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REVITALIZATION, REINVIGORATION AND MOTIVATION OF SURVIVORS IN CHANGED, RESTRUCTURED AND DOWNSIZED ORGANIZATIONS: A STUDY OF LEADERSHIP CHALLENGES IN LOCAL GOVERNMENT

by

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A dissertation submitted in partial fulfillment
of the requirements for the degree of

Doctor of Education
University of San Diego

May 2010

Dissertation Committee

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ABSTRACT

Over the past two-plus decades, corporate mergers, government consolidations,

workforce downsizings and plant closures have increased dramatically; as a consequence,

millions of workers around the nation have lost their jobs. Not surprisingly, researchers

have begun to focus considerable attention on downsizing, restructuring and

revitalization efforts as a means for understanding organizations undergoing major

transformation. Although the studies that have been conducted have dealt with a wide

range of issues associated with organizational downsizing and restructuring, there is an

absence of research examining mid and upper level managers' perceptions of the efficacy

of their efforts to revitalize their downsized organizations and, in particular, their

surviving subordinates. Likewise, empirical research into public sector downsizing and

restructuring has been sparse. This study was designed to respond to these gaps in the

literature.

   More specifically, the research studied fiscally driven change efforts in two cities

over a period of four years. Both individual interviews with key participants and

stakeholders and extensive analysis of government documents and newspaper accounts

were used to reconstruct what happened in the financially stressed cities. The technique

of narrative analysis, which involves reconfiguring data as a story complete with plot and

literary-like themes, was used to analyze the data.

   The stories suggest that, in most instances, government officials in both cities did

not so much downsize their organizations as find ways to avoid the need for downsizing.

The methods ranged from convincing voters to approve a sales-tax increase to

restructuring departments to decreasing the number of city employees by not filling positions when retirements or departures occurred.

Despite the absence of substantial downsizing efforts, employee morale in each city suffered. The study documents leaders' attempts to confront the morale problem. Strategies employed included leaders: keeping employees informed about the fiscal crisis and what was being done about it; soliciting employee input and feedback about what to do to respond to crisis situations; redesigning jobs and providing professional development opportunities related to an employee's new responsibilities and long-term career aspirations; and articulating a positive vision of the future and the reasons that this vision would likely come to pass.

DEDICATION

To My Wife Jackie

Thank you very much for your unconditional support, unwavering perseverance, and true love and friendship.

To My Parents, Tito and Hortencia

Thank you so very much for being the wonderful, supporting and loving parents a person could ever want. I miss you both so very much and I wish you were both here to celebrate with me and our family. But I know that you would be very proud and happy with this tremendous accomplishment of mine. In my heart I know that this wonderful achievement would never have happened without the blessings of Our Lord and, of course, your support and encouragement throughout my long educational journey.

ACKNOWLEDGEMENTS

I am truly very appreciative of my dissertation chair, Dr. Donmoyer, and committee members, Drs. Fred Galloway and Mary McDonald, who made time to review my work and offered suggestions for improvement and simplicity. They provided wonderful support and allowed me to explore ideas and approach my work with creativity and enthusiasm. I am particularly indebted to my chair for his long-standing support, encouragement, and patience.

I am also indebted to my professional colleagues and friends who greatly assisted me in gaining access to the researched sites, as well as my research respondents who shared their time and insights with me during the course of my research. Likewise, I am truly appreciative of my former human resources colleagues at Boeing and Northrup Grumman, Joe Garcia and Hector Barrera, for giving me great feedback on my survey tools and their continued support of my scholarly endeavors

I also wish to thank my dear colleagues and friends, Drs. Bob Brown and Reverend Devadhasan Masilamony, who provided me encouragement along the way and knew that I would catch up with them eventually. Likewise, a special thanks to Beth Yemma and Annie Guanciale at USD SOLES, and my dear friend, Pat Sullivan at SDSU Library for all of the wonderful and generous assistance.

Most of all, I owe many thanks to my wife, Jackie, who encouraged me to begin the doctoral program from the very beginning. Throughout the process, she provided steady support and loving encouragement. She also tolerated the periods of my inability

to sustain my dissertation work. Despite that, she was a tremendous help in the final stretch of this long, arduous dissertation process.

Last, but certainly not the least, I am grateful to God for the many blessings and opportunities that he has bestowed on me and my entire family. I am truly grateful for God's many gifts: a very loving family, a devoted wife, a beautiful daughter and wonderful friends. Most of all, I am thankful that I have come to know the Lord with a strong, abiding belief in His enduring love for me and all of His children on earth.

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CHAPTER I

INTRODUCTION TO THE STUDY

Background to the Study

Over the past two-plus decades, corporate mergers, government consolidations, workforce downsizings and plant closures have increased dramatically; millions of workers around the nation have lost their jobs. A New York Times Poll conducted on issues of economic security in December 1996 with nearly 1300 adults throughout the United States revealed that during the previous 15 year period: (a) 20% of the respondents were casualties of permanent layoff at some time; and (b) 72% of the respondents were victims of layoff themselves or had a household member or someone close to them who was also a victim of a layoff. Equally important are the following facts: (a) between 1979 and 1993, more than 450,00 public service jobs vanished nationwide (New York Times, 1996); (b) between 1980 and 1995, 39 million Americans were caught up in one or another corporate downsizing programs (Sennett, 1998, McCann et al., 2004); (c) between 1987 and 1997, fifty Fortune 500 firms with over 50,000 employees reduced their workforce by more than 1.2 million people (Schultze, 2000; Tourish & Hargie, 2004); (d) more than 3 million jobs were eliminated in the United States between 1990 and 1996 (Robbins, 1999); and (e) at the end of 2001, Fortune 500 companies reported cumulative layoffs of 1,040,466 positions for the year (Davis et al., 2003, Florian, 2002a).

Furthermore, this trend shows no sign of waning as evidenced by Challenger, Gray & Christmas, Inc.'s December 7, 2004 report that 930,690 job cuts were announced by Fortune 500 companies for 2004. Essentially, this reputable international consulting firm, which has been tracking these trends for several years, projected over 1,000,000 announced job cuts for 2004 and the "fourth successive year with 1,000,000 or more announced cuts." (Challenger, Gray & Christmas, 2004) On the whole, these statistics and a myriad of similar data and recent major merger announcements point to the

possibility that restructuring, mergers, downsizing and displacement of workers may continue around the country into the foreseeable future.

Statement of the Problem

Not surprisingly, in the literature on organizational change, considerable attention has been given to organizational downsizing, restructuring and revitalization as a useful means for understanding organizations undergoing major transformation (Gutknecht, 1988; Tomasko, 1990; Noer, 1993; Johansen & Swigart, 1994; Burke & Nelson, 1998; Kammeyer-Mueller et al., 2001; De Meuse & Marks, 2003; Davis et al., 2003; Tourish & Hargie, 2004; Mirabal & DeYoung, 2005). This increased focus on organizational change is largely due to corporate cost cutting and organizational downsizing over the past two decades. The elimination of substantial numbers of workers within organizations often affects the surviving workforce in a variety of significant and undesirable ways. Beyond the painful grieving over laid-off coworkers, the survivors of downsizing may experience the post-traumatic stresses of increased individual workloads, demands for greater organizational productivity, and growing personal and organizational uncertainty about the future (Cohen & Cohen, 1993; Noer, 1993; Hecksher, 1995; Capelli, 1999; Burke & Greenglass, 2000; Applebaum & Donia, 2001; De Meuse & Marks, 2003; Amundson et al., 2004; Mirabal & DeYoung, 2005).

Moreover, the reduction of formerly viable positions and functions commonly creates serious gaps in an organization's capabilities and infrastructure that can cause major problems affecting the efficiency, vitality and well-being of the organization (Tomasko, 1990; Cascio, 1993; Hecksher, 1995; Burke & Nelson, 1998; Dunford & Devine, 1998; Freeman, 1999; Davis et al., 2003; McCann et al., 2004; Mirabal & DeYoung, 2005). Included among the most critical gaps and problems arising from organizational downsizing and restructuring are: lowered levels of creativity and innovation; loss of continuity and historical and procedural knowledge; decreased communication vital to both internal functions and external relationships; diminished

commitment, loyalty and trust; and lowered employee morale and satisfaction (Tomasko, 1990; Noer, 1993 & 1998; Johansen & Swigert, 1994; Capelli, 1997 & 1999; Mishra & Spreitzer, 1998; Leana & Van Buren, 2000; Tourish & Hargie, 2000 & 2004). In light of these undesirable consequences of downsizing and restructuring, it is apparent that surviving leaders face tremendous challenges in revitalizing, reinvigorating and motivating the surviving employees in their downsized and restructured organizations (Tomasko, 1990; Noer, 1993; Bridges, 1991 & 2003; Kotter, 1996 & 2002; Applebaum et al., 1998; Rosen, 1998; Mishra et al., 1998; Alkhafaji, 2001; Evangelista & Burke, 2003).

Some studies have attempted to describe the organizational and individual effects of corporate downsizing and restructuring by examining the diverse personal experiences of surviving employees and leaders in various organizational settings (Noer, 1993; Stoner & Hartman, 1997; Robbins, 1999, Maki et al., 2005). Some scholars have investigated the leadership and management practices of large organizations that have undergone extensive organizational change efforts involving one or more major downsizings (Freeman, 1993; Noer, 1993; Hecksher, 1995; Gurin, 1998; Balogun, 2003; Davis et al., 2003; Amundson et al., 2004; Mirabal & De Young, 2005). Other studies have examined the organizational change and corporate revitalization efforts of large private and public organizations in attempts to depict how sustainable revitalization can be accomplished in spite of massive downsizing and major restructuring efforts (Freeman, 1993; Graddick & Cairo, 1998; Pascale et al., 1997; Lewin & Johnston, 2000; Balogun, 2003; Mirabal & DeYoung, 2005). Many studies of organizational downsizing and restructuring have focused on the effects of these initiatives upon laid-off workers and their respective communities (Hecksher, 1995; Downs, 1995; New York Times, 1996; Noer, 2000; Feldman, 2000).

Recent studies have also endeavored to broaden our understanding of organizational downsizing and revitalization as change management processes and

intervention strategies having predictable organizational consequences (i.e., performance and resilience) and survivor reactions (Benson, 1994; Grove, 1997; Duran, 1998; Hayden, 1998; Unckless, 1998; Noer, 2000; Balogun, 2003; Amundson et al., 2004). Other recent studies have expanded scholarly inquiry into other salient dimensions of corporate downsizing and restructuring. Recent research topics have included individual perceptions of and affective behaviors associated with downsizing, as well as gender and ethnic group experiences and concerns (Brockner et al., 1985; Bailey, 1997; Forst, 1996; Buford, 1997; Burt, 1997; Robblee, 1997; Bailey, 1999; Lewin & Johnston, 2000; Brockner et al., 2004; Maki et al., 2005). Likewise, several recent studies have explored the problems and issues associated with organizational communications within downsized organizations and survivors' career management efforts (Hecksher, 1995; Aguh, 1996; Bonner, 1998; Egdorf, 1996; Mundhenk, 1997; Susskind, 1996; Wong, 1999; McCann, 2004; Maki et al., 2005; Paulsen et al., 2005).

Although the aforementioned studies have dealt with a wide range of issues associated with corporate downsizing and restructuring, there is an absence of research which examines mid and upper level managers' perceptions of the efficacy of their efforts to revitalize their downsized organizations and, in particular, their surviving subordinates. Likewise, empirical research into public sector downsizing and restructuring has been sparse. Moreover, there remains a need for rich information on best practices utilized in the effective revitalization and motivation of surviving workforces within a downsized and restructured organization. Hence, there is a need for further study.

Purpose of the Study

The purpose of this research is to investigate mid and upper level managers' perceptions of the efficacy of their methods for revitalizing their organizations and motivating those who remain in the organization after major change, restructuring and/or downsizing has occurred. The focus will be in two local government organizations

located in Southern California. This study will devote particular attention to the strategies, methods and leadership approaches employed in the revitalization and motivation efforts and managers' perceptions of the efficacy of these strategies, methods and approaches. Five goals have been established for this research and they are as follows:

1. To identify the strategies, methods and leadership approaches mid and upper level managers use to revitalize their organizations and motivate those who remain in the organization after major change, restructuring and/or downsizing.

2. To gather perceptions about the efficacy of those methods and approaches and what formal assessment mechanisms were employed and any data that are available as a result of formal assessment strategies that were implemented.

3. To gather mid and upper level managers' perceptions and ex post facto assessments of the efficacy of their own efforts to revitalize their organizations and motivate the survivors of the downsizing.

4. To gather mid and upper level managers' descriptions of the strategies, methods and approaches used to revitalize their organizations and motivate those who remain in the changed, restructured and/or downsized organization.

5. To determine if the mid and upper level managers' descriptions of the strategies, methods and approaches used can be linked to one or more leadership approaches or orientations in the literature.

<div align="center">Research Questions</div>

The following questions will be used to guide this study, at least initially:

1. What are the strategies, communication methods and leadership approaches mid & upper level managers use to revitalize their organizations and motivate those who remain in the organization after major change, restructuring and/or downsizing and how do those managers describe those strategies and methods?

2. What are the mid and upper level managers' perceptions and ex post facto

assessments about the efficacy of their approaches and what data and assessment mechanisms were used in these assessments?

3. Can the mid and upper level managers' descriptions of the strategies, methods and approaches be linked to one or more leadership approaches or orientations in the literature?

4. To what extent are the research participants' perceptions congruent? Are managers' perceptions similar or different than those of their subordinates?

CHAPTER II

REVIEW OF THE LITERATURE

This chapter discusses the literature that was reviewed as part of this research. In this chapter, I will focus the review on four broad topics that appear to be relevant to the study conducted. These topics are: (a) the literature on the organizational change construct, (b) the literature on the specific organizational change intervention of organizational downsizing, (c) the literature on motivating workers, in general, and the literature on motivating workers who are survivors in downsized organizations, in particular, and (d) the role of leadership in changing and revitalizing organizations.

The Literature on the Organizational Change Construct

In this section, I discuss the development of the organizational change construct within the literature. Essentially, this discussion expands the discussion found in the "Background to the Study" section of Chapter I. This will be done by providing some background about the major theories and concepts and the different methods and approaches involved in organizational change. This section is divided into three subsections and discusses what the literature says about : (a) the origins and emergence of the organizational change construct, (b) the major theories, models, approaches and various strategies involved in implementing organizational change, and (c) the empirical studies examining seminal theories, models, approaches and successful practices of organizational change in business and governmental settings.

The Origins and Emergence of the Organizational Change Construct

In this opening subsection, I will discuss how the organizational change construct emerged from the field of social science and, in particular, Kurt Lewin's "pioneering work on change" (Bernard Burnes, 2004). Most current organizational theorists attribute the early growth and development of organizational change theory to Kurt Lewin's seminal research work as a "refugee scholar" from Nazi Germany at Cornell University and University of Iowa from the mid 1930s to the mid 1940s (Burnes, 2004). For

instance, Burnes, a notable researcher in the U.K., writes in one of his articles in the Journal of Management Studies (September 2004) on Kurt Lewin's remarkable works:

> To many people today it will seem strange that Lewin should have been given equal status with Freud. Some 50 years after his death, Lewin is now mainly remembered as the originator of the 3-Step model of change…and this tends often to be dismissed as outdated…Yet, as this article will argue, his contribution to our understanding of individual and group behaviour and the role these play in organizations and society was enormous and is still relevant…Few social scientists can have received the level of praise and admiration that has been heaped upon Kurt Lewin (pp. 977-978).

Likewise, Lewin's work has had a profound and continuing influence on current theoretical understanding and is repeatedly referenced in the literature (French & Bell, 1999; Burke, 2002: Beitler, 2003; Burnes, 2004). For example, Burnes points out that "Lewin undoubtedly had an enormous impact on the field of change" (p. 995); he further noted that "the last decade has also seen a renewed interest in understanding and applying his approach to change" (pp. 997-998). Furthermore, Burke (2002), a renowned organizational theorist and consultant, states that Lewin was "one of the first psychologists to help us understand organization change at the larger-system level" (p. 106); he also noted that Lewin's "rather simple three-phase model set the stage for the more elaborate and comprehensive models we embrace today" (p. 106). Moreover, Beitler, another accomplished theorist and consultant, extends Burke's comments by crediting Lewin with providing "three of the ten [major] concepts that support effective OC [organizational change] practice: Forcefield Analysis, The Three-Stage Model of Change, and the Action Research Model" (p. 12). Before describing Lewin's three-stage model of the change process, I will briefly discuss Lewin's forcefield analysis and action research models in order to provide a fuller, grounded understanding of Lewin's comprehensive action research framework derived from the theoretical tradition of

applied social psychology .

Forcefield Analysis

Researchers generally identify Lewin's field theory as the earliest approach to understanding group behavior through empirical research intended to influence and initiate planned change, whether at the level of the individual, group, organization or even society. In discussing Lewin's introduction of the force-field model, Lippitt, Langseth and Mossop (1985) noted that it "has long been helpful in understanding the pressures and counterpressures of various impediments and inhibitions, supports and motivators that act to block or bring about change (p. 102)." In describing Lewin and his force-field concept, Lippitt et al. further noted that "he looked on a level or phase of behavior within an institutional setting, not as a static habit or custom, but as a dynamic balance of forces working in opposite directions within the social-psychological space of the organization (p. 102)." Likewise, French and Bell (1999), in their description of force-field analysis, supported a popular practitioner's perspective that it is a useful technique through which "we can identify the major forces that make up the field of forces and then develop action plans for moving the equilibrium point in one direction or the other;" and it is also "useful for thinking about the dynamics of change situations (p.74)." Following these and other researchers' representations, Burnes (2004), in his discussion about Lewin's field theory, succinctly sums up the essence of force-field analysis:

> This is an approach to understanding group behaviour by trying to map out the totality and complexity of the field in which the behaviour takes place...Lewin maintained that to understand any situation it was necessary that: 'One should view the present situation- the *status quo*- as being maintained by certain conditions or forces.' Lewin postulated that group behaviour is an intricate set of symbolic interactions and forces that not only affect group structures, but also modify individual behaviour. Therefore, individual behaviour is a function of the

group environment or 'field', as he termed it. Consequently, any changes in behaviour stem from changes, be they small or large, in the forces within the field…Lewin's view was that if one could identify, plot and establish the potency of these forces, then it would be possible not only to understand why individuals, groups and organizations act as they do, but also what forces would need to be diminished or strengthened in order to bring about change (pp. 981-982).

