and plans how to mitigate the behavior before downsizing is viewed as the greatest input in order for the whole process to register a cognizable destiny. Hirschhorn and Gilmore (1992) viewed leaders as important since it by harnessing their gut feelings about the work and the people with whom they work with that will engage the latter productively in the flexible organization.

Secondly, it calls for the efforts from the Line managers who in this case are viewed as the process owners. Responsible for specific lines of production and human resource under their authority to propose for lay-off to the senior management as a way to reduce costs especially where machine could replace obsolete skills. It ekes out the politics likely to engulf the whole process.

Change for the sake of change could be detrimental and therefore there ought to be a test of the viability of proposed lay-off before its adoption. A task force or even a steering committee maybe incorporated in cost-benefit analysis vis-a-vis the productivity of the labor, or whether it will serve to replace one problem for another (Goetsch and Davis, 1995). To enact a feeling of involvement and minimization of resentment it could incorporate employees cross-functionally.

Finally, to crown the process the organization could incorporate the initiatives of the customers

(Moravec, Knowdell & Branstead,1994) . Usually they may offer better suggestions and alternative means of coping with poor performance instead of resulting to downsizing which may reduce the latter's role to the step-child end. This keeps them abreast with the corporation and becomes relatively difficult to switch to the competition. Unfortunately, things do not always happen that way and majority of the firms had better avoid the customer as a nuisance. More than ever before, during this era of Relationship Marketing a firm that does not get a win-win paradigm endorsement by its customers will be busy hammering the last nail on its coffin.

Succeeding at Downsizing

Studies seldom define downsizing as productive or regenerative and instead prefer to describe it as painful, wrenching and bloody.

Presumably, one would be fascinated to find that large-scale downsizing has perhaps the thunderous and banging changes that have affected careers the most by disguising itself under the shadow of efficient restructuring (Stratford, 1996). Some critical factors an organization has got to consider realize its mission successfully are found to interweave under most conditions and not separately. First, it would calls for a firm to design itself from both outside-in and inside-out. The internal customers should be well-notified (survivors) before it takes place in order to give them time

to mourn their 'old ways' and the 'departing souls' should be retrained to make them employable, provide for outplacement services and offering equitable treatment to all laid-off employees. Regarding outside-in the corporation should tap and use analysis of the external environment and make plans to take advantage of the opportunities and avoid handicaps later on (Schermerhorn, 1996). Regarding inside-out design the firm would be expected to focus on its future internal strengths and map out how to do better than what it has already done depending on how it interprets to both the survivors and departing souls. It is important that it reflects about effective positive change in what is out there in a manner that both the survivors and departing can each claim of her resourcefulness, diligence, creativeness among others and thus eludes languishing into self-pity because of what one is but not what one has.

It also involves leading from the top by particularly being focused to the vision and delivering the objective home to the survivors (Sinamo, 1998). The management ought to define real, positive objectives to help the company transform itself in the wake of downsizing. The capacity to articulate a vision and purpose is by living the vision, a compelling dairy. Spencer (1995) argues that the ability to communicate vision of the firm's strategy arouses motivation and commitment and makes adaptive

responses appear both feasible and desirable. For example, communication should be up-front in order to avoid grapevine and guessing which contributes to wastage of much time and the accompanying anxiety.

The firm would as well be required to get its strategy and resources straight. The organization need to have a strategic intent and an obsession with winning as the fuel that rolls the entity as viewed by Gibson (1997). For the example, after identification of those that are leaving their severance pay should be fairly distributed and advanced on time. As regards to strategy also, the corporation should remain focused to the business strategy and resource available in order to restructure the rewarding system that is future-oriented to the survivors. According to Stratford (1996) in order to avoid some of the side effects of downsizing it is important that the organization maintain a focus upon business strategy and communicating continually and efficiently in any change efforts of downsizing. The goal of the strategy should be maintained as being that of beating competition in a way that add value and promises growth potential (Harsey, Blanchard, and Johnson, 1996). Moreover, by making fundamental changes in strategy win ensure that changes in an organization are necessary in order to remain competitive (Nandler, et al, 1995). This will, help in harnessing the unity of purpose and thus boost the survivors' morale and more so

act as a psychological package for job security formerly eroded.