Beitler (2003), in his explorations into the conceptual nature of Lewin's force-field analysis, points out that "Lewin believed the status quo is a result of driving forces and resisting forces (p. 12)." Beitler also notes that "driving forces are pushing or 'driving' for change" and that "resisting forces exist because some parties benefit from the current situation, or status quo (p. 12)." Beitler extends this thinking and further states that "the status quo is the result of the strengths of the two opposing forces" and asserts that "Lewin recommended working to reduce the resisting forces, instead of increasing the driving forces" since "he believed simply increasing the driving forces would result in an escalation in the resisting forces against the change (p. 12)." In short, in discussing their views of force-field analysis, these authors provide a consistent understanding of the dialectic nature of field theory and highlight some of the practical aspects of force-field analysis that can be useful in understanding situational dynamics within organizational settings and, ultimately, in designing and implementing planned change.

Action Research

In recent years, organizational researchers and practitioners have given much attention to the application of the action research method in different organizational and social settings (Huse & Cummings, 1985; Lippitt et al., 1985; French & Bell, 1999; Burke, 2002; Beitler, 2003; and Burnes, 2004). Regarded by many organizational theorists and researchers as one of Lewin's significant contributions to the study and practice of organizational and social change, action research has become an important tool in assisting organizations and communities in their efforts to attain 'new desired

states' and greater effectiveness. In discussing Lewin's conception of action research and describing the individual, organizational and societal implications of the action research model, Burnes (2004) states:

> The theoretical foundations of Action Research lie in Gestalt psychology, which stresses that change can only successfully be achieved by helping individuals to reflect on and gain new insights into the totality of their situation...It is an iterative process whereby research leads to action and action leads to evaluation and further research...Action Research draws on Lewin's work on Field Theory to identify the forces that focus on the group to which the individual belongs. It also draws on Group Dynamics to understand why group members behave in the way they do when subjected to these forces...Action Research stresses that for change to be effective, it must take place at the group level, and must be a participative and collaborative process which involves all of those concerned (p.984).

Contemporary organizational researchers, theorists and practitioners have promoted the action research model as a proven method of evaluating the usefulness of change in different organizational settings. However, as Lippitt et al. (1985) have also pointed out, action research "is much more than a technology of evaluation, and it often occurs that 'the roles of researcher and subject may change and reverse, the subjects becoming the researchers and the researchers engaging in action steps' (p. 131)." Lippitt et al. (1985), in fact, go on to state:

> If it is considered to be a process, a continuous series of occurrences, action research may be defined as the systematic collection of research data about an ongoing system relative to some objective, goal, or need of that system: feeding these data back into the system; taking actions by altering the selected variables within the system based both on the data and on hypotheses; and evaluating the results by collecting more data and repeating the cycle (p. 132).

Because of its dynamic iterative, feedback and planning features (e.g., researcher and participant data collection, evaluation, engagement, and action), the action research model has been used to bring new meaning and vitality to static, and often stagnant, organizational settings in need of meaningful and necessary change. For example, in discussing the conceptual and practical aspects of the action research model, Huse and Cummings (1985) inform us that "action research is aimed both at helping a specific organization increase its effectiveness *and* at developing new knowledge that can be applied in other settings (p. 21)." Huse & Cummings further note that the "model has broad applicability and may be used in overorganized situations or modified to fit underorganized situations that are too loosely structured for traditional applications (p. 21)." To illustrate their point, Huse & Cummings discuss two cases involving successful action research projects conducted at notably different settings; a private boys' boarding school and an 'underorganized' community development organization in an urban ghetto.

In terms of providing a better procedural understanding, several contemporary researchers have informed us of the various prescriptive steps or techniques entailed in the practical application of the action research method (Huse & Cummings, 1985; French & Bell, 1999; Burke, 2002; and Beitler, 2003). Of those researchers, for instance, French and Bell (1999, p. 5) describe a seven step method for conducting action research as applied in organization development (OD) activities (e.g., preliminary diagnosis, data gathering, data feedback, data exploration, action planning, action taking and evaluation & assessment). Several researchers describe action research methods that are comprised of fewer steps but contain essentially the same or similar elements as articulated in the French and Bell model. For example, Lippitt et al. (1985, p. 132) and Burke (2002, p. 36) write about four-step action research models (e.g., (1) data collection or diagnosis, (2) data feedback, (3) data discussion and action planning, and (4) taking those steps or action) and Beitler (2003, p. 24) enumerates a six-step model (e.g., data gathering, data feedback, diagnosis, action planning, action taking/interventions, and evaluating).

Despite the slight differences in applied steps among these descriptions of the action research method, on the whole, these researchers provide a consistent description of a robust methodology that entails, at its core, a collaborative process of diagnosis and intervention. Equally important, in expanding on the collaborative elements of action research, French and Bell inform us of the learning elements of the method by writing that "action research yields both change and new knowledge; change occurs based on the actions taken, and new knowledge comes from examining the results of the actions (p. 5)…[and] action research is a method that combines *learning* and *doing*- learning about the dynamics of organizational change, and doing or implementing change efforts (p. 100)." Finally, as already noted, Lewin's action research method has become an important tool in assisting organizations and communities to attain greater effectiveness and in bringing new vitality to organizational and social settings in need of necessary change.

Three-Stage Model of Change

Certainly the earliest and one of the most influential models of organizational change is Lewin's 3-Step Model. The notion of the three stage model of the change process has been a key concept used in the study and practical application of organizational and social change from its very inception in the 1940s (Huse & Cummings, 1985; Lippitt et al., 1985; French & Bell, 1999; Burke, 2002; Beitler, 2003; Burnes, 2004). In fact, since that time, Lewin's three step method has not only been generally recognized by organizational researchers as *the* seminal model of planned change but it has also been the subject of subsequent extensive scholarly discourse, as well as the progenitor of subsequent theoretical expansions and conceptual models (Huse & Cummings, 1985; French & Bell, 1999; Burke, 2002; Burnes, 2004).

In his first published articulation of the three step method, Lewin (1951) laid out his thoughts and experiences in working with groups and argued that:

A change toward a higher level of group performance is frequently short lived;

after a "shot in the arm," group life soon returns to the previous level. This indicates that it does not suffice to define the objective of a planned change in group performance as the reaching of a different level. Permanency of the new level, or permanency for a desired period, should be included in the objective. A successful change includes therefore three aspects: unfreezing (if necessary) the present level $L1$, moving to the new level $L2$, and freezing group life on the new level. Since any level is determined by a force field, permanency implies that the new force field is made relatively secure against change (p. 229).

Beitler in his description of the three stage method, expands upon Lewin's notion of "permanency of the new level" and suggests that "in order to get the change to hold, there must be a supportive environment for the change...this means management must commit resources and reward desired behaviors; otherwise, the organizational members will slip back into their old, comfortable ways of doing things (Beitler, 2003, p. 14)." Furthermore, Burnes (2004, p. 985), in discussing Lewin's "key contribution to organizational change," points out that Lewin intended the three step model to be seen as an integral part of his planned approach to change that included his "other three elements...Field Theory, Group Dynamics and Action Research." Likewise, in drawing attention to Lewin's primary interest in "resolving social conflict through behavioural change," Burnes further tells us that Lewin identified two requirements for success:

(1) To analyse and understand how social groupings were formed, motivated and maintained. To do this, he developed both Field Theory and Group Dynamics.

(2) To change the behaviour of social groups. The primary methods he developed for achieving this were Action Research and the 3-Step model of change (p. 986)

Other organizational researchers have contributed additional insights to the literature by providing further analyses and descriptions of Lewin's three step method. For instance, Huse and Cummings (1985), in building upon Lewin's three stage process,

suggest that change requires movement from "one equilibrium point to another" and use the analogy of a man who wishes to stop smoking. Huse and Cummings write that the three stage model requires the smoker to first *unfreeze* the old smoking behavior (to believe it is bad for him, that he should stop), next to *move* (or change) to the new non-smoking behavior, and last to *refreeze* the non-smoking behavior (or new equilibrium point) by reinforcing it or "establishing a new field of forces to support the new behavior (p. 74)." Likewise, Burke (2002, p. 151) offers practical examples of specific organizational behaviors or actions that might be employed within each of Lewin's three steps. For example, Burke states that "the *unfreezing* step could be one of presenting data to organizational members that show a sizable gap between where they are and where they need to be to meet growing demands [e.g., slipping customer service]." Burke also cites other relevant organizational analogies such as: the implementation of action plans (i.e., changing work processes, improving information systems) in the *moving* step; and installation of a new reward system to reinforce desired behavior or restructuring parts of the organization and implementing new accountability and performance measures in the *refreezing* step (See, also, Huse & Cummings, 1985).

As noted earlier, by enumerating the three steps of his methodology, Lewin influenced a conceptual revolution of thinking about organizational change that has been expanded upon and enlarged over the years by many prominent theorists like Edgar Schein, Ronald Lippitt and associates, Warner Burke and George Litwin, William Bridges, John Kotter and others (See subsequent discussions on organizational change models in this literature review). On the other hand, during the 1980s, Lewin's three step model, as well as the other elements of his planned approach to change (e.g., Field Theory, Group Dynamics and Action Research), had "become unfashionable" and were criticized by some organizational researchers such as Rosabeth Moss Kanter, and Robert Quinn as overly simplistic and "no longer applicable" (Burnes, 2004, pp. 986 & 996). Nevertheless, over the last decade, Lewin's three step model of change and his other

planned approach to change work has gained renewed interest particularly with the "advent of the complexity perspective" and the "tributes and acknowledgements paid to him by major figures such as Chris Argryris and Edgar Schein" (Burnes, 2004, pp. 997-998).

Theories, Models, Approaches and Strategies Involved In Organizational Change

In this second subsection, I briefly discuss other major theories, models, approaches and strategies involved in implementing organizational change in the literature that might be viewed as part of Lewin's legacy. Building upon Lewin's approach to planned change, scholars have attempted to provide organizations and organizational development practitioners with various organizational change theories and models in order to increase understanding of change processes, as well as to provide useful frameworks to facilitate leaders' efforts to initiate and manage change. Among these meaningful frameworks are Beckhard and Harris' six phase large system change framework (Beckhard & Harris, 1977 & 1987; Burke, 1987), Burke-Litwin's organizational performance and change model (Burke, 1987 & 2002; French & Bell, 1999; Beitler, 2003), Bridges' three phase transition model (Bridges, 1991, 2003; Bridges & Mitchell, 2000; Burke, 2002), Michael Heifetz's seven stages of the change cycle theory/model (Heifetz, 1993), and Kotter's eight stage change process (Kotter, 1996). Likewise, other scholars and organizational consultants have developed various organizational change methods, approaches and strategies in similar attempts to further our understanding of change processes, as well as to assist change leaders and organizational development practitioners in implementing major change initiatives. Included in these methods and approaches are the participative change/management process (Burke, 1987; Beitler, 2003), the humane approach to managing change (Heifetz, 1993), the top-down unilateral decree or imposed change method (Burke, 1987; Heifetz, 1993), the transition management and planning method (Barger & Kirby, 1985; Burke, 1987; Schein, 1999; Bridges & Mitchell, 2000) and the incrementalist strategy of

managing change (Atwater & Atwater, 1994).

Organizational Change Theories and Models

 As a result of increasing internal and external demands (i.e., environmental and regulatory demands, technology advances, social and fiscal constraints, etc.) on organizations and executive managers in the late 1960s, the practice of organizational development began to change and shift. As the "complexity of tasks" increased along with the "need for new forms of organizing work and new organizational structures" and the "changing expectations and demands of users of the organization's products and services, so did the practice of organizational change (Beckhard & Harris, 1977, pp. 13-15). As an outgrowth of these changes in organizational life, there emerged an increased concern with the "management of change" and "a need for effective strategies for large-system change" (Beckhard & Harris, 1977). With the convergence of these emerging organizational demands and needs, the continued calls for "developing strategies for coping with these demands and managing for organizational survival as well as for growth" quickly became the new organizational mantra (Beckhard & Harris, 1977). Thus, a proliferation of organizational change theories and methods began to influence an entirely new breed of organizational theorists and leaders.

 Among the earlier change methods to gain attention, Beckhard and Harris' change process in a large complex institutional system made its debut in 1977 and was slightly modified in 1987. Following the Lewin tradition, Beckhard and Harris articulated six phases of a change process in a large system: (1) diagnosing the present condition, including the need for change; (2) setting goals and defining the new state or condition after the change; (3) defining the transition state between the present and the future; (4) developing strategies and action plans for managing this transition; (5) evaluating the change effort; and (6) stabilizing the new condition and establishing a balance between stability and flexibility (Beckhard & Harris, 1977 & 1987 and Burke, 1987). Beckhard and Harris contended that a good diagnosis of conditions, a detailed picture of a desired

end state and an accurate picture of the present were prerequisites for action planning and change strategy (1977, p. 17). Essentially, Beckhard and Harris' *transition management* process is about conducting planning activities (i.e., a road map for the change effort) and involves determining where to intervene, choosing "transition technologies" (e.g., pilot programs, educational interventions, confrontation meetings, etc.), and "creating transition management structures" that ensure "getting from the present to the future, the transition state" (Burke, 2002).

Another example of an earlier change model is the Burke and Litwin *Organizational Performance and Change Model* that evolved from organizational climate studies conducted by George Litwin in the late 1960s and refined in the late 1970s and 1980s by Litwin and Warner Burke in their collaborative consulting work with Citibank and British Airways (Carr, Hard & Trahant, 1996; French & Bell, 1999; and Burke, 2002). Influenced by Lewin's earlier ideas about change, as well as the then contemporary thinking of James McGregor Burns about transactional and transformational leadership (Burke, 2002, p. 201), Burke and Litwin's empirically based model "facilitates an understanding of why change is necessary in the client organization and in what specific areas that change must take place" (Carr et al., 1996, p. 146). Burke and Litwin proposed that organizational "interventions directed toward leadership, mission and strategy, and organization culture produce *transformational change* or fundamental change in the organization's *culture*...Interventions directed toward management practices, structure, and systems produce *transactional change* or change in organizational *climate*" (French & Bell, 1999, p. 78). Moreover, Carr et al. (1996, pp. 146-147) inform us that Burke and Litwin's "transformational elements are concerned primarily with the change itself...with the communication of a vision of the future [and their] transactional elements focus primarily on the process of change...agreeing on expectations (as well as a system of rewards and sanctions for degrees of compliance with the expectations)." As a result, through their intricately detailed model (See, for

example, Burke, p. 199, Carr et al., p. 147, and French & Bell, pp. 77-79), Burke and

Litwin lay out a highly inter-related system of transactional (*first-order change*) and

transformational (*second-order change*) factors that can successfully guide organizational

leaders in targeting their intervention efforts toward those factors that will produce

desired change.

Michael Heifetz (1993) developed a more recent change model, the *Change*

Cycle, which proposed an underlying structure found in all change processes and which

consisted of seven stages: (1) choosing the target; (2) setting goals; (3) initiating action;

(4) making connections; (5) rebalancing to accommodate the change; (6) consolidating

the learning; and (7) moving to the next cycle. Heifetz suggests that using the seven-stage

Change Cycle helps in: clarifying an organization's issues, tasks, and roles; and showing

the issues needing to be faced and defining completion points for each stage. Heifetz

further argues that the "purpose and value of the process is to promote understanding of

the sequence of events typical of any change effort, and to minimize the inevitable

surprises along the way"(Heifetz, 1993, p.19). Additionally, Heifetz supports his model

by providing extensive descriptions of two case studies involving successful use of the

Change Cycle through all seven stages (e.g., the turnaround of Cunningham Aviation and

the State Department of Human and Health Services' implementation of a new

computerized records system).

Heifetz also examined two other case studies (Iowa Tractor and Farm Equipment-

method for constructing major vehicle components, and Pacific Market Research-

initiation of a quality control program) involving use of the *Change Cycle* through stage

four. Lastly, Heifetz identified eight fundamental physical energies that he argues not

only permeate the world but play vital roles in the *Change Cycle* by: defining the

dominant state of being for each stage of the cycle; and influencing the creative process

which, in turn, is critical for overcoming barriers (e.g., resistance) and producing

movement in the desired direction (Heifetz, 1993, p. 167-169). These energies or forces

include: (1) allowance; (2) will; (3) capability; (4) connectedness; (5) harmony; (6) evolution; and (7) transition or chaos.

A recent change model that has received wide acclaim and application in the business world is Bridges' *Three Phases of Transition* which was first published in 1991 and later updated in 2003. Firmly grounded in the earlier Lewin tradition and influenced by the transition management approach of Beckhard and Harris, Bridges (1991 and 2003) articulated a model with three basic phases:

1. Letting go of the old ways and the old identity people had. This first phase of transition is an ending, and the time when you need to help people deal with their losses.

2. Going through an in-between time when the old is gone but the new isn't fully operational. We call this time the "neutral zone": it's when the critical psychological realignments and repatternings take place.

3. Coming out of the transition and making a new beginning. This is when people develop the new identity, experience the new energy, and discover the new sense of purpose that make the change begin to work. (p. 4-5).

According to Burke (2002, p. 154), Bridges "emphasized the need for people to achieve some closure about the past and to celebrate what was good about it" (*endings, letting go*), and described the *neutral zone* as a "state of limbo and emotional disconnection...ambiguous and often anxiety provoking." Burke (2002, pp. 154-155) further suggested that the *new beginning* is a "time when organizational members start to focus on new goals and priorities, begin to try the requisite new behaviors, and are psychologically prepared to move ahead." Likewise, Bridges and Mitchell (2000, pp. 35-36) point out that in *saying goodbye*, people have to let go of the "way that they themselves- used to be," and spending time in the *neutral zone* "is not wasted, for that is where the creativity and energy of transition are found, and the real transformation takes place." At the same time, Bridges and Mitchell (2000, p. 38) also caution that in the *new*

beginning, people need to "begin behaving in a new way, and that can be disconcerting-it puts one's sense of competence and value at risk."

Finally, another recent change model or process that has also gained considerable notoriety and wide spread use in both the private and public sectors is Kotter's (1996) *Eight Stage Process of Creating Major Change*. Similar in content to the step-by-step or phase approaches developed by Beckhard and Harris (1977) and Heifetz (1993), Kotter's change process first offers explanations for eight of the most common change errors and then provides a robust series of eight stages or steps designed for practical hands-on application. Based on his extensive analysis of change initiatives since the early 1980s, Kotter (1996, pp. 4-14)) offered the following descriptions of the eight most common errors made in these kinds of initiatives: (a) error #1- allowing too much complacency; (b) error #2- failing to create a sufficiently powerful guiding coalition; (c) error #3- underestimating the power of vision; (d) error #4- undercommunicating the vision by a factor of 10; (e) error #5- permitting obstacles to block the new vision; (f) error #6- failing to create short-term wins; (g) error #7- declaring victory too soon; and (h) error #8- neglecting to anchor changes firmly in the corporate culture. Building upon those common errors, Kotter (1996, p. 20) developed a change process of eight stages or steps "each of which is associated with one of the eight fundamental errors that undermine transformation efforts." The steps, in their most essential form, include:
(1) establishing a sense of urgency; (2) creating the guiding coalition; (3) developing a vision and strategy; (4) communicating the vision; (5) empowering broad-based action; (6) generating short-term wins; (7) consolidating gains and producing more change; and (8) anchoring new approaches in the culture.

Organizational Change Methods, Approaches and Strategies

As noted earlier, some of the literature has focused on methods, approaches and strategies that serve as tools for organizational leaders and organizational development practitioners in their efforts to implement major change initiatives. *Participative change,*

often referred to as participative management, is a method that emerged from one of the most important foundations of organization development, the participation/empowerment model (French & Bell, 1999). French & Bell state that "increased participation and empowerment have always been central goals and fundamental values of the field [of organization development]" (1999, p. 87). Beitler (2003, pp. 11, 17), in his ten foundational concepts underlying effective organizational change practice, describes participative management as "participation and involvement of employees at every level of the organization" and notes that they are "critical for organizations to develop and maintain a competitive advantage." Another organizational development theorist, Likert (1967), best known for his 5-point scale and later known for contributing his four system model of management approaches, described his participative management system as "decisions involving policy and affecting large numbers of people are made in groups by consensus" (Burke, 2002, p. 161; See also Huse & Cummings, 1985). Moreover, Burke, in citing earlier case studies (i.e., Harwood Manufacturing- late 1940s) and discussing participative management and managers' occasional fears of change attendant to a *participative approach*, advises that "participative communication and choice of an appropriate level of participative decision making and implementation are the key issues in successful implementation of change" (1987, p. 55). Hence, these authors, in the main, suggest that participative change entails engaging the people who will eventually implement and make the change work and requires actively involving them in the decision-making, communicating and problem-solving associated with the implementation of the change effort (See also Huse & Cummings, 1985, pp. 146-147).

Heifetz (1993, p. 147) explored the value of a *humane approach* to change and argued that such an approach "engages people's will more or less voluntarily" in contrast to imposed change which "often opposes people's will." Heifetz describes the *humane approach* to change as one in which the value of other people is kept in mind when means are considered. In other words, "humane means that we manage our own actions,

according to a sense of responsibility to others as human beings like ourselves" (Heifetz, p. 147). Heifetz supports the notion that by treating people humanely during change initiatives, positive conditions are created whereby "commitment and internal will to accomplish one purpose" are built along side the "receptivity for pursuing other goals in the future" (1999, pp. 146-147). However, Heifetz cautions that the success of a *humane approach* to change depends upon people believing in what they are attempting to do, committing their free will to the change process or objective, and applying their will and capability to the challenges they will encounter. Lastly, Heifetz submits that under most circumstances, more can be accomplished through the application of humane methods than through the imposition of change by external force.

Another method of implementing organizational change, the *top-down unilateral decree* or *imposed change* is provided by Burke (1987) and Heifetz (1993). Burke (1987, p. 53) informs us that *top-down unilateral decree* is still the most frequently used method for making change in an organization and is best suited in times of crisis or when there is little time for argument or discussion. Burke (1987, p. 54) further states that this approach requires an accepted source of authority and cites the military and the "tough American manager" as cases in which the *top-down decree* for introducing change is appropriate and an "intrinsically valued and expected mode." However, Burke also suggests that despite its utilitarian appeal, the *top-down* autocratic method is 'dysfunctional in other circumstances' or in organizations where more participative structures and methods are prevalent.

Additionally, in his description of *imposed change*, Heifetz (1993, p. 122) refers to such methods interchangeably as the directed change process, externally driven change, or forced change. Heifetz (p. 125) points out that imposing change can result in considerable difficulties and practical problems (i.e., sustaining changes and changed behaviors) when coercive steps are taken with those who don't share management's commitment. However, Heifetz (pp. 126-127) also argues that "unwanted change" (e.g.,

new inventory control system) can be made to stick if management "can sustain its emphasis on implementation and full use of the new system long enough" for employees "to recognize its benefits, and eventually to accept it." Heifetz (p. 132) concludes that the negatives of *imposed change* are only offset if the "change is important enough" and if management believes in it enough and is willing to "shoulder the burden of being the external driving force until others take up the banner."

Over the past thirty years, several organizational researchers/consultants have extensively examined and contributed varying yet similar approaches to *transition management and planning* to the growing body of organizational change literature (Beckhard & Harris, 1977 & 1987; Burke, 1987; Barger & Kirby, 1995; and Bridges & Mitchell, 2000). As noted earlier, Beckard and Harris (1977 & 1987), in their six phases of a change process, promoted the notion of developing strategies and plans for managing transition while proceeding through those phases of large system change. According to Burke (1987, p. 306), Beckhard and Harris identified several important issues to be considered during *transition management*: determining the degree of choice about whether to change (i.e., examining intensity of forces pushing for change); determining what needs changing (i.e., culture, mission, goals, structure, procedures, etc.); determining where to intervene (i.e., list of alternatives provided); and choosing intervention technologies (i.e., major alternatives explored). In further articulating their ideas on *transition management*, Beckhard and Harris (1977, p. 51) argued for the development of a "road map for the change effort" or a process plan "once the desired change objectives have been clarified and the present state of affairs made clear." The authors also argued (pp. 51-52) that an effective process plan should incorporate time tables (e.g., when moves take place, meetings held, new structure starts, etc.) and have certain important characteristics (i.e., purposeful, task-specific, integrated, temporal, adaptable, agreed to and cost-effective). The authors further noted (1977 & 1988) that devising a commitment plan is vital to the success of a change effort and should include

the following action steps: (1) identify target individuals or groups whose commitment is needed; (2) define the 'critical mass' needed to ensure the effectiveness of the change; (3) develop a plan for getting the commitment from the critical mass; and (4) develop a monitoring system to assess the progress.

Next, in their discussion of strategies for preparing for organizational change, Barger and Kirby (1995, p. 109-111) talk about developing a *transition plan* and "designing the transition period" to include such measures as using task forces for brainstorming and presenting all possible impacts and interactions of the proposed changes, as well as creating information flow activities that create circulation and movement and stimulate information exchange. Lastly, Bridges and Mitchell (2000) advance a method for managing transition that 'transition advisers' can utilize in helping organizational leaders to lead change. In their seven step method, Bridges and Mitchell (2000, pp. 42-43) state that 'advisers' must help leaders with the following essential steps: (1) learn to describe the change and why it must happen and do so succinctly; (2) ensure that the details of the change are planned carefully and that someone is responsible for each detail, timeline and communications plan; (3) understand who is going to have to let go of what, what is ending, and what people should let go of; (4) make sure that steps are taken to help people let go of the past; (5) help people through the neutral zone with communication emphasizing connections with and concern for the followers; (6) create temporary solutions to problems and the high levels of uncertainty found in the neutral zone; and (7) help people launch the new beginning by articulating the new attitudes and behaviors needed and then modeling, providing practice, and rewarding those behaviors.

Finally, various *incrementalist strategies* for managing organizational change have emerged over the past twenty years in response to the growing need for implementing change strategies that are "less dramatic, incremental, and evolutionary in nature" (Beitler, 2003, p. 16) than other "radical transformations in organizations" (Atwater & Atwater, 1994). Also referred to as first-order or *incremental change*

(Gallager, Joseph and Park, 2002; Beitler, 2003), these strategies are intended "to help the organization do differently what it has always done" (Gallagher et al., 2002), "should be occurring on a continual basis" (Beitler, 2003), and "apply when the organization's methods basically fit its current and predicted environment and only minor adjustments are needed" (Atwater & Atwater, 1994). In other words, *incrementalist strategies* are slower, smaller, and non-radical/transactional changes that can be applied independently (i.e., situations not threatening to the organization's viability) or as a supplement "after the dramatic, large-scale, second-order changes have been successfully implemented" (Beitler, 2003). Beitler (2003), for instance, points out that interventions to reduce intergroup conflict or to build cross-functional teams are examples of first-order, incremental changes. Likewise, Gallagher et al. (2002) state that improvements in present policies or increased efficiencies through new procedures are other examples of first-order or incremental changes.

Summarization of Organizational Change Methods, Approaches and Strategies. As noted in the earlier discussion of the various change theories and models, the above cited change methods, approaches and strategies possess foundational connections to Lewin's approach to planned change and, specifically, his action research model. Indeed, Burke (1987) attributed the emergence of the theoretical basis of *participative management* to Coch and French's late 1940s action research study at Harwood Manufacturing. Likewise, as earlier noted, Burnes (2004) advised us that the action research model not only stresses the importance of the *participative* and collaborative aspects of planned change but it also helps individuals to gain new insights into the totality of their situation. In the same way, French and Bell (1999) earlier informed us of the significance of the learning elements (e.g., *learning* and *doing*) and the benefits (i.e., resultant changes and new knowledge) of action research. Equally important, Huse and Cummings (1985), offered that the conceptual and practical aspects of action research aid organizations in increasing their effectiveness and in developing new knowledge that can be broadly

applied in other settings. Hence, the authors suggest that, with the possible exception of the *imposed change* method, when viewed from an integrated and holistic perspective, the above cited approaches and strategies for implementing organizational change (*participative, humane* and *transition management* methods) embody the conceptual and practical aspects of Lewin's action research model. In other words, due to their participatory, collaborative and action-oriented approaches to learning and implementing change, the *participative, humane,* and *transition management* strategies are clearly related to and are contemporary expressions of Lewin's passionate belief in and commitment to the application and permeation of democratic values and principles in organizational *field work* and, ultimately, in resolving social conflict.

Empirical Studies and Theories, Models and Frameworks Used in Organizational

Change

Several important studies in the literature have popularized and focused researchers' attention on various theories, models and effective frameworks that have been successfully used in the practice of organizational change. In this last subsection, I will critique and attempt to synthesize several of these recent empirical studies which include Wright and Thompsen's (1997) "Building the People's Capacity for Change," Armenakis, Harris and Field's (1999) "Making Change Permanent: A Model for Institutionalizing Change Interventions," Woodward and Hendry's (2004) "Leading and Coping with Change," and Bruch, Gerber and Maier's (2005) "Strategic Change Decisions: Doing the Right Change Right." Through the review of these empirical studies and other studies found later in this dissertation, I intend to establish a foundation for conceptualizing some 'lessons learned' and 'best practices' of successful leadership in the implementation and management of organizational change.

Wright and Thompsen's (1997) *Building the People's Capacity for Change* was one of a few studies that helped focus attention on the federal government and the Clinton Administration's 'reinventing government review' of the early 1990s. Wright and

Thompsen's (1997) case study of the Environmental Protection Agency's (EPA) human resources quality alignment project examined individual employee capacity for change along a three-stage model or continuum of transitions from inactivity or reactivity to situations of proactivity or coactivity. Conducted by quality action teams (QATs) of 8 to 15 members, the study also incorporated the use of a four-stage model of the desired change process (e.g., visioning, planning, installing and anchoring) as a means to put the work of the QATs into a behavioural and organization change context. The study also presented several recommendations which included: streamlining & reducing position descriptions, implementing a training curriculum promoting traits of a model manager, and focusing the performance management process on feedback, coaching and people development.

Furthermore, the researchers identified a number of key lessons to draw upon and apply to future change efforts which included the criticality and necessity of : (1) a shared vision of the project's outcome; (2) support in the form of leadership, resources and time: (3) QAT members having opportunity for collegial reflection rather than mere reaction to problems; (4) QATs and work teams given ample time for the process; (5) comprehensive front-end planning; (6) QATs led by informed and empowered leaders who inspire performance; (7) customer input and clarity regarding customer needs; and (8) clear commitment to full participation by QAT members. Moreover, the researchers argued that a "practical framework can be adopted to engage the people's capacity for change" and that process should include the following elements: the establishment of a legitimate case for change with measurable parameters of both the current and desired future state, a realistic calibration of the degree or slope of the change required, and the urgency of the required change must be compared with an assessment of the organization's current capacity for change (Wright & Thompsen, p. 40). Lastly, the authors suggested that applying this framework with a tool kit approach (using the assessment, process and measurement tools described above) "can build the people's

capacity for change from a sound foundation of mutual trust and respect" (Wright & Thompsen, p. 40).

A second in-depth study related to this dissertation conducted by Armenakis et al. (1999) provides meaningful insight into some successful practices of planned organizational change at such noteworthy worldwide private sector companies as Whirlpool, Allied-Signal, Merck, GE, GM, Ford, Chrysler and Xerox. The researchers looked at these major corporations in an attempt to develop an integrative model of the process of institutionalization (or *freezing*) of planned organizational change that a change agent can use as a guide to diagnose and modify change efforts. Based on their extensive research and building off Lewin's stages of change and Bandura's social learning theory (1986), Armenakis et al. proposed a model comprising the following constructs: the three generic stages of change, the change message and its components, commitment, the attributes of the change agent and the organizational membership, reinforcing strategies, institutionalization and assessment. Additionally, the researchers identified the following seven influence strategies to augment the reinforcing strategies construct: active participation, persuasive communication, management of internal/external information, human resource management practices, formalization activities, diffusion practices and rites & ceremonies. Through their in-depth discussion and analysis of those influence strategies, the authors provide sound advice to change agents while adding considerable depth and breadth to the quality and practical applicability of their model.

In their discussion of the attributes of the change agent and organizational membership, they suggested that the single most important attribute a change agent should possess is credibility and that listening to organizational members, even those "not sold on the change, can result in a better mutual understanding of the concerns" (p. 105) associated with change. Likewise, the researchers argued that organizational commitment to change efforts can be "generated throughout the organization by peers serving as role

models and providing social support and becoming horizontal change agents" (p. 105).

Furthermore, in their discussion of various institutionalizing or reinforcing strategies, the

researchers cited *participative decision making* as an effective method to change

cognitions and behaviors including: enhancement of members' psychological ownership

of the changes, self-discovery of a clearer understanding of the problems and issues

confronting their organizations, feelings of efficacy for the changes and confidence in

their ability to meet goals they participated in setting (p. 108).

In addition, Armenakis et al. revealed two symbolically meaningful illustrations

of *persuasive communication strategies* employed by Whirlpool and GM in

communicating the change messages that led to the successful launching of their major

change and restructuring initiatives during the late 1980s and early 1990s. Moreover, in

describing how human resource management practices can be effectively used in the

institutionalization process, the authors (pp. 112 -116) cited a number of exemplary

practices including: selection activities (i.e., hiring and promoting individuals with values

matching those represented in the organization's changed state), performance appraisal

(i.e., including change criteria in appraisal systems), compensation (i.e., tying

compensation to the goals of the change effort and collapsing pay grades into a few wide

bands), and training & development (i.e., focused training programs to institutionalize

new behaviors linked to the organizational change). Furthermore, in discussing efforts to

establish organizational dialogues for spreading change adoption within an organization,

the researchers pointed out several proven diffusion practices such as: pilot innovation

programs, respected peer presentations (e.g., GE's successful Exchange of Best Practices

program), and parallel learning structures (PLS) or transition teams (e.g., Chrysler's

activity-based costing PLS). The researchers found that "because of the organizational

responses (e.g., mergers and acquisitions, reengineering, downsizing) to external

environmental changes, employees are finding less reason to be committed to their

employer than to some professional or trade organization" (p. 123). Likewise, the

researchers also found that change agents: should develop and periodically assess commitment; must be credible for institutionalization to occur; and should be able to identify the opinion leaders and to anticipate their assessment of and reaction to the change. The researchers conclude that human resource practices should be linked to and demonstrate support for the change effort (e.g., change criteria included in performance appraisal programs, multisource/360 degree feedback programs, and compensation packages).

A third influential study by Woodward and Hendry (2004) provides a more recent examination of change management efforts within the UK financial services sector over the past two decades of extensive regulatory and structural change. Woodward and Hendry's *leading and coping with change framework* identifies a number of skills and competencies for employees and senior managers alike that are crucial for coping with and leading and managing change. Somewhat similar to the data collection methods used in this dissertation, the researchers undertook two surveys consisting of senior management personnel respondents (from 30 firms) responsible for leading organizational change, on the one hand, and 198 employee respondents (including managers) who executed and/or experienced change, on the other hand. The survey's employee respondents specified the following skills and competencies as helpful in coping with change: communicating with others holding different perspectives, organizing work and managing time effectively, assimilating and interpreting information, dealing with people, and innovative problem solving.

Likewise, the survey's managerial respondents suggested that the following personal skills or competencies were key to performing well in a constantly changing environment: commitment to change, an understanding of the changing situation, and an ability to 'fit' the changed environment. Additionally, the survey found that employees saw the following as categorical barriers to coping with change (or ways that change leaders make it hard for employees to adapt to change): communicating, the change

process itself, relationships, consultation, skills and experience, and motivation for change. In contrast, senior managers identified the following as competencies helpful in enabling employees to cope with change: strong leadership, clarity of purpose/mission coupled with generating enthusiasm, involving employees, and communicating well. Moreover, the researchers argued that their *leading and coping with change framework* emphasizes the following key features: as new directions are created, employees assess how these affect them; employees continually assess management support, credibility and competence in helping them to adapt; and providing support for employees to learn new competencies through training or coaching enhances their sense of autonomy and control. Essentially, the study found that change leaders "need to become better aware of the part they play in the change management process" (p. 175) through workshops engaging them in confronting their own assumptions about leading change and what change means for their employees. The researchers conclude that: questionnaires could be developed and used to assess employees' needs (i.e., skills and competencies to adapt and cope with change) and fed into performance management systems; and action learning teams can be used for engaging leaders in critically reflecting on practice, collaboratively dialoguing, and helping them deal with problems.

Finally, a fourth influential study by Bruch, Gerber and Maier (2005) provides insights into another recent example of a successful strategic change program, Deutsche Luftansa Group's D-Check change program, run during turbulent times for the international aviation industry (2001 to 2004). In fact, the study's findings also includes 10 years of research in multi-global companies, as well as Deutsche Lufthansa AG's multi-year (1991-2004) series of major change initiatives (e.g., 'Programm 90', 'Programm 15', 'Operational Excellence', and 'D-Check- Maintaining Leadership' program. Specifically, in this significant case study, the authors examine the impact of leadership and management decisions and other critical factors involved in the implementation of successful strategic change. The authors argue that underlying the

primary leadership issue in strategic change- deciding, at the onset of the process, what change would be right- there are a number of critical factors that need to be addressed.