In addition the firm should create a sense of urgency. Implementing the process the soonest is the only way to provide fair and just system for elimination of jobs. Remember, fate delayed is justice denied. So, immediately the notice is due, effect it (Goetsch & Davis, 1995).

In order to bring confidence and avoid bias among the employees, the management of the executors of the downsizing is vital especially in public corporations. Due to the bumping effect involved in the lay-off, conflict due to feeling of inequity among the lower cadre or minority members who have less tenure as compared to their seniors or non-minority it needs to be treated as a staffing process in combination with other human resource activities to improve the satisfaction and perception of bias by both the departing and survivors (Milkovich and Boudreau, 1988). How downsizing is managed may determine the willingness of retained employees to support future corporation's initiatives.

As explained earlier the firm should ensure combination of top-down and bottom-up views and initiatives. Hodge, Anthony and Gales (1996) pointed that the only way to increase receptivity of change is by making the people participate in planning and implementation since it could assist in identifying gaps and

potential solution to the strategy. The victims becomes supportive after having understood it properly and therefore reduces anxiety and the generally imagined fears of sabotage of business assets and processes by the employees as mostly hypothesized by the managers who results to managerial distancing as tough bosses in the event of downsizing as noted by Cascio (1993). According to Lowenthal (1996) openness about the change process and (Cameron, Freeman and Mishra, 1993) trust in it influence whether and how it occurs. The management should have good articulation of change idea, or general sense of where the change is headed, and give the employees significant opportunities to adapt to the unique circumstances as they experiences it. This will highlight the interpersonal sensitivity which goes to limit the impact and magnitude of the negative perception (Brockner, 1992, 1994) and where acts as a mediating process to the blameworthiness arising from unforeseen fears by managers who intends to maintain some elements of dominance leadership rather than becoming transformational wholesale.

As for the public sector business, robust personnel information and well-established systems should be set to prevent re-employment of retrenched personnel as has always happened through collusion, or by omission (Wescott, 1996) especially those undesirable to

support of the organization's mission.

Proactively thinking of components such as mission, the skill-mix for mission accomplishment should be accorded center stage to avoid a rebound resulting from reactive and hurried implementation. This is tied more closely to the question of time required by a firm to conduct intensive management-team planning to avoid haphazard and questionable decisions.

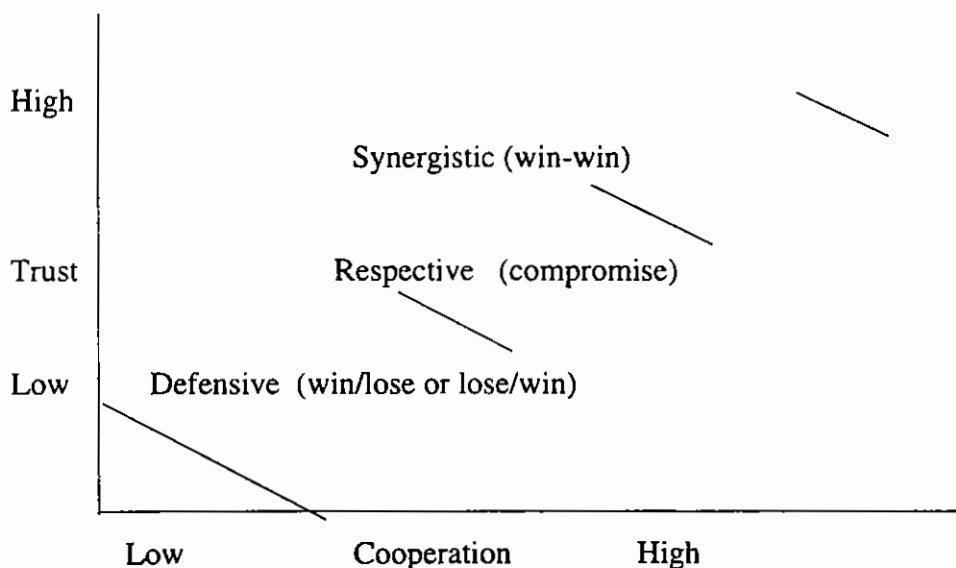
Media is usually useful in times of crisis in order to ward-off negative press. Reporters should be avoided. According to Janner(1988) , it is with rare exceptions that they are found to react to kindness with generosity and above all to confidence with confidentiality. This links us back to the question of adequate and effective communication as a gateway to quash miscommunication.