Among those critical factors (pp. 99-101) requiring concerted attention in leadership decisions are: designing the right change for the company's situation (i.e., the change has been tailored to the company and its particular business situation), focusing the change agenda (i.e., companies must systematically define what the focal points of the change will and will not entail), doing only what you can really commit to (i.e., top management must ask itself what can be credibly committed to, implemented, and supported authentically), and doing what is right for the company's culture and energy (i.e., traditions, norms and shared values within a company must be included during deliberations regarding the change program selection). The authors also argue that management must, in doing change right, make decisions that ensure the successful and permanent implementation of the change. They also cite (pp. 101-105) the following critical factors that need to be given special attention in management decisions: creating acceptance (i.e., well thought-out acceptance management that integrates everyone in a way that promotes commitment), managing attention (i.e., effective branding of the change process, in-depth top management communication, and regular monitoring), involving the right people (i.e., having the right people to sell, implement, and drive the program from start to finish), and maintaining momentum and sustainable change effects (i.e., a large number of visible activities, strategic revitalization and refocus of the change, and integrating change results into existing company systems). The authors found that Deutsche Luftansa used a survey halfway through the program and a comprehensive academic study on the efficacy of the D-Check program, as well as other measures (including a year-end bonus) in order to maintain the momentum and ensure long-term impact of its D-Check program. Additionally, the authors found growing evidence that Human Resources "can make significant contributions toward organizational development and strategy by appropriately placing and managing human

capital" (p. 105). The authors conclude that "change processes require a series of key decisions" that must be made in the right sequence (i.e., leadership decisions should be made before management decisions) and "managers must orient their decisions toward critical factors for success in change processes" (p. 106).

Summarization of Empirical Studies, Theories, Models and Frameworks. The findings from Wright and Thompsen's, Armenakis et al.'s, Woodward and Hendry's, and Bruch et al.'s studies have enhanced our understanding of the successful practice of organizational change in domestic and worldwide organizations in mostly private companies and one government entity. The researchers' findings also provide us with a preliminary framework for conceptualizing and organizing some valuable 'lessons learned' or 'best practices' of successful leadership in the implementation and management of organizational change. For instance, Wright and Thompsen, Armenakis et al., and Woodward and Hendry describe similar mechanisms or opportunities that enable change leaders to effectively reflect upon and collaboratively dialogue about their ongoing practice of strategic change management. Likewise, Armenakis et al., Woodward and Hendry, and Bruch et al. similarly cite the critical importance of leaders' credibility and commitment to their organizational change initiatives and to their employees' success in coping with and adapting to the change. Further, Woodward and Hendry and Bruch et al. conjointly point out that employee surveys and questionnaires are important tools for leaders to use in assessing employee needs and maintaining the momentum of the change effort. Equally important, Wright and Thompsen, Armenakis et al., and Bruch et al. similarly articulate the significance of an active Human Resources function, engaged HR managers and focused HRM practices and processes in supporting and contributing to successful change efforts (e.g., aligned recruitment, performance management, compensation and training systems). Thus, given these findings (and others to follow in this dissertation), I intend to establish a solid foundation for further organizing and presenting additional 'lessons learned' and 'best practices' in the implementation and

management of organizational change.

<div style="text-align:center">The Literature on Organizational Downsizing</div>

In this section, I discuss the development of the organizational change intervention of downsizing in the literature and elaborate on the relevant concepts discussed within the 'background to the study' section. Although downsizing is a relatively recent phenomenon, the amount of literature on the topic is abundant. Hence, the major purpose of this section will be to distill an extensive literature. This section will be divided into four subsections; they will be: (a) the emergence of organizational downsizing as an organizational change intervention, (b) the definition of organizational downsizing; (c) approaches to implementing organizational downsizing; and (d) studies that illuminate the organizational downsizing intervention. As will be discussed later in the definition subsection, I will draw attention to the broader meanings of organization downsizing in order to establish the suitability of the concept for this particular study.

The Emergence of Organizational Downsizing as a Change Intervention

In this subsection, I will discuss the origins of organizational downsizing and how the downsizing concept has emerged as a useful means for understanding organizations undergoing major change and transformation (Lippitt & Lippitt, 1984; Gutknecht, 1988; Buch & Aldridge, 1990; Rice & Dreilinger, 1991; Brockner, 1992; Noer, 1993; Applebaum, Close & Klasa, 1999; Burke & Cooper, 2000). Applebaum, Close and Klasa (1999), in their case studies of successful downsizings at two private companies (Compaq Computer and Patagonia) and a public organization (the State of Oregon), state that "downsizing, re-engineering and re-structuring have been studied in recent organizational literature on corporate change as a means to improve organizational efficiency through organizational change" (p. 424). These researchers also speculate that environmental factors such as "an uncertain economic climate and emerging global marketplace...have caused organizations to reevaluate how they function" (p. 424). Indeed, these researchers inform us that "organizations are striving to reduce costs and improve efficiency" (p.

424). Likewise, Burke & Cooper (2000) talk about how, in the 1980s and early 1990s, the "sustained recession, together with the privatizing mentality with regards to the public sector, laid the groundwork for potentially the most profound changes in the workplace since the Industrial Revolution" (p.4). Moreover, Lippitt and Lippitt (1984) highlight the fact that "not only do successful managers have to cope with limited resources, they also have to handle the human ramifications of budget restrictions and cutbacks" (p. 15).

In their presentation of a humane approach to downsizing, Lippitt and Lippitt (1984) argued that "coping with limited resources in today's economy requires organizational downsizing" (p. 15). They noted that leaders' reactions to demands for downsizing can be categorized into two types of responses: "reactive" or "pro-active postures" (pp. 16-17). The authors described reactive postures as those that assume that a "solution lies in cutting back on quantity or quality of service or product- with little regard for human resources." They also argued that pro-active postures in the form of "pro-active renewal "can be achieved by constructive downsizing- adjusting to circumstances by becoming smaller (thus functioning with less) while maintaining a high level of humaneness" (p. 18). With this in mind, they identified (pp. 16-18) the following steps entailed in humane downsizing: (1) explaining the rationale for change (i.e., clearly as possible and providing opportunities for those affected to discuss all implications and results); (2) participating in planning change (e.g., all involved taking part in assessing the way things are and the way things might be); (3) participating in projecting alternative scenarios (i.e., all affected discussing ways in which necessary change should be brought about); (4) clarifying values we need to retain (e.g., basic values that constitute the strengths, traditions, and identity of the downsizing organization); and (5) articulating ambivalence (e.g., open expressions of concerns, anxieties, fears, hopes, wishes and expectations). Lastly, Lippitt and Lippitt (pp. 19-21) cited the case of a manufacturer of military equipment used in the Vietnam War as an example of a company that responded pro-actively and humanely to an abrupt phase out of its core business activity. Facing an

immediate need of a 33% cut in personnel, budget and facilities, the company leaders averted an across the board cut and made the following pro-active moves: (1) formed task forces from different departments charged with determining where downsizing could be expeditiously and painlessly effectuated; (2) introduced career and life-goals planning sessions for its at-risk executives; (3) helped line-managers tackle the problem by training them in the 'arts of doing without' and teaching them how to plan downsizing and regaining stabilization; and (4) explored cooperative lend-lease opportunities and struck a deal to lease specialized machines to a local manufacturer.

During the same time (i.e., the early 1980s), as organizational leaders collectively refined their reactions and approaches to wave after wave of downsizing, employers and employees alike began to acknowledge the alteration of and departure from the long-standing psychological contract between employer and employee. Along with this apparent breach of the psychological contract and the notion of "hard work and loyal service for fair treatment and a sense of security," there emerged a variety of "dysfunctional consequences for the survivors of downsizing" (Buch and Aldridge, 1990). To this end, Buch and Aldridge (1990) identified a variety of psychological and behavioral effects associated with corporate downsizing and the managerial challenges they present. Like many other authors at that time who addressed the issue of 'survivor syndrome' in the downsizing literature, Buch and Aldridge stressed the deleterious effects of role ambiguity, overload, increased role expectations, diminished career expectations, role conflict, role confusion and job insecurity upon downsizing survivors (p. 33). Furthermore, they proposed a number of remedial interventions for consideration and implementation by organizations undergoing downsizing. Consequently, they presented the following proposed interventions: HRM (e.g., special stress management sessions, career planning and development activities such as job rotation, sharing and enrichment, etc.), technostructural (e.g., collateral structures- enabling change management and innovation without disrupting formal structures- and employee

involvement programs- quality circles, labor-management committees, etc.), strategic (e.g., culture change efforts- creating vision statements, communicating the new vision and building commitment to the new vision and culture), and human process interventions (e.g., team building activities- focusing on communication and trust- and role analysis technique- helping teams clarify group members' role expectations and requirements) (Buch and Aldridge, 1990, pp. 33-36).

Equally important, Brockner (1992) examined how managers can help downsizing survivors cope with negative changes in the workplace and encourage them to focus on the positive changes in the workplace. Brockner (1992, p. 10) emphasized that the general finding "from numerous studies is that survivors react more favorably to the extent that they believe that the layoff is fair." As a result, he laid out a series of managerial action steps (categorized as *before, during* and *after the layoff*) to elicit positive reactions among survivors (pp. 17-26). Concerning *before the layoff* action steps, he listed: (1) evaluate the relationship between the layoff and corporate strategy and culture (i.e., layoffs should be a logical consequence of corporate strategy); (2) provide ample advance notice so that victims of the layoff can exit gracefully and survivors' morale can be preserved; (3) identify key people (i.e., star performers and opinion leaders) and solicit their commitment to the new organization (e.g., tell them exactly what their role will be and how important it is to the success of the effort); and (4) prepare supervisors and managers for the layoffs (i.e., establish committees to develop plans of action and rehearsing or role-playing activities). Regarding *during the layoff* action steps, he mentioned: (1) give full information (e.g., concrete details about the immediate future and what they can expect from the organization over time); (2) over-communicate (i.e, important information should be communicated more than once and in different ways, use in-house TV networks or newsletters); (3) provide assistance (e.g., severance pay, outplacement counseling, and temporarily enhanced Employee Assistance Programs); (4) treat victims and survivors with dignity and respect (i.e., combine tangible

forms of caretaking- like severance pay- with intangible forms- humane and dignified treatment of victims and survivors); (5) increase managerial accessibility (e.g., increased rather than decreased accessibility of management at all levels); and (6) use ceremony to facilitate the transition (e.g., people taking time to recognize their changed world and acknowledging their grief, anxiety, and guilt). Lastly, he cited the following *after the layoff* action steps: (1) soliciting employee input (i.e., survivors given opportunities to play active roles in shaping the post-layoff work environment and in decisions affecting them in the aftermath); (2) rightsizing (i.e., evaluating whether survivors' tasks are appropriate to the new strategy and eliminating aspects of the workload no longer deemed necessary); (3) job enrichment (i.e., creative ways to make the work more interesting) and training supervisors to handle their new responsibilities; and (4) make certain that survivors recognize new opportunities that may be different from those that existed previously (e.g., methods to enhance one's career prospects).

Definitions of Organizational Downsizing

Since the early 1980s, researchers and practitioners have discussed the definition of organizational downsizing throughout the literature. Even though many definitions exist, a few of them are quoted frequently in the literature and also are appropriate for this discussion and are quoted frequently in the literature. First, Applebaum, Everard and Hung (1999) refer to downsizing as:

> The systematic reduction of a workforce through an intentionally instituted set of activities by which organizations aim to improve efficiency and performance...as a result, the firm's costs, processes and workforce are affected" (Applebaum et al. 1999, p. 536).

Next, Cameron (1994) defines organizational downsizing as:

> A set of activities, undertaken on the part of the management of an organization and designed to improve organizational efficiency, productivity, and/or competitiveness...it represents a strategy implemented by managers that affects

(a) the size of the firm's workforce, (b) the costs, and (c) the work processes. (p. 192)

Cameron (1994) also argues that downsizing is much more than an efficiency-focused, cost containment strategy. In fact, he goes on to redefine downsizing as:

A way of life, as an ongoing process, as a basis for continuous improvement, rather than as a program or a target. Downsizing is also equated with simplification of all aspects of the organization- the entire system- including suppliers, and rules and regulations. Instead of being the first target for elimination, employees are defined as resources to help generate and implement downsizing ideas (p. 199).

Finally, Jones (1998, p. 25) contributes to the ongoing scholarly discussion by adding the following expansive definition of downsizing:

Downsizing is an intentional set of activities, usually involving reductions in personnel, to improve efficiency and productivity by affecting work processes. Downsizing often includes the intended reductions of personnel through the planned elimination of positions or groups of positions. Downsizing may occur by reducing employees or work; by eliminating functions, hierarchical levels or organizational units; and by implementing cost-containment strategies that simplify and streamline activities. Downsizing strategies include normal attrition, voluntary severance programs, early retirements, buyouts, outplacements, and layoffs. (Cameron, Freeman and Mishra 1993, 24-25; Freeman and Cameron 1993, 12-13)

These and other definitions found in the literature generally share a number of elements that are critical to the concept of organizational downsizing. Chief among these elements are an organization's desire to improve efficiency, performance and competitiveness. Moreover, Jones' definition goes beyond the commonly known downsizing interventions generally involving employee layoffs and personnel reductions

and introduces an array of cost-containment and cost-cutting measures, certain structural and procedural initiatives, and other voluntary mechanisms that broadens our understanding of organizational downsizing practices. Because of its suitability to the organizational settings and contexts selected for this dissertation, Jones' broad description of downsizing served as an operative definition for this research study. Likewise, together, Cameron's and Jones' definitions and their views of organizational downsizing served as a conceptual framework for this research study. There will be more about this in Chapter 3.

Implementation Types, Best Practices and Lessons Learned from Downsizing

The literature shows how organizational researchers have conducted investigations in public and private sector organizations and how they have used their findings to interpret and understand organizational downsizing. Since the late 1980s, researchers have paid particular attention to the various types of implementation strategies that have been used and, in like manner, they have identified a collection of best practices and lessons learned to illuminate the construct of organizational downsizing. In the findings from their four-year longitudinal study in thirty organizations, Cameron, Freeman and Mishra (1991) revealed six general strategies that highlight the best practices that were typical of U.S. automobile industry firms that downsized effectively between 1987 and 1991.

Based on an analysis of extensive survey data and a final ranking of organizational effectiveness scores for firms in the study, the four most effective firms used all of the following general strategies in their successful downsizing efforts: (1) it was implemented by command from the top-down, but it was also initiated from the bottom-up; (2) it was short-term and across-the-board, but it was also long-term and selective in emphasis; (3) involved paying special attention to those employees who lost their jobs, as well as those who didn't; (4) it was surgical and targeted inside the firm, but it was also generalized and included the firm's external network; (5) resulted in small,

semi-autonomous organizations, as well as large integrated organizations; and (6) emphasized downsizing as a means to an end, but also emphasized downsizing as the targeted end (Cameron, Freeman and Mishra, 1991, pp. 60-69). Furthermore, in a subsequent publication connected with the same multi-case study, Cameron (1994, pp. 197-199) later identified three types of implementation strategies used by those 30 organizations: (1) *workforce reduction strategies* (e.g., early retirements, transfers and outplacement, buy-out packages, golden parachutes, attrition, job banks, and layoffs or firings); (2) *work redesign strategies* (e.g., eliminating functions, hierarchical levels, groups, divisions, products and redesigning tasks, consolidating and merging units, and reducing work hours); and (3) *systematic strategies* (i.e., focusing on changing the culture, attitudes and values of employees- reducing wait time, response time, rework, paper, incompatibilities in data and information systems, number of suppliers and rules and regulations). Lastly, in identifying typical best practices in downsizing in the U.S. auto industry during the investigated time frame, Cameron discovered 30 implementing principles or characteristics that emerged among the 5 best performing companies of the 30 sampled in his study (See Cameron, 1994, pp. 207-210).

Although sparse, the existing literature on public sector downsizing focused initially on the federal government's mandated efforts (Federal Workforce Restructuring Act of 1994) to reduce its size, increase efficiency and reinvent itself under the leadership of President Clinton and Vice President Gore under the auspices of the National Performance Review (NPR) conducted from 1995 to 1999. Two important studies often cited in the literature that reflect government researchers' attempts to shed light upon some of the best practices and lessons learned from the NPR are "Serving the American Public: Best Practices in Downsizing" (Benchmarking Study Report; Gore, 1997) and *Downsizing the Federal Government: the Management of Public Sector Workforce Reductions* (Jones, 1998).

Jones (1998) conducted an in-depth study of federal government downsizing

during the Clinton administration's 'reinventing government' program initiated through the National Performance Review (NPR) from 1995 to 1999. In this very rigorous empirical study, Jones' thematic analysis of qualitative data derived from interviews of executives and managers from the Defense Logistics Agency, Bureau of Reclamation, and Food and Drug Administration disclosed six cross-case *lessons learned* from executive views of downsizing and nine within-case *lessons learned* from executive management practices during NPR downsizing initiatives (1998, pp. 173-176). The *lessons learned* generated from executive views of downsizing showed that executives: (1) had an outlook that reinventing government and downsizing are realities of the environment for their agencies; (2) believed downsizing is necessary and essential for their agencies when- (a) the mission was changed or curtailed, and (b) downsizing and growth were not simultaneous requirements; (3) thought organizational reengineering, redesigning, restructuring, and streamlining should precede personnel reductions; (4) maintained that workload distribution after downsizing is a critical factor related to employee behavior and performance; (5) considered downsizing to be challenging, difficult, and painful; and (6) were uncertain of and concerned about the future workforce capabilities of their agencies after downsizing. Additionally, the *lessons learned* for executive management practices during downsizing uncovered executives' engagement in: (1) more coaching, mentoring, encouraging, and lifting morale; (2) more monitoring and evaluating work and performance; (3) more effort to accomplish more difficult work; (4) more communication; (5) more delegation of authority and participatory style; (6) more attention to internal recruitment and placement of personnel; (7) no change from past in terms of specific types of actions; (8) less formality and hierarchy; and (9) more visibility.

The Benchmarking Study Report (Gore, 1997), one of a series of benchmarking studies chartered by Vice President Gore's National Performance Review, was part of an effort by the Clinton Administration to facilitate its 'reinventing government' initiative

by investigating and benchmarking the downsizing experiences of private and public organizations. The study included a "mix of federal agencies, state and city governments, as well as a foreign government and several private sector companies--all of which had been recognized for best practices in some area of downsizing." Equally important, the study endeavored to bring to light the best practices associated with downsizing within the federal government (e.g., at the federal agencies involved as partners in this benchmarking study) and at other agencies mentioned in the literature, as well as to surface important lessons learned from those government experiences.

Included among the study's best practices were: programs to provide career transition services to the agency's surplus and displaced employees (e.g., an automated resume registry provided to registered employers, an electronic bulleting board of employer want ads and the Employee's Guide to Career Transition), policies for retraining displaced employees for new career opportunities, and policies that require the selection of well-qualified surplus or displaced internal agency employees before selecting any other candidates from either within or outside the agency (e.g., an automated Priority Placement Program matching separating employees with vacancies for which they were qualified). Moreover, included among the study's lessons learned were: (a) morale is lowered when there is no clarity regarding the reasons for the downsizing; (b) when budget is the only driver behind downsizing, denial can take hold; (c) a common mistake is to assume that each part of the organization has an equal share of excess staff and erroneously making across-the-board cuts in personnel; (d) productivity and quality often suffer when there is no change in the way work is done; and (e) when a key portion of the workforce is lost, so too are valuable contacts, knowledge and experience.