Make real relocation effort. It is good especially for the displaced workers who are grateful and more productive to be assured of relocation in the event of a vacancy in future. Even the survivors of downsizing go through a grieving process (Knowdell, et. al 1994; Noer, 1993). This kind of outplacement program provides an important morale boost to remaining employees who must

witness the struggles of their laid-off co-workers and consider that they may suffer the same in the future. Thus, it reflects a genuine concern for them and can become a major factor in determining the organization's culture and introduction of a sense of job security and certainty.

Good communication is built on habitual sharing, frankness and openness in an environment where most information exists as common property and secrets are kept only if absolutely necessary (Marta Been, 1994). As the reader may have observed communication takes the core stage in this dramatic process because downsizing is a people-process that calls for articulate and well architecture communication relationship that is not only cordial but empathic for its ultimate success. Importance of levels of communication is as described in the Figure 4. It is at this point where the firm will have established a mini-culture that seldom triggers a feeling of alienation and thus helping to build a clan approach where even during the difficult times the will is prevalent for affective compromise due to existence of high trust and cooperation cultivated through communication.

Fig. 4. Relationship between trust and levels of communication



Source: Covey, R.S (1989) *The Seven Habits of Highly Effective People*, Simon and Schuster Co., New York, P. 270.

Does Downsizing actually work ?

To an extent sure. In the event of changes within the company such as a new strategic direction, downsizing could offer the best occasion to implement other processes like transfer as expressed by Miner and Crane (1995).

First, transfer of employees would easily be carried out in the event of downsizing. When there is a new business venture and the firm has to draw on its talented skills from other business units and ultimately retaining them once a position has been divested through downsizing displays this vitality.

Secondly, if downsizing is combined with temporary demotion the corporation is enabled to retain

good people. How ? Some will opt out while others will timely and hopefully wait for a chance of turnaround and promotion in future though they have experienced demotion from their earlier positions.

Thirdly, with strategic options for downsizing the latter strategy helps the corporation to achieve both imperative and strategic survival by becoming cleaner and lean. This is especially so in the event of low morale and productivity during which the corporation is faced with depressed economic out-look and wrestling with options for survival (Lundquist, 1992).

Finally, it makes production of goods and services on small customized batches in an economically feasible way (Kinard, J.

1988). When organizations go smaller and having had implemented downsizing effectively, they can turn out customized products and services efficiently, eliminate several layers of management, improve communication, achieve better labor relations and workers feel they have effect on plant operations and thus can respond to their customers needs more quickly.

Hitt, Ireland and Hoskisson (1997) viewed downsizing as one strategy that makes the firm more efficient especially so after restructuring of the former poorly performing acquisitions because innovation reduction is usually initiated by self-reinforcing cycle. By this cycle it means, there is excess diversification, debts, capacity, and substitution of innovation through acquisition not forgetting the amount of managerial energy that it takes. So in order to rejuvenate good performance and innovation in the long-run, downsizing is perceived as a salvage pill.

However, victims of change are everywhere even to the most successful survivors who must learn new jobs quickly, manage disgruntled or disenfranchised workers so as to satisfy the upper management that does not know what it wants (Gilbreath, D.R. 1991 and Hardaker, M, 1995). Worth noting too is the fact that these wants and demands are subject to changes anytime. Yet downsizing has become an addiction as corporations strive for ever greater efficiency (Carrell, Jennings and

Heavrin, 1997). All it implies is that despite the agonizing process of downsizing and layoff, numerous enterprises retain layers (Johns, 1996) of management that delay the decision making and thus leading to unnecessarily high cost of coordination and excess response times. The old benevolent-authoritarian paradigm has persisted and accelerates the return of cynicism more deeper than ever. As posited by Tuller (1990), to practice moral determination the management must begin to value human dignity and have faith in others by listening, control, redirection of objective and replacement of dictatorial authority by a caring management philosophy. This further increases the sense of empowerment by sticking strictly on the internal commitment (Argyris, 1998). Acceptance and liberty among the employees in effect impacts on generation of human energy and activating the employee mind for commitment. This is synonymous to Pygmalion effect that results from an employee being confided in by the leader (Yukl, 1994, Schermerhorn, 1997, Hesselbein, Goldsmith and Bechkhard, 1997).

Implications of Downsizing

Employers in most organizations faced with the pressures from changing technology and other forces as we observed in the introduction of this article have had considerable interest in ensuring that their employee worked efficiently and thus

have embraced downsizing to streamline organizational functions. Hence, it has had far-reaching and deeply cutting implication on human resource policies and practices in response to the changing jobs and has prompted the employers to find individuals with requisite knowledge, skills and abilities to perform adequately to achieve the vital objective of downsizing.

The downsizing has very great implications on the human resource function in that it will entail integration of staffing, performance management, training and development, compensation, and which were previously balkanized among competing fiefdoms of specialties. It is therefore of importance to consider the implications alongside these practices and policies in order to understand how far downsizing can be effective as a cost reduction strategy for human resource management.

More than ever before downsizing has dealt great blow on career development. Geddie (1996) viewed downsizing and a revision of what it means to be employed as an exercise in *laissez-faire*. That is to say, the career contract and development plan are increasingly self-managed whereby employees defines what success is for herself by pursuing it with vigor and self-transformation in accord with the opportunities they can grasp. Downsizing organizations would be required to introduce training programs that guide people in

planning their careers and more so help the managers coach and mentor employees (Koonce & Clark, 1997). This would imply more socialization process among the survivors which in fact affects the staffing policy of the organization as observed by Schuler and Hubber (1993). The purpose of this programs should be geared towards overcoming the problems of nose-dived productivity and morale with the aim of maintaining the new behaviors and attitudes expected from the survivors.

According to McConnell (1996) and Nelson (1997) it is the survivors who will have the greatest influence on the organization's future performance and therefore the problems arising in the wake of downsizing should be thoroughly addressed to prevent de-motivation. This means that the survivors must be re-motivated and reinvigorated by adopting tools such as communication, education and people-centered management in order to determine better ways of working together in a leaner organization.

Career plateau like burnout can become a dominant factor in the culture of the organization especially that which manifests itself as structural plateau and which is susceptible to all employees. This is worsened by the burnout experienced by survivors who continue to work for an immobile managers often referred to as shelf-sitters who are famous for blocking advancement for further responsibilities or few promotion vacancies there exist

(Werther, Jr, and Davis, 1996). Thus, it requires to be addressed adequately as it can significantly impact on an employees morale and productivity. This could be done through continuous counseling to reassure the victims that the organization cares and is part of normal phase of career development (Carrell, Jennings & Heavrin, 1997). In addition job changes involving reassignment to new office or location, lateral transfers redesigning current job to add new task and formation of self-directed work teams could be a means. Career banding in organizations where there are few openings to move high performers up hierarchy could as well be adopted as a way out where the employees focuses on becoming the best in their career band instead with each receiving a wide range of salaries based on well articulated research and reward as examined by Werther, Jr. and Davis (1993) based largely on competence and performance. Once the organizations have achieved this, it will have addressed the problem associated with career plateau resulting from closed off promotion opportunities arising from downsizing organizations as it induces the cost cuts to enhance its competitive edge (Chao, 1990). The end is the focus and not the means.

Downsizing would perhaps affect greatly the recruitment policy and practice in a flatter organization. Faced with the dire need for workers equipped with good interpersonal and communications skills who can

understand bottom-line considerations, employers will be forced to take a new look at recruitment of college graduates and the global market place in particular (Thornburg, 1997). This will mean, provision of meaningful work and a company culture that enhances decency in their stay with the employer. Moreover, in the dead of downsizing the quality of an organizations human resource depend on the quality of its recruits as postulated by Schermerhorn, Jr. (1996) and Spencer (1995). As such recruiters and human resource departments shall be expected to balance on the creation of a contract that would state goals and expectations to minimize expensive flaws by working closely with trade unions who might well contribute positively to recruitment procedures (Welch, 1996). This recruitment moral imperative will be pronounced greatly in relation to recruitment of disabled people whereby the organizations will be expected to select and recruit, and treat them fairly and reasonably and so, will it be the case for the aging people because by insisting on a particular prime time frame of for example 25-40 years it may transform into a demographic time bomb whereby it will at one time lead to wasting a huge volume of accumulated wisdom, knowledge and talents by the aged (Zey, 1994). One may wonder as to what may necessitate recruiting after downsizing. The reason for this practice is justified in

a situation whereby different skill requirements out of reach by the organization are deemed appropriate (Storey, 1995).