Approaches to Implementing Organizational Downsizing

Alongside the aforementioned definitions, implementation types, best practices and lessons learned from organizational downsizing is an assortment of approaches to

implementing organizational downsizing. While researchers empirically identified those important aspects and outcomes of organizational downsizing, as noted above, they also examined and categorized varying approaches to downsizing that have been employed since the 1980s. Cameron (1994, p. 210), in his earlier mentioned multi-case study (Cameron, Freeman and Mishra, 1991), for instance, found, in general, that implementation approaches such as "employee involvement, teamwork, communication and information sharing, rewarding, appraising, training, articulating a vision, and administering downsizing in a trustworthy and fair manner are all critical aspects of successful downsizing and they all lie within the normal responsibilities of the human resource professional." Similarly, Mishra, Spreitzer and Mishra (Winter 1998), drawing on data from an ongoing research program begun in the late 1980s involving in-depth case studies at High Steel Structures, Inc. and two General Motors plant sites, ascertained a number of general approaches to downsizing. The researchers stressed the importance of implementation strategies such as openness and honesty, over-communicating, helping departing employees find other jobs, fairness, involving employees, and providing career counseling and survivor training. Lastly, Applebaum, Everard and Hung (1999), in their meta-analysis of the downsizing literature aimed at establishing critical success factors of downsizing, specifically pointed out two overarching downsizing approaches: reorientation (adopting more efficient and effective overall structures following in-depth analysis of present mission and strategic direction) and convergence (ways to improve productivity, streamlining operations and continually seeking increases in efficiency).

Empirical Studies & Models that Illuminate the Organizational Downsizing Intervention

The literature also has shown how researchers have conducted empirical studies of organizational downsizing initiatives in efforts to better understand the efficacy of downsizing as a change intervention. Indeed, the amount of empirical studies in the literature addressing the general efficacy of downsizing has been voluminous and it has focused largely on domestic and global initiatives within the private sector. Therefore, in

this final subsection, I will provide an overview of a number of those frequently cited and are especially relevant to the topic of this dissertation. Those studies that will be reviewed here include Mishra & Spreitzer's (1998) "Explaining How Survivors Respond to Downsizing: The Roles of Trust, Empowerment, Justice and Work Redesign," Mishra, Spreitzer & Mishra's (1998) Preserving Employee Morale During Downsizing, Cascio's (1998) Learning From Outcomes: Financial Experiences of 311 Firms That Have Downsized," Applebaum, Close & Klasa's (1999) Downsizing: An Examination of Some Successes and More Failures," Applebaum, Everard & Hung's (1999) "Strategic Downsizing: Critical Success Factors," De Meuse, Bergmann, Vanderheiden & Roraff's (2004) New Evidence Regarding Organizational Downsizing and a Firm's Financial Performance," McCann, Hassard & Morris' (2004) "Middle Managers, the New Organizational Ideology and Corporate Restructuring: Comparing Japanese and Anglo-American Management Systems," and Mirabal & DeYoung's (2005) "Downsizing as a Strategic Intervention." To bring some order to this abundance of empirical studies, I will organize this discussion around the following significant effects of organizational downsizing that are frequently cited in the literature: (a) trust, empowerment and work redesign (Mishra & Spreitzer, Mishra, Spreitzer & Mishra and Applebaum, Everard & Hung); (b) decreased morale, job security and job satisfaction (McCann, Hassard & Morris and Applebaum, Close & Klasa); (c) dealing with survivors' emotions (Applebaum, Close & Klasa); and (d) financial performance (Cascio and De Meuse, Bergmann, Vanderheiden & Roraff and Mirabal & DeYoung).

Trust, Empowerment and Work Design in Organizational Downsizing

There is an abundance of literature on the effects of organizational downsizing upon survivors' feelings of trust and empowerment and their experiences of enhanced job variety and work redesign. Mishra & Spreitzer (1998, p. 3), building on a substantial body of research, argue that "trust, empowerment and work redesign may have important effects on survivors during downsizing." In their extensively researched study, they

further argue that without: (a) trust, survivors are more likely to withdraw from the organization or retaliate against management and the downsizing implementation; (b) empowerment, survivors experience a lack of personal control and feel helpless in the face of change; and (c) work redesign to minimize overload or reductions in job autonomy, survivors will see themselves as having less capacity to cope with the downsizing and will be more likely to respond passively (p. 3). They also suggest that: (a) trust in management and justice in the implementation process reduce perceptions of threat from the downsizing and facilitate more constructive survivor responses; and (b) empowerment and work redesign enhance survivors' sense of coping with the downsizing and facilitate more active survivor responses.

In the same way, Mishra, Spreitzer & Mishra (1998, p. 84), drawing on findings (as noted earlier) from a longitudinal study on effective strategies for downsizing, contended that "maintaining the trust and empowerment of survivors is essential to minimize costs and realize the expected gains." At the same time, they determined from extensive interviews with top managers, employee surveys and in-depth case studies that "trust and empowerment decline considerably during downsizing for various reasons" (p. 85). Included among those reasons was lack of: credible communication (i.e., withheld information); belief that management cares about employees' needs; trust in top management's competency; and belief in company's reliability (i.e., promises reneged and inconsistent intentions and actions). Furthermore, in their broad study of the downsizing literature, Applebaum, Everard & Hung (1999) stated that "a lack of trust can lead to increased absenteeism, tardiness, theft, and sabotage which can result in decreased workplace cooperation, innovation, productivity and quality performance" (p. 547). In addition, they asserted that "building trust among all members of the organization is one of the most critical success factors to successful downsizing operations" and concluded further that survivors' "feelings of trust and commitment are enhanced...[when they know] that their former colleagues [those who have been laid off] have been taken care

of" (p. 548).

Decreased Morale, Job Security and Job Satisfaction

Scholars have looked extensively at the effects of organizational downsizing on survivors' morale, as well as their perspectives on job security and job satisfaction. In their expansive study of widespread corporate and public restructuring and downsizing in 30 large organizations in Japan, the United States and the UK, McCann, Hassard & Morris (2004, p. 27)) argue that middle managers today face heavy workloads and limited promotion prospects. In fact, based on interviews with senior and middle managers, the researchers found that, over the past two decades, middle managers in these three countries have experienced confusion, demoralization and insecurity as a result of some major downsizing in the public sector and intense corporate organizational restructuring (p. 32). Likewise, they suggest that the confusion and feelings of insecurity among the middle management ranks in the US and Japan is the result of the "pace, extent and continuous nature of organizational change" and the growing "rate of displacement for white-collar workers" (p. 35). They also cite, for example, reports of: high staff turnover and low job satisfaction among managers in UK service sector organizations; difficulties associated with motivating staff (i.e., with secure employment and career progression opportunities) in flattened management structures in the US and UK; and American and British middle managers becoming more at risk from job redundancies and, consequently, feeling they have little job security (pp. 36-39). In like manner, Applebaum, Close & Klasa (1999) attributed poor performance on the part of companies that downsize to lack of preparation for the low morale and lower productivity experienced by the survivors of the downsizing. Additionally, in their review of selected research on organizational change and downsizing, Applebaum, Close & Klasa noted the anxiety experienced by survivors who "see that traditional upward career paths in their organizations have been indefinitely altered after the restructuring" and "are confused as to how they will follow the career paths which had been clear to them before the

restructuring" (p. 430).

Dealing with Survivors' Emotions

Survivor syndrome and its various symptoms and effects has been extensively

analyzed and described in the literature by researchers attempting to chronicle many of

the victims' and survivors' emotional responses to organizational downsizing. Beyond

the obvious anxiety that employees feel, researchers have reported a myriad of other

emotional responses that victims and survivors experience because of organizational

downsizing, restructuring and layoffs. Applebaum, Close and Klasa (1999) advise, in

their discussion of the "survivor syndrome," that the "psychological state of the survivors

of downsizing operations is often ignored by top management" (p. 429). They also note

that survivors "may have difficulty adapting to the emotional, psychological and stylistic

organizational environment existing after the downsizing" and "rather than being

thankful to keep their jobs, employees are demoralized and less loyal, more angry,

cynical and distrustful" (pp. 430 & 435). In like manner, the researchers also mentioned

other studies, for example Clark and Koonce (1995), that showed "if organizations wish

to decrease the pain felt by survivors after the downsizing that they must design survivor

programs which seek to communicate, consistent, and clear information concerning the

transition plans" (Applebaum, Close & Klasa, p. 431). In particular, the researchers listed

two such management and employee training programs: Compaq Computer's pre-

downsizing management training program (i.e., concerned with providing supervisors

with credible information about the layoffs and showing them how to effectively conduct

their meetings with subordinates); and the State of Oregon's post-announcement

downsizing workshops (i.e., aimed at encouraging affected employees to discuss their

feelings of anger and grief caused by the layoffs and accepting the discomfort caused by

changes in their jobs).

Financial Performance of Downsized Organizations

As has been noted earlier, many, if not most definitions of downsizing generally

include an organization's desire or intent to improve efficiency and performance through various cost-containment and cost-cutting measures. Because of its implicit significance to a better understanding of organizational downsizing as a viable change intervention, the financial performance of downsized organizations has come under considerable scrutiny in the literature over the past 15 years. Casio (1998, p. 69), based on his analysis of 311 companies that downsized employees by more than 3% in any year between 1980 and 1990, observed a number of results including: (1) the level of downsizing in any given company did not affect post-downsizing company financial performance; (2) the level of downsizing did not affect a company's post-downsizing stock performance; and (3) employee downsizing per se did not appear to lead to improved company financial performance, nor did it have a detrimental effect on company financial performance. Adding to these findings, DeMeuse, Bergmann, Vanderheiden & Roraff (2004, pp. 162, 170-172), in their recent longitudinal study examining layoff and employment levels (1989 through 1996) and financial performance measures (1987 through 1998) of the Fortune 100 companies, found that: (a) downsizing companies performed significantly poorer up to two years following the announcement on several financial indices; (b) companies that laid off a relatively small number of employees (3% or less) performed significantly better on four of the five financial indices in the year of the announcement; and (c) companies laying off 10% or higher significantly under-performed firms laying off less on profit margin, return on assets (ROA), return on equity (ROE), and market-to-book ratio. On the other hand, the researchers also found that: (a) three years after the announcement and for the remaining years investigated, firms that laid off were no longer significantly under-performing their counterparts; and (b) the financial performance of firms laying off less than 3% were not significantly different than those companies laying off 3% or more.

These new data suggest that "during the initial few years following downsizing [as evidenced in Cascio's earlier study data], financial performance is poor but then

improves" (p. 174). However, Mirabal & DeYoung (2005, p. 42), in another recent study examining a number of empirical studies that looked at the financial performance and cost competitiveness of downsizing organizations, reports that one such study investigated several organizations over a three year period following the decision to downsize (Lowe, 1998). Mirabal & DeYoung point out that the researchers of that study found that: (1) organizations which chose to focus on downsizing as it relates to employee headcount over physical assets actually saw a decline in their return on assets (ROA) while other organizations saw a negligible decline in ROA; (2) organizations that chose to implement downsizing on a larger scale experienced similar results, thus indicating that the employment downsizing neither helped nor hindered the organization's financial performance. Given all of the mixed findings discussed above, it is clear that more research is necessary before it can be determined, with any certainty, whether or not the desired or anticipated outcomes in financial performance have been or can be successfully achieved through the use of organizational downsizing.

Summary

This section of the literature reviewed the development of and contemporary approaches to organizational downsizing. Even though the history of organizational downsizing is relatively brief, this review discloses that the amount of literature is substantial and growing. This section examined four aspects of the downsizing literature including the emergence of organizational downsizing as an organizational change intervention, various definitions of and approaches to implementing organizational downsizing, and empirical studies that clarify our understanding of the organizational downsizing intervention. Cameron's and Jones' influential definitions and notions of organizational downsizing were presented. In particular, Jones' expansive view of downsizing interventions (e.g., reducing employees or work, eliminating functions, levels or units and streamlining activities) and strategies (e.g., normal attrition, voluntary severance programs, early retirements, etc.) were also reviewed in this section.

In conclusion, the literature confirms the need for more research into the financial performance of downsizing organizations, as well as the approaches used by government entities in implementing organizational downsizing especially at the state and local government level. From this review it became evident that no literature exists on the subject of organizational downsizing in local government. The next section explores what the literature says about the major theories and concepts and different methods and approaches to motivating workers.

The Literature on Motivating Workers, in General, and in Downsized Organizations

Similar to the literature available on the organizational downsizing construct, the literature on the topics of motivating workers, in general, and in downsized organizations, in particular, is voluminous. Thus, the purpose of this section will be to distill an expansive literature in order to provide some background about the major theories and concepts and, in particular, the different methods and approaches to motivating workers. This section will be divided into four subsections: (1) the emergence of theories, concepts, managerial approaches and practices associated with the notion of motivation in the workplace; (2) a review of empirical studies examining various concepts, methods and approaches to motivating workers in business and governmental settings; and (3) a review of influential empirical research on the different methods and approaches to motivating survivors in downsized private and public sector organizations.

The Emergence of Theories, Managerial Approaches and Practices Used in Workplace Motivation

The construct of work motivation emerged from a variety of psychological theories of motivation (Steers & Porter, 1974; Porter, Bigley & Steers, 2003; Steers, Mowday & Shapiro, 2004). For example, Steers et al. (2004) point out that most theories of motivation have roots in the early Greek philosophical principle of hedonism that says that "individuals tend to seek pleasure and avoid pain" (p. 9). In short, Steers and Porter argue that hedonistic desires drive "people [to] rationally consider the behavioral

alternatives available to them and act to maximize positive results and to minimize negative results" (p. 9). Likewise, Steers et al. (2004) trace the evolution of the motivation construct beginning with it's migration from the "realm of philosophy to the newly emerging science of psychology" at the end of the nineteenth century to the *instinct theories* of the early twentieth century, the *drive* and *reinforcement* models of the 1920s through the 1950s, the *content* or *need theories* of the 1950s, the *process* or *cognitive theories* of the mid 1960s through the 1980s, the seemingly "precipitous decline" of "intellectual interest in work motivation theory" of the 1990s, and, finally, to the present need to "redirect intellectual energies into discovering...new models- of work motivation and job performance commensurate with this new era" of organizational evolution (pp. 380-384).

Amidst the development of these theories of motivation emerged various managerial approaches to motivation and the development of distinctively different managerial practices relative to motivation in the workplace (Porter et al., 2003; Steers et al., 2004). Steers et al. (2004) advise that "while psychologists were focusing on instincts and drives, managers were focusing on more pragmatic issues" (p. 380). This can be seen in the evolution of the three major managerial models of motivation: (a) the *traditional* model as adopted in the early nineteenth century by the proponents of Frederick Taylor's "scientific management school," (b) the *human relations* model as developed in the late 1920s and refined through the late 1950s by the "human relations school of management," and (c) the *human resources* model as proposed in the 1960s and early 1970s and which continues to be attempted today in many organizations (Steers& Porter, 1975; Porter et al., 2003).

Traditional Model

Essentially, researchers (e.g., Steers & Porter, 1974, Porter et al., 2003, and Steers et al., 2004) agree that Frederick Taylor and his associates saw the inefficiencies of factory production during the industrial revolution as a management problem that

required a "paternalistic approach to managing workers" (Steers et al., 2004). Indeed, this paternalistic approach to motivation rested on the notion that "workers were viewed as being typically lazy, often dishonest, aimless, dull, and, most of all, mercenary" (Steers et al., 2004; Porter et al., 2003). Likewise, these researchers indicate that the prevailing viewpoint of proponents of the traditional model of motivation was simply "to get workers to produce, tasks were to be simple and repetitive, output controls were to be externally set, and workers were to be paid bonuses for beating their quotas" (Steers et al., 2004; Porter et al., 2003). Equally important, these researchers report that, under this traditional managerial approach to motivation, management was responsible for hiring suitable people for jobs, training them well, supervising them closely, and paying them in a manner that enabled them to "maximize their income by doing exactly what management told them to do and doing it as rapidly as possible" (Steers et al., 2004; Porter et al, 2003). Finally, these researchers agree that this traditional system of motivating workers began to decline in the late 1920s as a result of "an increasingly sophisticated workforce coupled with company efforts to maximize productivity without simultaneously increasing employee rewards" which eventually led to the "widespread rise of unionization efforts in the 1930s" (Steers et al., 2004, p. 380).

Human Relations Model

As the *traditional model* began to decline in acceptance in the late 1920s, researchers and managers started to argue for the importance of considering the 'whole person' in the workplace. In other words, in departing from the pessimistic view of workers under the *traditional model* of motivation, proponents of a new approach (known as the *human relations model*) contended that employees needed to be viewed as "complex beings with multiple motivational influences" (Steers et al., 2004, p. 380). For this reason, researchers like Mayo (1933) and Roethlisberger and Dickson (1939) and their management counterparts began to promote the notion that "management had a responsibility to make employees *feel* useful and important on the job, to provide

recognition, and generally to facilitate the satisfaction of workers' social needs" (Porter et al., 2003, p. 20). As a result, in addition to managers feeling they "had a new responsibility to make workers feel important," other motivational strategies emerged such as: (a) organizations opening up information and communication channels increasing employee knowledge of the company and opportunities to have their opinions heard by management; (b) workers being increasingly allowed to make routine decisions concerning their own jobs; and (c) organizations giving greater attention to using group incentive systems (Porter et al., 2003, p.20).

Human Resources Model

It should be noted that notwithstanding these advances in managerial approaches to motivation, at base, the *human relations model* embraced the same basic goal of "securing employee compliance with managerial authority" as did the *traditional model* of motivation (Porter et al., 2003). Porter et al. (2003), in fact, observe that from the mid 1960s through the early 1970s, the *human relations model* was widely challenged as not only an oversimplified notion of human behavior but also for being as manipulative as the *traditional model*. Accordingly, Miles (1965), along with several other theorists (e.g., McGregor, 1960, Likert, 1967, Schein, 1972), proposed a different approach, albeit under various titles, which came to be known as the *human resources model* (Porter et al., 2003).

Those theorists who advocated the human resources model advanced the view that human beings are "motivated by a complex set of interrelated factors (such as money, need for affiliation, need for achievement, and desire for meaningful work)...[and] it is assumed that different employees often seek quite different goals in a job and have a diversity of talents to offer" (Porter et al., 2003, p.20). In addition, this philosophy assumes that people want to contribute on the job, work does not have to be distasteful, employees are very capable of making significant decisions affecting their work, and increased self-control and direction given to employees can determine the level

of job satisfaction (Porter et al., 2003, p. 21). Hence, through its optimistic view of workers, this conceptualization holds that "management should attempt to determine how best to use the potential resources available to it through its workforce" (Porter et al., 2003, p.21). In short, Porter et al. (2003) relate that, in contrast to the *traditional* and *human relations models*, the *human resources model* encourages management to set up conditions that enable employees to meet their own goals while simultaneously meeting the organization's goals rather than manipulating them or seeking compliance with authority (p. 21).

Empirical Studies Examining Concepts, Methods and Approaches to Motivating Workers in Business and Government Settings

In this second subsection, I will review three recent empirical studies examining various concepts, methods and approaches to motivating workers in the private and public sectors. These studies are frequently cited in the literature and have become popular and influential sources of ideas about motivating workers in recent years. Also, these studies and, in particular, their findings build upon some of the concepts, models and practices of organizational change and downsizing discussed earlier in this dissertation. First, I review Lee and Koh's (2001) International Journal of Human Resource Management study entitled "Is Empowerment Really a New Concept?" which is an extensive analysis of the literature addressing the implications of psychological empowerment in the workplace. Second, I will review Houkes, Janssen, de Jonge and Bakker's (2003) "Specific Determinants of Intrinsic Work Motivation, Emotional Exhaustion and Turnover Intention: A Multi-sample Longitudinal Study" which is a quantitative study of intrinsic work motivation of employees that tested relationships between work characteristics and outcomes. Third, I discuss Perry, Mesch and Pearlberg's (2006) "Motivating Employees in a New Governance Era: The Performance Paradigm Revisited" which is a "review of reviews" of a voluminous body of social and behavioral science research on motivating human performance in public, private and

nonprofit organizations.

In their study, Lee and Koh (2001) reviewed over seventy reference sources to explore the concept of empowerment as a new managerial approach rather than an extension or component of other similar concepts or approaches like authority delegation, motivation, self-efficacy, job enrichment, employee ownership, autonomy, self-determination, self-management, self-control, self-influence, self-leadership, high-involvement and participative management. Through extensive analysis, the researchers developed a unifying definition of empowerment that integrates aspects of both behavior and perception. They define empowerment as "the psychological state of a subordinate perceiving four dimensions of meaningfulness, competence self-determination and impact, which is affected by empowering behaviours of the supervisor" (p. 686).

Based on their analysis, the researchers concluded that "empowerment is really a new and unique concept...and that the uniqueness denies substitution with any of the...nouns" (Lee & Koh, 2001, p. 692) or more specifically, any of the concepts or approaches that were discussed above (e.g., authority delegation, motivation, self-efficacy, etc.). Especially important for understanding the impact of approaches, practices and methods to motivating workers, the researchers also found that the "concept of empowerment is really a new paradigm shifted from the traditional motivational approach" and, undoubtedly, the human relations approach in that it "has been brought in as a solution for the motivation issues that could not be settled with old theories" (p. 688). However, in contrast, the researchers state that "the empowerment approach is concerned with the self-actualization of subordinates as well as organizational performance" (p. 688). In other words, in the same way that Porter et al. (2003) characterized the human resources model (see above), Lee & Koh suggest that the empowerment approach is, indeed, an important element of and a practical tool in effectuating the paradigm shift from the traditional motivational and human relations models to the contemporary human resources model.

Houkes, Janssen, de Jonge and Bakker (2003) conducted a longitudinal study

which tested a theoretically derived pattern of specific relationships between four work

characteristics (e.g., task characteristics, workload, social support and unmet career

expectations) and three outcomes (e.g., intrinsic work motivation, emotional exhaustion

and turnover retention). The researchers used the previously developed research model

(Janssen et al., 1999; Houkes et al., 2001) at selected organizational settings to test the

following hypotheses: intrinsic work motivation is primarily predicted by challenging

task characteristics; emotional exhaustion is primarily predicted by a high work load and

lack of social support; and turnover retention is primarily predicted by unmet career

expectations. The researchers selected two different study populations (bank employees

working at the offices of a large Dutch bank and teachers working at a center for

technical and vocational training). The researchers found that task redesign may influence

the intrinsic work motivation of employees in the short-term as well as in the long-term,

and reducing levels of workload may prevent emotional exhaustion and retention of

valuable employees might be accomplished by means of paying attention to their career

expectations (e.g., career development and education programs). The latter findings are

particularly relevant here in that they mirror some of the previously mentioned best

practices and lessons learned from organizational downsizing and reinforce some of the

managerial approaches used in addressing some of the behavioral effects of

organizational downsizing discussed in the previous section of this literature review.

Finally, Perry, Mesch and Pearlberg (2006) analyzed over 60 articles reviewing

the impact of the "four elements of the traditional performance paradigm: financial

incentives, job design, employee participation and goal setting" (p. 505). The researchers

reviewed 17 narrative reviews, 15 research syntheses, and 30 meta-analyses of prior

research on motivation in a wide range of business and government settings. The

researchers identified 13 broad propositions for consideration by practitioners and for

further testing and refinement regarding the impact of the four aforementioned elements

on employee and organizational performance.

Of the 13 propositions, five of the most salient have been selected here for discussion. First, the researchers found that financial incentives improve task performance moderately to significantly, but their effectiveness is dependent on organizational conditions such as types of incentives and organizations. Second, they also found that individual financial incentives (e.g., merit pay and pay-for-performance) are ineffective in impacting employee motivation and organizational performance in traditional public sector settings. Third, the researchers ascertained that job redesign and alternative work schedules are effective strategies for improving performance, reducing turnover and absenteeism, and increasing job satisfaction and organizational commitment. Fourth, they determined that participation has a strong positive impact on employees' affective reactions to the organization (e.g., higher satisfaction with processes and decisions, and stronger commitment). Fifth, participation has a positive but limited impact on employee performance and even more limited results on performance can be expected in government settings.

Empirical Research on Methods and Approaches to Motivating Survivors in Downsized

Organizations

In this third subsection, I focus more narrowly on downsized organizations. Specifically, I discuss what the literature says about the methods and approaches to motivating survivors in downsized organizations in both the private and public sectors. As such, I examine a number of influential studies that explore the impact of various methods and approaches to motivating survivors that leaders in downsized organizations have implemented over the past twenty years in response to survivors' concerns and the unintended consequences of downsizing (Buch & Aldridge, 1990; Brockner, 1992; Cameron, Freeman & Mishra, 1991; Katz, 1998; Gurin, 1998; Lippitt & Lippitt, 1984; Lewin & Johnston, 2000). Essentially, these methods and approaches embody many of the models, best practices, and approaches employed in organizational change and

downsizing interventions discussed throughout this literature review.

As noted earlier in the background to the study and the previous section of this dissertation, the empirical literature on organizational downsizing is vast. Likewise, the same is true for empirical studies on the methods and approaches to motivating survivors in downsized organizations. Consequently, the abundant empirical literature on methods and approaches to motivating survivors in downsized organizations has been organized into five of the most commonly reported categories of methods and approaches employed in downsizing contexts: job enrichment; reward systems, appraisal systems, training and development, career development and planning, and performance management and appraisal systems. Hence, in the discussions that follow, I will provide relevant references to Rothwell and Kazanas (2003), noted human resource theorists/consultants, in order to provide some context and a clearer understanding of each of the reported categories. Additionally, I will follow those references with some examples (and brief discussions) of empirical studies found in the literature that are directly associated with each of those reported categories.

Job enrichment

As noted previously, job enrichment, also known as job/work redesign, has been used by organizational development (OD) and management practitioners as a tool for motivating employees, in general, and, in organizational change and downsizing initiatives, in particular. According to Rothwell and Kazanas (2003), noted human resource theorists/consultants, "job enrichment involves adding a task or series of tasks that require more knowledge, technical expertise, responsibility, or other characteristics *not* otherwise typical of a job generally...[and] it is argued [that] enrichment increases employee motivation because it is intrinsically satisfying to be given more responsibility and more demanding, challenging work" (pp. 402-403). In terms of related empirical studies, Buch and Aldridge (1990), in their previously cited research article, suggest that "current jobs may be 'enriched' through the addition of new roles (e.g., mentoring), skills

or responsibilities" (p. 34). Likewise, Brockner (1992), in his earlier referenced research study, writes that the "post-layoff environment provides an especially fertile ground for redesigning the work survivors do so as to make it more psychologically interesting" (p. 25). Additionally, Brockner (1992) indicates that Kodak involves employees in decision making, in working in teams, and teaches them how to check their own work.

Reward and compensation systems

The allocation and distribution of rewards for individual contributions of survivors of downsizing can be an integral part of an organization's human resources strategy for increasing productivity, improving morale and encouraging new behaviors. Rothwell and Kazanas (2003) write that reward systems can influence behavior and affect "who is motivated to perform, and who is or is not satisfied" (p. 275). They also cite two kinds of rewards: extrinsic (outside the individual who takes action- e.g., salary, benefits, promotions, and awards), and intrinsic (within and inseparable from the individual- e.g., satisfaction with a job well done, or seeing how you helped develop others). In terms of relevant empirical studies, Cameron et al. (1991), for instance, in their previously noted research project, mention "incentives for learning new tasks and expanding personal competencies...to motivate survivors who faced new demands" in organizations that downsized effectively (p. 65). Also, Brockner (1992) reports that "publicly announced rewards are especially needed to encourage survivors to undertake new behaviors" and cites an example of a downsizing organization that "financially rewarded survivors who made useful suggestions on how to improve productivity" (p. 26).

Furthermore, Katz (1998) writes about a variety of rewards programs implemented at Brooklyn Union Gas Company including: (a) the "Above and Beyond" program providing selected employees with $500 to $2,500 for doing outstanding work on a special project; (b) a program encouraging managers to reward employees good work with something other than money (e.g., a day off, a plaque, theater or baseball tickets, public recognition, a kind word, a pat on the back); and (c) an "employee-of the-

quarter award" providing recipients with a $250 check, a plaque and being taken to lunch by a corporate officer (p. 5). He also provides accounts of Brooklyn Union and Bay State Gas Company's changes in their compensation systems that included combinations of fixed and performance incentive compensation, salary bands in place of salary grades and expanded participation in bonus programs. Lastly, Gurin (1998) refers to a benchmarked electronics distribution company's elimination of an old commission-based sales compensation system and replacing it with a revolutionary salaries and profit-sharing system for all employees which created incentives to collaborate across teams.

Training and development

Implementation of new training programs and components has been mentioned frequently in this dissertation as an effective human resources practice in successfully effectuating organizational change and downsizing interventions. Rothwell and Kazanas (2003) say that training involves "organized learning activities capable of improving individual performance through changes in knowledge, skills, or attitudes" (p. 353). Furthermore, they state that "training can help an organization that is moving toward implementation of a new strategy in a changing environment" (p. 354). In the same way, Lippitt and Lippitt (1984), in their earlier mentioned case study of a military equipment manufacturer facing downsizing, describe a program designed to help line managers "tackle the problem [of limited resources] by training them in the arts of doing without" and "involve them in the process of regaining stabilization" (pp. 20-21).

Additionally, Cameron et al. (1991) tell about training and development activities in one organization in the U.S. auto industry that was begun a year before downsizing was implemented and which prepared employees for "changes that would occur in the structures and management process" (p. 65). Likewise, Katz (1998) relates the details of Bay State and Brooklyn Union's introduction of new training and development opportunities that included managerial training in performance management, marketing and entrepreneurship courses, leadership development programs for management and

supervisory employees, a distance learning program incorporating satellite down-linked university lectures and a "visiting professor" program.

Career development and planning

As noted frequently throughout the literature and this dissertation, survivors' continuous concerns about diminished career opportunities have drawn considerable management attention in downsized organizations. For this reason, OD and management practitioners have experimented with and adopted different programs focused on helping survivors better understand how their careers can be best managed in the new and continuously changing organizational environment. Rothwell and Kazanas (2003) observe that career development is a "continuous process of improving an individual's abilities in anticipation of future opportunities for achieving career objectives" (p. 302). They also advance the notion that career planning is an "individual's lifelong process of establishing personal career objectives acting in a manner intended to bring them about" (p. 302).

Once again, Lippitt and Lippitt (1984) offered their case study of the military equipment manufacturer as an example of how career and life-goals planning sessions for "endangered executives" engenders good will by encouraging them "to examine—with professional guidance—themselves, their lives, and their careers from an intensely personal viewpoint" (p. 20). Moreover, Buch and Aldridge (1990), in developing a taxonomy matching specific organizational development interventions to specific downsizing challenges, proposed career planning and development interventions that included programs that honestly communicate the "realities of the new structure" and the internal and external "alternatives to upward mobility" available to employees (p. 34). In addition, they propose that organizations consider providing counseling, if necessitated by the extent of the restructuring, "to help employees face failed careers" (p. 34). Finally, Lewin and Johnston (2000), in their review of numerous research studies and surveys, present a new employment model with focused survivor programs among which include

career planning and development workshops that communicate the competencies needed in the restructured organization, and help "employees identify current professional capabilities, potential skill gaps, and short and long term professional goals" (p. 51).

Appraisal and performance management systems

The literature has mentioned continuously how successful OD and management practitioners have carefully examined and revamped their appraisal processes and performance management systems in efforts to motivate survivors and to ensure alignment of their human resources practices with their overall restructuring and downsizing strategies. In that context, Rothwell and Kazanas (2003) state that performance management is the "process of establishing a work environment where people want to perform, and where they receive continuous feedback about their performance" (p. 105). With this in mind, they make clear that "employee performance appraisals assess or measure how well individuals are performing their jobs over a specific time period" and affirm that appraisals are "usually included as part of a more comprehensive performance-management system" (Rothwell & Kazanas, 2003, p. 105). All this considered, Cameron et al. (1991) pointed to one auto industry organization in their study that redesigned its appraisal system in advance of downsizing and, to that end, held managers "accountable for the extent to which they developed and trained their own subordinates in new jobs and functions" (p. 65). Furthermore, Gurin (1998), in a research project benchmarking the best leadership and management practices at ten downsized and reorganized domestic and international manufacturing, distribution and logistics companies, suggests that performance appraisal and reward systems must be aligned by ensuring that those systems reinforce clearly defined teamwork behaviors like cooperation and collaboration. In conclusion, Lewin and Johnston (2000) put forward the robust notion that "new competencies and learning orientations" must be integrated into ongoing performance and evaluation criteria, as well as, in a much broader sense, reward and recognition systems, and employee training and development programs.

Summary

The third section of the literature reviewed what the literature said about the different methods and approaches to motivating workers in the private and public sectors. This section presented the emergence of the work motivation construct from its roots in early Greek philosophy and the science of psychology to modern theories of motivation and managerial practices applied to motivation in organizations. Also, this section examined three major managerial models of motivation (e.g., the *traditional, human relations,* and *human resources models*), findings from three recent empirical studies on various methods and approaches to motivating workers in business and governmental settings, and five commonly reported categories of methods and approaches to motivating survivors in downsized organizations. In particular, the findings from the studies on motivating workers, in general, and the categories of methods and approaches to motivating workers in downsized organizations, specifically, are important to understanding how leaders can effectively motivate survivors and create work environments that value and respect employees' contributions in the restructured organization.

In conclusion, the literature substantiates the fact that though there is ample research on motivating workers, in general, and motivating survivors in downsized private sector organizations, specifically, there is need for similar research at the state and local government level. From this review it became evident that no literature exists on the subject of motivating workers, in general, and survivors of downsizing, in particular, in local government. Likewise, it is further evident that no literature exists on leaders' perceptions of the efficacy of their efforts to motivate their surviving subordinates. The following section investigates what the literature says about the role of leaders in changing and revitalizing organizations.

The Role of Leadership in Changing and Revitalizing Organizations

In this section, I will discuss the role of leaders in changing and revitalizing organizations. Here, I will develop in more detail many of the ideas that I introduced in the 'background to the study' section and earlier sections of this literature review. The purpose of this section will be to provide an understanding of relevant leadership theory and some influential empirical research into the ways in which leaders change and revitalize organizations undergoing change. Additionally, I will situate the role of leaders in private industry and the public sector and provide overviews of the literature on the nature of leadership, the process of leading organizational change, and leaders' involvement with implementing organizational change efforts. The subsections include: (1) the study and concept of leadership; (2) the conceptual notions of leadership in relation to effectively leading organizational change and the leadership skills and characteristics required in implementing change; and (3) studies that illuminate leaders' involvement with implementing organizational change efforts.

The Study and Concept of Leadership

In this first subsection, I will focus on the broad discussions in the literature about the concept of leadership. Leadership is one of the most studied and discussed topics in both popular-press books and in the academic research literature (Burns, 1978; Rost, 1991; Northouse, 2004). Since the late 1970s, organizational theorists have written insightfully on the topic of leadership and its relationship to the construct of change. Among the most notable and widely read of these influential theorists, Greenleaf (1977), Burns (1979), Rost (1991), and Heifetz (1994) have contributed significantly to the study of leadership and, to a somewhat lesser degree, to the evolving construct of change.

Greenleaf's view of leadership and change

Greenleaf (1977), a retired AT&T executive, proposed his unique view of servant leadership at a time when the qualities of leaders and followers in institutions and organizations, within the public and private domains, were being closely examined in the

research and popular literature. In laying out the foundation of his unique servant leadership paradigm, Greenleaf (1977) said:

> The servant-leader is servant first...It begins with the natural feeling that one wants to serve, to serve first. Then conscious choice brings one to aspire to lead. That person is sharply different from one who is leader first, perhaps because of the need to assuage an unusual power drive or to acquire material possessions...The difference manifest itself in the care taken by the servant-first to make sure that other people's highest priority needs are being served (p. 27).

From the start, the notion of servant leadership was viewed clearly as a revolutionary approach to the practice of leadership. In fact, Conger and Benjamin (1999) asserted that the servant leadership model "can be represented by turning the traditional hierarchical pyramid upside down thereby placing customers and employees at the top and the president and CEO at the bottom" (p. 131). However, Greenleaf, in discussing servant leadership in an address to the School Sisters of Saint Francis at Alverno College in Milwaukee in 1974, also acknowledged that "leadership means that one individual has a better than average sense of what should be done now" and recognized that "inspiration is usually received by the best prepared individual who, for this immediate act, is the leader" (Greenleaf, 1977, p. 256). Greenleaf, in describing followers at that same conference, further expressed the notion that "followership is an equally responsible role because it means that the individual must take the risk to empower the leader" (p. 256). By emphasizing the servant aspect of leadership along with the reciprocally empowering nature of followership, Greenleaf clearly postulated, for the first time in the research literature, the existence of an interchangeable and dual relationship between leadership and followership.