Another area of human resource practice greatly affected by the downsizing is the compensation which has got to be tied to the performance in order for it to act as a motivator, and not based on title and distinction as most of the career patterns and structure (Werther, Jr. and Davis, 1996). The pay reform should be implemented after lay off in order to not only generate some resources to meet the cost of higher salaries but more importantly reduce opposition from survivors as they perceive the scope for higher pay as a result of the downsizing process as expressed by Wescott (1996). The pay system should be made more open and transparent especially so bearing in mind the fact that teamwork requires upholding of high trust. This call for participatory approaches to reward system designs and administration for it to interpret realistically to the employees in order for the innovation and commitment to be boosted. This will instill a sense of equity. In conjunction the pay practices should be congruent with other management practices and reinforces rather than oppose their effects. If this fit does not exist as explained by Richard (1987) the organization is replete with conflicts and the reward system practices will potentially be cancelled out by the practices in other areas. Thus it entails articulation of rewards to

business strategy and achievement of a fit between other design features of the organization and itself so as to encourage positive perception and behavior. In fact overemphasizing pay as the primary reward may encourage people to stay for wrong reasons as posited by Pfeffer (1998).

As regards the organizational culture most writers have emphasized very clearly that management is interested in any sustainable change, and reduction in labor costs must be tied to change in organizational culture and behavior. The negative impact of reducing employees is overcome by a strong and unifying organizational culture especially if the human resource department pays less attention to the details of hiring, firing and reward administration and becoming more strategic partner in assisting to facilitate a sense of employee well-being and trust as observed through out this article. This is especially important due to the fact that employees perceive long-term employment as no longer secure and organization has lost both focus and its quality commitment. Ultimately, this will boost the survivors sense of responsibility for the organization success as employee exist in an environment where she feel comfortable with the change process.

Turning to the performance management and evaluation, the downsized organization shall be expected to adopt behavioral measures that not only define personality traits explicitly but more

importantly those that encompasses performance related outcomes in order to eke out irrelevant variables not directly under the employees control. Thus thorough job analysis will be vital. This demands specification of what a worker must start doing, continue or stop doing on the job as a way of defining the effectiveness on the basis of behavior as a promising procedure by the management. The employees are kept motivated to improve productivity. Of course this job specification goes hand in hand with the job redesign whereby the latter is said to directly change the behavior and in the long-term tends to result into an organization that re-humanize rather than dehumanize workers especially when they can perceive motivation towards their personal growth and development. This gives them an experience from doing their job well, encouraging them to care about their work and therefore make them to develop their competencies to cope with their jobs in order to realize their self-worth and achieve personal growth which is so critical a component of the overall quality of worklife in a restructured organization (Kornhauser, 1965).

Epilogue

All in all with proper attention and application of some of the ideas identified in this and other literature materials in the right direction with a good focus to the strategy and business vision, downsizing will no longer be an ogre but rescuer for both

the firm and workers. Folger and Skarlicki (1998) noted that though most of the managers distanced themselves from informing the victims for fear of sabotage, harm, and blameworthiness, neither the accusation, harm nor discomfort measures yielded co-relations sufficient for evidence. Therefore, communication should be paramount through integration of the affected parties. The only thing that matters is version and envisaged objective. Borrowing from Ralph Waldo Emerson one finds that a powerful vision translates impossibilities into reality especially since from inception the success of a particular strategy is usually invisible to the employees whose enthusiasm is already low after downsizing to perceive the uniqueness of their organization. A win-win but not a win-loss deal is finally realized.

Further, during this information era an organization should incorporate the information technology more so during the restructuring processes which are usually fluid to politics among other environmental factors. Therefore, before, during and after downsizing information should be harnessed by managers to clarify and communicate fairly and frankly to avoid elements of uncertainty among the survivors and all other stakeholders with the aim of boosting performance and organizational learning. Communication is a very crucial factor again in that it enhances the interpersonal sensitivity that goes to facilitate the empathy so

directly required in order for the whole process of downsizing to interpret into a shot-gun .

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