Another important theme in Greenleaf's work is the servant leader's role in responding to or influencing change within an organization or institution. In addressing the role of institutional trustees and administrators, Greenleaf (1977) asserted that

trustees, as servant leaders, are in a better position than administrators to be open to change (p. 118). Likewise, Greenleaf declared that trustees, because of their unique position, have the task of revising old goals and/or determining new goals when institutional changes must be made in preparation for the future (pp. 118-119). Furthermore, in commenting on servant leadership in education and, in particular, the pressure for change in schools, Greenleaf stated:

> In our schools we have already changed- sometimes radically- and some of it may have been painful. We know we must change some more, and some of us may be wondering whether we will survive it, and whether, even if we survive, in good conscience we can live with the consequences of the adaptations we make…This may suggest our place today, to see ourselves as responsible people at the center of an organic process of change that at this time, may be strenuous and confused. But what is done will be more than a saving action…However, if survival alone is the aim, it is not likely to succeed. It will include a conserving role; there is much that is good in what we now have and it should be saved. More important, it will build anew, build something that may not yet be dreamed of. It will be voluntary, and it will raise the spirit (p. 185 & 187).

Through his framing of the Trustees' role in institutional change and his insightful description of servant leaders' challenges in responding and adapting to change in educational settings, Greenleaf affirmed the emergent notion that leaders play a vital role in influencing organizational change. Equally important, through his own practitioner and consultant-based observations, Greenleaf laid out the foundation for other practitioners and scholars to better understand the environmental conditions that drive change, as well as leaders' cognitive and affective responses to the inevitable need for change in their organizational settings.

Burns' view of leadership

Burns (1978), a political science scholar and well-published chronicler of political

leadership articulated his own view of leadership that was both similar to but also, in some significant respects, different from Greenleaf's thinking. Among other things, Burns emphasized the importance of "leaders inducing followers to act for certain goals that represent the values and the motivations—the wants and needs, the aspirations and expectations—of both leaders and followers" (p. 19). Burns stated further that "the essence of the leader-follower relation is the interaction of persons with different levels of motivations and of power potential, including skill, in pursuit of a common or at least joint purpose" (p.19).

Burns introduced the center piece of his leadership paradigm by arguing that this leader-follower interaction takes the forms of either *transactional* or *transformational* leadership. He described *transactional* leadership as occurring when there is an exchange of valued things (e.g., a swap of goods or money, a trading of votes, etc.) between one person (a leader) and others (followers) and where there is no "enduring purpose" other than the immediate bargain or transaction (pp. 19-20). Burns contrasted transactional forms of leadership with *transformational* leadership which "occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality" and thus transforms all of the parties in the relationship (p. 20). Equally important, through the introduction of his transactional-transformational leadership paradigm, he sparked an ongoing debate over the distinctions between leadership (transformation-oriented) and management (transactionally based) which continues to this day.

Like Greenleaf, Burns also addressed the issue of the leader's role in influencing change by first stating that "the [transformational] leadership process must be defined, in short, as carrying through from the decision-making stages to the point of concrete changes in people's lives, attitudes, behaviors, institutions" and then declaring that "leadership brings about real change that leaders intend" (p. 414). Next, in contemplating the far-reaching nature and significance of the leaders' role in initiating change, he

asserted that "leaders may seem to cause the most titanic of changes—such as the human and physical wreckage left in the wake of civil war—but that wreckage was not the central purpose of the leaders" (pp. 415). Like Greenleaf, Burns recognized that leaders exert a profound influence in initiating and influencing broad social changes, as well as necessary changes in organizations and institutions.

Rost's view of leadership

Influenced considerably by Burns, Rost (1991) constructed a definition of leadership that he viewed "as a development of Burns' thought" and which states that "leadership is an influence relationship among leaders and followers who intend real changes that reflect their mutual purposes" (pp. 102-103). Building upon Burns' notion of *transformational* leadership, Rost (1991) argued that "leadership is about transformation" and insisted that transformation should be the cornerstone of a postindustrial school of leadership of which he has been a staunch advocate. Moreover, Rost maintained that "transformation happens in groups, organizations, and societies when people develop common purposes" and, in expanding on his definition of leadership, he held that "mutual purposes help people work for the common good, help people build community" (p. 124). In the same way as Greenleaf acknowledged the apparent advantage that leaders (or individuals having a better sense of what should be done now) have over followers, Rost stated that the "influence patterns in the relationship [between leaders and followers] are inherently unequal because leaders typically exert more influence than do followers" (p. 112).

Additionally, in joining the debate over the distinctions between leadership and management, Rost contended that he, along with several other scholars, "reinterpreted Burns' model of leadership to be, in reality, a model of management *and* leadership" (p. 132). However, he quickly added that "in personal conversations with Burns in 1989," Burns strongly disagreed with this reinterpretation and re-asserted his view that "transactional leadership is leadership, not management" (p. 132). Hence, in an apparent

effort to reconcile the ongoing debate about leadership and management, Rost suggested a corresponding definition of management that claimed that "management is an authority relationship between at least one manager and one subordinate who coordinate their activities to produce and sell particular goods and/or services" (p. 145). Supplemented by his thoughtful discussions of the essential elements of leadership and management (and the essential elements that are necessary to distinguish between the two concepts), Rost's definitions and notions of leadership and management seem significant and are useful for making sense of the subtle distinctions between leadership and management.

In addition, like Greenleaf and Burns, Rost (1991) dealt head-on with the issue of change by purposefully including it in his definition of leadership. In his definition, Rost embraced Burns' (1978) notion that leaders and followers intend real changes. He declared that the concept of intended, real change is "essential for any human relationship to be called leadership" and he further emphasized that "a relationship wherein leaders and followers do not intend real changes is not leadership" (p. 114). Rost reasoned further that the "word *real* means that the changes the leaders and followers intend must be substantive and transforming" and should result in "changes in people's lives, attitudes, behaviors, and basic assumptions, as well as in the groups, organizations, societies, and civilizations they are trying to lead" (p. 115). He also explained that including in the definition the word *changes* (instead of the singular form of the word used by Burns) allows for the pursuit of several changes at any one time (as is usually the case) or other changes that were not originally intended but arose from reassessment, revision or reformulation of intentions by those involved in the relationship. However, unlike Greenleaf and Burns, Rost emphasized that leaders and followers can fail to achieve real changes or achieve only minimal changes and still be in a relationship called leadership. To sum up, Rost's reinterpretation of Burns' concepts of real and intended changes broadens further our understanding of how leaders influence and moderate changes in their organizations and institutions.

Heifetz' view of leadership

Finally, Heifetz (1994), a physician and current professor/director of the Leadership Education Project at Harvard University, brings forward his own distinctive and influential view of leadership while building upon and expanding Greenleaf's, Burns' and Rost's perspectives. In the tradition of Greenleaf, Burns and Rost, Heifetz states that "leaders mobilize people to face problems, and communities make progress on problems because leaders challenge and help them do so" (p. 15). Unlike Greenleaf, Burns and Rost, Heifetz proposes the idea that "rather than define leadership either as a position of authority...or as a personal set of characteristics...it is a great deal more useful to define leadership as an *activity*" (p. 20). At the same time, he expresses the belief, similar to Greenleaf's notion of the interchangeable nature of leadership and followership, that "we ought to focus on leadership as an activity- the activity of a citizen from any walk of life mobilizing people to do something" (p. 20). Later, he goes on to say that "leadership means taking responsibility for hard problems beyond anyone's expectations...many people wait until they gain authority, formal or informal, to begin leading...yet those who do lead usually feel that they are taking action beyond whatever authority they have" (p. 205). In other words, Heifetz, like Greenleaf, believes that leadership can take place with or without authority and, certainly, without regard to positional authority.

Another important element of Heifetz' paradigm of leadership, bearing considerable similarity to the views of the other three influential theorists, is his emphasis on leaders' engagement in adaptive work which enables them to "address conflicts in the values people hold, or to diminish the gap between the values people stand for and the reality they face" and provides "the leverage for mobilizing people to learn new ways" (p. 22). Indeed, Heifetz draws an essential distinction between adaptive work (demanding innovation and learning) and technical work (routine problems) by stating:

> In technical situations, where the authority has the expertise to define and solve
>
> the problem, people generally opt for autocratic or consultative decision

making...Adaptive situations, however, tend to demand a more participative

mode of operating to shift responsibility to the primary stakeholders. Because the

problem lies largely in their attitudes, values, habits, or current relationships, the

problem-solving has to take place in their hearts and minds (p. 121).

Likewise, drawing upon his earlier practice of medicine, he illustrates vividly the

distinction between technical problems (e.g., type I situations—definable with fixes

available) and adaptive problems (e.g., type II and III situations—definable but no clear

cut fixes available and no clear cut problem definitions or fixes available). Furthermore,

he declares that in type II situations, the "patient has to recognize his own problem

enough to provoke adaptive change. The responsibility for meeting the problem has to be

shared" (p. 75). In short, Heifetz' type II and type III situations seem to be analogous to

those conditions requiring real and intended changes in organizational settings as

envisioned by Burns and Rost in their paradigms of leadership.

While further definitions and conceptualizations could be cited here, this literature

review is already lengthy. Furthermore, the discussions of the major theorist's notions

introduced here capture most contemporary thinking about leadership and, to a lesser

degree, thinking about the construct of organizational change that has been chronicled in

the literature over the past 30 years.

Concepts in Effectively Leading Organizational Change and Leadership Skills and

Characteristics in Implementing Change

In this second subsection, I will discuss the process of leading organizational

change with particular attention being given to the leadership skills required to implement

change effectively. This subsection will be divided into two parts. The first will examine

various organizational theorists' general views on leadership in relation to leading and

managing organizational change (Rosen, 1986; Bennis, 1989 & 2003; Bergquist, 1993).

The second part will explore what some organizational change theorists/consultants say

are the necessary skills and characteristics that leaders must have in order to effectively

implement change initiatives (Kouzes & Posner, 1995; Kotter, 1996; Bennis, 1999; Conger & Benjamin, 1999; Kanter, 1999).

General views on leading and managing organizational change

Three theorists, Rosen, Bennis and Bergquist, who provide broad and insightful views on leadership and its relationship to leading and managing change will be discussed here. Specifically, I will discuss Rosen's healthy companies' principles and practices of managing environmental and organizational changes, Bennis' view of change as an opportunity rather than an obstacle, and Bergquist's notion of postmodern organizations and leaders.

Rosen's view on leading and managing organizational change. As discussed in the background section of Chapter 1, considerable attention has been given in recent years to focusing on organizational downsizing, restructuring and revitalization as a means for understanding organizations undergoing major transformation and organizational change. Not long after Greenleaf and Burns articulated their views on leadership and change, Rosen (1986), in his monograph entitled *Healthy Companies: A Human Resources Approach* described several general principles that distinguished "healthy corporations" from other organization types; in particular, he focused on how so-called healthy corporations managed environmental and organizational changes differently. In his synthesis of fifty years of research on a broad array of issues associated with health and human resources in the workplace, Rosen directed attention to several change-related principles that are embraced by healthy companies; these included: flexibility and openness to change; avoidance of single-purpose and short term solutions and taking a long-term perspective on employees; running the company through both top-down and bottom-up approaches; and implementing broad environmental and organizational changes like positive policies regarding mistakes/risk taking and flexible work scheduling (pp. 29-31). In particular, Rosen argued that "leadership, commitment, and investment from top management are critical, but bottom-up approaches are necessary to create

feelings of ownership and family" (pp. 30-31).

On the other hand, Rosen also maintained that "constant change can be a disruptive form of organizational stress and a potential hazard for employees" (p. 82). He supported that claim by pointing to "increased insecurity for workers who fear their jobs may be phased out by new technologies" or "because of factors such as automation, stricter attendance policies, job reclassifications, or cutbacks" (p. 82). For Rosen, poorly managed organizational changes are often doomed to failure as a result of workers developing "debilitating stress symptoms or respond[ing] by sabotaging the change process" (p. 83). He cited other examples of stress associated with technological developments and the change process which included fear of information processing systems, inadequate retraining, fear of layoffs, organizational restructuring (especially through mergers and acquisitions) and unexplained changes (p. 83). He contended that research showed that poorly managed changes had direct health and job productivity consequences (e.g., heart disease, anxiety, and decreased job performance).

Reflecting on the stressful effects of technology and organizational change, Rosen countered those negative descriptions with the details of a number of successful programs designed to protect workers from experiencing those effects at organizations like Deere & Company, Sperry Corporation, General Motors, Nissan USA, Motorola, Hallmark Cards, Advanced Micro Devices and Hewlett Packard. In short, Rosen associated the principles and practices found in healthy organizations' environmental and organizational changes efforts with effective leadership and positive organizational performance and growth.

Bennis' view on leading and managing organizational change. Bennis, also explores the notions of leadership, in general, and leading organizational change, in particular. In his decades-long study of and writing on leaders, Bennis, in his influential book *On Becoming A Leader* (1989 & 2003), for instance, reasons insightfully that

> leaders are, by definition, innovators. They do things other people haven't done or
> don't do. They do things in advance of other people. They make new things. They

make old things new. Having learned from the past, they live in the present, with one eye on the future. And each leader puts it all together in a different way (p.133).

In addition, he extends this reasoning to the realities of leading organizational change and contends that "learning to lead is, on one level, learning to manage change." Like Rosen, Bennis asserts that "unless the leader continues to evolve, to adapt and adjust to external change, the organization will sooner or later stall" (p. 135). Moreover, he suggests that leaders should view change as an opportunity rather than an obstacle and accept it rather than resist it (p. 161). In another published article, Bennis (1999) builds upon these ideas and states the following:

> Rather than just downsizing, leaders must deploy the creativity of the workforce to recreate the company. How do we redeploy our workforce to create new opportunities and jobs for people? Leaders will have to learn how to create an environment that embraces change…The challenge for leaders is how to release the brainpower of their people. As we experience increasingly rapid change, many organizations will become unhinged. They will be confusing, chaotic places to work in. And yet leaders and managers will have to create ways to generate intellectual capital (p. 2).

In sum, like Burns, Rost, Heifetz, and Rosen, Bennis describes a remarkable, twenty-first century world of leaders who are not merely managing organizational change. Rather, they are leading and guiding it and their organizations and institutions towards a better future state.

Bergquist's view on leading and managing organizational change. Bergquist, another prominent organizational theorist, provides a unique account of his own view of leadership in his highly regarded book, *The Postmodern Organization: Mastering the Art of Irreversible Change* (1993). In outlining the parameters of his paradigm of leadership, Bergquist states:

As we look back to these earlier eras, we find that leaders in the premodern era

tended to be "great men," who were selected for their character and

education...They tended to exert authority through paternalistic concern for the

welfare and proper education of those who depended on them...the more

democratic modern era tends to emphasize structures, processes, and procedures

that ensure the appropriate expression of leadership and influence...Those who

head modern organizations typically define themselves as managers rather than

leaders. Modern authority is expressed through rules, regulations, roles, and

organizational structures (p.94).

This view of modern leadership has much in common with Burns' notion of transactional

leadership and Rost's concept of management.

In contrast, in delineating the other features of his framework of leadership from,

what he calls, the postmodern era, he says:

The *postmodern* leader is neither inherently great nor merely a product of a

system or bureaucracy. Individual leadership can be effective and influential if

applied at the right time, in the right place, in the right manner, and with regard to

the right problem or goal...It also requires a tolerance for ambiguity, a

recognition of the need for one to learn from his or her mistakes, and a clear sense

of personal mission and purpose. It is ultimately spiritual rather than secular in

nature (p. 94, emphasis added).

Although no references are made to Burns' concept of transformational leadership nor

Heifetz' notions of leadership and adaptive challenges, Bergquist appears to be operating

from a very similar perspective when he extols the virtues of postmodern leadership. In

like manner, he reveals Greenleaf's influence on him, when he refers to leaders as

"sources of integration in postmodern organizations" who "perform this integrative role

through the creation and sustenance of community and through acting in the role of

servant to those with whom they work" (p. 13).

Another important aspect of Bergquist's work is his distinct perspective of the postmodern leaders' role in responding to and coping with organizational change and transformation. He proposes that the "process of change in organizations often operates like fire" and uses the analogy of a real-life situation in which a change in structure is considered, but the word gets out and soon the organization is stuck with the change whether they like it or not; in essence, it becomes irreversible (p. 5). He also offers the pendulum as a metaphor for understanding how organizations, as systems, remain in equilibrium and operation due to their predictability, adherence to the laws of gravity and entropy, and reversibility (swinging back and forth repeatedly).

Utilizing Bateson's (1979, p. 43 & 158) change ideas, Bergquist also puts forth his ideas on first- order change which he says occurs "when people in an organization do more of something that they are already doing or less of something that they are already doing as a way of returning to some desired state of being (homeostasis)" (p. 7). Bergquist then discusses second-order change which, in his view, happens "when we decide to (or are forced to) do something different from what we have done before, rather than just doing more or less of what we have already been doing" (p. 7). He ties all of these ideas together into the following coherent conceptual framework (much akin to the earlier mentioned Burke-Litwin change model and Burns' and Rost's notions of the relationship of transactional and transformational leadership to the achievement of real and intended changes):

> Those organizational change processes that are reversible involve the restoration of balance or style. They typically are first order in nature and resemble the dynamics of a pendulum. Other organizational change processes are irreversible. They bring about transformation and parallel the combustive processes of fire, rather than the mechanical processes of the pendulum. Second-order change is typically associated with these irreversible processes of combustion (p. 8).
> Finally, Bergquist conveys his belief that we, in the collective sense, and

postmodern leaders, in an implied sense, can cope with the turbulence in organizations and adapt to the "sense of edginess" that accompany first and second-order changes by adopting premodern and modern remedies, as well as some newly emerging strategies (p. 249). Among those remedies and strategies, he indicates that "we must be able to draw together or synthesize that which seems diverse or ambiguous in hybrid organizations...to be able to love and build a sense of community among men and women who live with the complexities of cyclical and intersect organizations...[and] to find personal sanctuary in a world of organizational turbulence" (p. 254). In short, like Burns, Rost and Heifetz, Bergquist suggests that leaders adept at bringing about change in postmodern organizations must be able to synthesize ideas and people, establish strong commitments and partnerships among workers, and find safe places for reflection and renewal within or outside their respective organizations (pp. 252-253).

Leadership Skills and Characteristics Necessary for Effectively Implementing Organizational Change Initiatives

Next, I discuss the contributions of several theorists that provide their views on the necessary skills and characteristics that leaders must have or develop in order to effectively implement organizational change initiatives. In particular, I will discuss Kouzes and Posner's (1995) leader characteristics or qualities, Kotter's (1996) leadership capacities and habits, Conger and Benjamin's (1999) leadership and workplace competencies and Kanter's (1999) classic skills for leaders.

Kouzes and Posner's Leader Characteristics and Qualities. In their influential book, *The Leadership Challenge: How to Keep Getting Extraordinary Things Done in Organizations,* Kouzes and Posner (1995) discuss their own multi-faceted research efforts which were comprised of a series of quantitative studies begun in the early 1980s (e.g., administered questionnaires) and were subsequently expanded in the 1990s to include various qualitative research methods (e.g., over 400 written case studies, numerous focus groups, and forty in-depth interviews). Their quantitative research efforts

in the 1980s, which initially involved several thousand business and government executives and was later expanded to over 20,000 people on four continents, included various questionnaires that were refined over time. Through their quantitative research, in particular, Kouzes and Posner sought to identify the ideal qualities or characteristics of admired leaders from the perspective of research participants from around the world (the majority, however, were from the United States). The results from Kouzes and Posner's quantitative studies (which span nearly fifteen years) reveal a list of 20 characteristics that the participants selected as those that they "most look for and admire in a leader, someone whose direction they would follow" (p. 20). Kouzes and Posner focused particularly on four of the most frequently selected leadership qualities; being honest, forward-looking, inspiring, and competent.

According to Kouzes and Posner, "nearly 90% of constituents want their leaders to be honest above all else" which means they want to know if the person is worthy of their trust and is being truthful, ethical, and principled" (p. 22). They report that 75% of their respondents expect their leaders to be forward-looking and "have a sense of direction," a concern for the future of the organization, and an ability to envision the future; they also "must know where they are going if they expect others to willingly join them on the journey" (p. 23). The authors also cited the expectation that leaders be inspiring, enthusiastic, and positive about the future; in particular, followers believe that leaders "must inspire our confidence in the validity of the goal" (p. 24). Kouzes and Posner also state that leaders must be seen as being competent (i.e., takes time to learn the business and the operation and possesses value-added competence), as well as capable and effective.

Kotter's leadership capacities and habits. In his widely read and applied book, *Leading Change,* Kotter (1996) examines, among many other things, the relationship of lifelong learning to remarkable leaders' competitive capacity and their mental habits (i.e., Japanese industrialist Konosuke Matsushita). Kotter references his 20 year study of 115

students from the Harvard Business School class of 1974 which found that most of the subjects were doing well in their careers due to competitive drive and lifelong learning, factors that "seemed to give people an edge by creating an unusually strong competitive capacity" (p, 178). He asserts that, for those research subjects, "competitive drive helped create lifelong learning, which kept increasing skill and knowledge levels, especially leadership skills, which in turn produced a prodigious ability to deal with an increasingly difficult and fast-moving global economy" (p.178).

For Kotter, leaders that "learn, change and constantly reinvent themselves in the twenty-first century" will be those that develop several important mental habits that support lifelong learning (p. 182). He holds that "lifelong learners take risks" and "push themselves out of their comfort zones and try new ideas" (p. 182). He maintains that lifelong learners engage in humble self reflection through honest assessment of successes and failures (pp.182-183). He explains that lifelong learners "actively solicit opinions and ideas from others...[and] they can learn from anyone under almost any circumstance" (p. 182). He contends that lifelong learners "also listen carefully, and they do so with an open mind" knowing that it "will help give them accurate feedback on the effect of their actions" (p. 182). In conclusion, Kotter argues that the very best lifelong learners and leaders he has known seem to have high standards, ambitious goals, and a real sense of mission in their lives (p. 183).

Conger and Benjamin's leadership and workplace competencies. Conger and Benjamin (1999) also discuss the necessary leadership skills, characteristics and competencies for the new century. In their book, *Building Leaders: How Successful Companies Develop the Next Generation (1999)*, they argue that the competitive pressures from global competition and other market forces (i.e., rivals' actions) have forced organizations to engender changes (e.g., flattening their hierarchies and decentralizing decision making) that will have significant implications for future leaders (p. 240). As a result, they indicate that in order to lead effectively in this increasingly complex and highly

competitive world, future leaders will need to develop new leadership competencies (p. 242). Conger and Benjamin point to the following competencies which future leaders will need to develop or become: creative and comprehensive in their search for new markets and partnerships/alliances (e.g., strategic opportunists), able to envision alternative global scenarios that will put their organization at greatest advantage (e.g., globally adept), able to improve products or services and extend existing markets (e.g., capable of leading across organizational boundaries with alliance parties), able to shift their attention to new data points as customers change the rules of success in the marketplace (e.g., keen data analysts), and able to instill a learning mind-set into their organizations (e.g., learning evangelists) (pp. 241-242).

Conger and Benjamin also offered an impressive array of demographic and employment related data to graphically illustrate the dramatic shifts and trends that have shaped and influenced the workplace, in general, and organizations, as a whole. Mindful of these emergent data, they express the concern that "tomorrow's leaders will have to manage an increasingly diverse set of demands, equity issues, and development requirements" (p. 247). Hence, they propose that "workplace-savvy" leaders will need to develop the following "workplace competencies" if they are to succeed in the new century: be able to leverage the differences of their employees and provide appropriate learning experiences (e.g., sensitive to issues of diversity), be far more sensitive to the needs and rights of their employees (e.g., interpersonally competent), be exceedingly competent in the art of persuasion, communicating and mediating disputes (e.g., skillful communicators and motivators), be able to build a sense of community among employees who are less connected to the organization and each other (e.g., community builders), have a global and systemic understanding of the organization and able to align key systems (e.g., capable of building well-aligned organizational architectures), and be committed to developing leaders at all levels (e.g., developers of leaders) (pp. 247-251). For Conger and Benjamin, the development and acquisition of all of the above cited

leadership and workplace competencies will be essential and critical to leaders seeking to "succeed in creating long-term competitive advantage and a bright future for their organizations" (p, 250).

Kanter's classic skills for leaders. Finally, Kanter, in her article entitled "The Enduring Skills of Change Leaders" (1999), presents seven classic skills for leaders that can be used to take charge of change and, equally important, can be useful to leaders who "want to move an idea forward" (p. 53). Derived from her 20 years of working and consulting with leaders, and influenced by her extensive writings on the topics of leadership and management, she provides the following comprehensive list of skills for leaders to consider and act upon: (1) tuning in to the environment- actively collect information suggesting new approaches, form partnerships, pay special attention to customer complaints, etc.; (2) challenging the prevailing organizational wisdom- question current assumptions about the organization and the marketplace, go outside the industry and return with fresh ideas; (3) communicating a compelling aspiration- not just a picture of what could be but an appeal to our better selves; (4) building coalitions- involve people who have the resources, knowledge and political clout to make things happen; (5) transferring ownership to a working team- enlist others in implementation but remain involved and support the team; (6) learning to persevere- stay with it through the initial hurdles of the change process, don't "launch them and leave them"; and (7) making everyone a hero- remember to recognize, reward and celebrate accomplishments (pp. 53-56). For Kanter, these classic skills not only serve to facilitate managing change inside organizations, specifically, but they are also key to creating effective partnerships and sustaining high performance within organizations, in general.

Studies that Illuminate Leaders' Involvement with Implementing Organizational Change

In this final part of the literature review, I will specifically look at three empirical studies that addressed various aspects of the role of leaders in implementing small and large-scale change interventions in the private and public sectors. First, I will review

Applebaum, Leblanc, and Shapiro's (1998) "The Aftermath of Downsizing: A Case Study of Disengagment, Disidentification, Disenfranchisement and Disenchantment," which is an analysis of the corporate reorganization of a Canadian firm that was reduced from 350 to 200 employees beginning in 1993. Second, I will look at Borins' (2002) "Leadership and Innovation in the Public Sector," which is a study of organizational turnarounds in the United States and United Kingdom Commonwealth's public sectors. Finally, I will review Higgs and Rowland's (2005) "All Changes Great and Small: Exploring Approaches to Change and its Leadership," a multi-case study of private and public sector organizations in the United Kingdom which investigated effective leadership behaviors in change situations.

The studies listed in the previous paragraph and discussed in detail below were selected for a number of reasons. The decision to select the four studies was based on five criteria: (a) whether the study was especially relevant to the topic of this dissertation; (b) whether it was a study that examined a major reorganization or change initiative having broad impact within a single case or across multiple case sites; (c) whether it was conducted at a site or sites having some national or international significance within the public and/or private sectors; (d) whether it was recently published in a reputable scholarly journal; and (e) whether it utilized mixed qualitative and quantitative research methods in collection and analysis of data.

Applebaum et al.'s (1998) influential study provided insight into some of the significant leadership aspects of organizational change and corporate reorganization that have emerged in North America in the past decade. In this study, the researchers analyzed the major corporate reorganization of a Canadian firm, Dominion Travelogics Unlimited (DTU) that was reduced from 350 to 200 employees from 1993 through 1995. The researchers used a single "hybrid case and field study" approach which utilized interviews, questionnaires and observations to collect data on "downsizing practices, improvement of earnings, [and employee] satisfaction and morale" (p. 406). Based on the

survey data, interviews and observations, the researchers concluded that leaders involved in successful major reorganization and downsizing must: find ways to get employees to accept the changes and become part of the new organizational culture, communicate openly about their intentions, collaborate in decision making, role model expected behaviors, understand and communicate cultural changes, generate trust by their own sense of integrity and demonstrating trustworthiness (p. 411-415).

It is important to note here (particularly in this discussion of the role of leaders in implementing change interventions) that in discussing their research findings and describing the leadership behaviors that are critical in organizational change programs, the researchers noted that "management's leadership in the change effort seems to be the key determinant of whether that change will succeed" (p. 413). With this in mind, the researchers recommended a type of leadership "that does more than just create and articulate a new vision for the organization...[but also exemplifies leadership that is] open and collaborative" (p. 413).

In his article in the Leadership & Organization Development Journal, Borins provides an account of his study of organizational turnarounds led by newly-appointed agency heads and bottom-up innovations by public servants and middle managers in the U.S. and the U.K. Commonwealth. Borins uses case studies (i.e., DOL and FEMA during the Clinton Administration, New York Police Department, City of Seattle Recycling Program, Environment Canada Ultraviolet Index Program, and Canada's Export Development Corporation) and quantitative analysis of data collected from 440 applications to three prestigious public sector innovation awards programs (from 1990 to 1998). The researcher describes bottom-up innovations as those that: require advocates, are introduced as pilot programs, lead to new structures within an organization, frequently involve inter-organizational collaboration, and occur on the front lines or in middle management (pp. 469-470).

Borins also defines a turnaround (e.g., reengineering the basic processes of the

organization) as "a response to a public sector organization that is simply not meeting normal expectations for service delivery" and is "found to be failing to meet minimum standards" (p. 473). Given those parameters and the qualitative and quantitative data mentioned above, the researcher found: (1) bottom-up innovation occurs much more frequently than known previously; (2) effective political leadership in a crisis requires broad-based decision-making, information gathering, and consultation; (3) successful leadership of a turnaround requires an agency head to regain political confidence, reach out to stakeholders and clients, and convince dispirited staff that change is possible and their efforts will be supported; and (4) successful bottom-up innovations require political leaders and agency heads to create a supportive climate by consulting staff, instituting awards and recognition for innovators, protecting innovators' central agencies and publicly championing of proven innovations (p. 467). As will be discussed later in the methodology section, the relevance of these findings are enhanced since some of the cited cases bear similarities to circumstances at the sites designated for this dissertation study.

Higgs and Rowland (2005) qualitatively and quantitatively examine the influence of leadership behavior in change management processes. In their Journal of Change Management article, the researchers studied seven private and public sector organizations using a collaborative research model, with informants interactively telling stories about changes they had experienced, and employing narratives and case studies derived from 70 discrete change stories and interviews of 40 informants involved in leading their organizations' change initiatives. Through data analysis, the researchers uncover several qualitative findings: (1) leader-centric approaches (i.e., those driven by the leaders' personal involvement and influence) do not appear to be related to success in any of the contexts; (2) success appears to be related to facilitative and enabling leadership behaviors; and (3) success also appears to be related to the leader building the capability to change in others (p. 133). Based on a combined review of the qualitative and quantitative findings, the researchers conclude that leadership behaviors grouped into

framing change (i.e., establishing starting points, communicating guiding principles) and building capacity (i.e., creating individual and organizational capabilities, communicating and creating connections) are more successful than those grouped as shaping behavior (i.e., what leaders say and do, making others accountable). The researchers also determine that shaping behavior appears to inhibit the success of change initiatives in all of the contexts. In conclusion, the researchers deduce that "an approach informed by complexity theory (i.e., emergent change) appears to be effective" and, ultimately, the most successful (p. 146).

Summary

This last section reviewed some of the seminal ideas in the literature on the role of leadership in changing and revitalizing organizations that are relevant to this dissertation. Several influential leadership theorists- Greenleaf, Burns, Rost and Heifetz- were discussed. Additionally, a review of the literature on effectively leading change and leadership skills and characteristics was divided into two parts: (a) general views on leadership in relation to leading and managing change (i.e., Rosen, Bennis, and Bergquist); and (b) leadership skills and characteristics necessary for effectively implementing change initiatives (i.e., Kouzes & Posner, Kotter, Conger & Benjamin, and Kanter). Furthermore, this last section reviewed some of the recent studies that have examined leaders' involvement with implementing organizational change efforts in the private and public sectors (i.e., Applebaum, Leblanc & Shapiro, Borins, and Higgs & Rowland). These theorists' and researchers' views provided conceptual foundations, practical examples, and models and frameworks that are helpful for understanding the process of leading and managing organizational change. Although there are obvious similarities and overlap among some of the theorists' views, some fundamental differences were noted.

Conclusion

This review presented some of the seminal ideas in the literature in the areas of

organizational change, downsizing, motivating workers (in general and in downsized organizations), and leadership that are relevant to this dissertation. The theories and studies discussed comprise some of the classic theories and graphic studies about each of the relevant topics to my study. Also, the literature presented in this review informed my study about leaders' influence in organizational change and downsizing throughout the research process. In general, the literature provides evidence that there is a growing body of knowledge pertaining to organizational change, downsizing, motivating workers, and the relevancy of my study.

Furthermore, the literature conveys that more research needs to be conducted into the financial performance of downsizing organizations and the approaches of government entities (particularly local government) in implementing organizational change, restructuring and downsizing. Moreover, the literature also suggests that no studies appear to have been conducted in this specific area (organizational downsizing, and motivating workers and survivors in local government), as well as leaders' perceptions of the efficacy of their efforts to motivate their surviving subordinates. Therefore, an overview of the relevant literature appears to support the rationale for my study about organizational change, downsizing and the role of leadership in changing and revitalizing organizations. While this chapter examined previous research that is of particular relevance to this study, the following chapter provides the methodology that guided my study.

CHAPTER III

STUDY DESIGN AND METHODOLOGY

The purpose of this chapter is to provide a detailed overview of the research design and methodology for the study being reported here. Information is presented about the sites and respondents, the procedures used to gain access to the organizations that were studied, the researcher's role in the study, data collection and analysis procedures, and the procedures that were used to ensure trustworthiness.

Site and Participant Selection

As initially approved by the Institutional Review Board (February 1, 2006), the study was to utilize qualitative interviews and written surveys with selected management and non-management employees of three major contractors within the American aerospace industry. Because of convenience, the selected organizations were located primarily in the Southern California region. The anticipated sites selected for this study were the aerospace divisions of the Raytheon Company, the Boeing Corporation and the Northrop Grumman Corporation. I selected these sites for this study for several reasons. All three sites had undergone significant downsizing in recent years. In fact, the aerospace industry, in general, underwent major infrastructure transformation and restructuring over a period of about sixteen years (approximately 1988 to 2004); these transformations involved company mergers, acquisitions and divestitures that frequently led to major downsizing including massive reductions in force. Additionally, the aerospace industry, in general, and the three companies, in particular, continues to be formidable contributors to the economic stability of the Southern California region in spite of the aforementioned infrastructural transformations. It was also anticipated, for all of the reasons stated above, that the selected sites for this study would provide settings rich in opportunity to tease-out and examine effective leadership practices that enhance

the efforts to revitalize and motivate employees affected by major transformations and restructurings.

Unfortunately, after several months and numerous unsuccessful attempts to gain access at those proposed aerospace sites, a decision was made to abandon those efforts and to focus on gaining access to other organizations in Southern California that had undergone or were about to undergo major infrastructure transformation involving downsizing and restructuring. It should be noted here that, according to anonymous, inside sources within the three aerospace companies, the reluctance to allow access appeared to be the result of a generalized retrenchment within the industry and an underlying concern of top leadership that the companies' interests were best served by "putting the restructuring and downsizing episodes behind them and to focus their efforts on a brighter future." Despite these set backs, subsequent efforts to secure other organizational settings (possessing characteristics similar to those described above) led successfully to the acquisition of two local government organizations in the Southern California region that had just begun some restructuring and/or downsizing and expected to expand those types of major organizational change initiatives.

In terms of similar, desirable research characteristics, these local governmental entities (herein referred to by the pseudonyms, City of Brightwood and the City of Playa Vista) play an important role in the socio-economic vitality and well-being of the cities and region in which they operate. However, like many other small, medium and large sized local government organizations across the region and the nation, these two entities were and are experiencing serious current and future fiscal deficits that are being driven by local economic conditions (i.e., fluctuating tax base levels), rising employee medical costs and pension obligations, and increasing critical infrastructural demands (i.e., street pot hole repairs, major water pipe line repairs and replacements, aging facilities replacements such as libraries, fire departments, etc.). As result of these complex and vexing conditions, these government entities- the City of Brightwood (a medium sized

city) and the City of Playa Vista (a very large city)- are being carefully studied by local government practitioners and observers around the region and the nation. Equally important, the executive leadership of these entities welcomed this research and saw real value in the potential outcomes of this research investigation.

Furthermore, as was anticipated with the proposed aerospace companies, these sites also provided rich settings that are, indeed, conducive to teasing-out and analyzing effective leadership practices in revitalizing and motivating employees affected by major transformations and restructurings. Likewise, because the hierarchical structures of these governmental entities are comparable to those of the originally proposed aerospace companies, the utilization of qualitative interviews and written surveys with selected management and non-management employees at these two sites was deemed to be equally appropriate and effective methods of data collection. Consequently, on July 14, 2006, the Institutional Review Board approved a research project modification to include the required research venue change (see Appendix A), as well as other modest modifications to the research proposal (i.e., the research title, interview guide and interview participant criteria).

Interview participants were selected purposefully using "criterion" and "snowball sampling" techniques (Patton, 1990). Patton asserts that the logic and purpose of criterion sampling is to "review and study all cases that meet some predetermined criterion of importance" (pg.176). Because my primary focus was on the perceptions of leaders who experienced organizational change, restructuring and downsizing, I sought an initial sample consisting of approximately 10 to 12 interview participants at each site using the following criterion: respondents would be mid and upper level managers on the leadership teams at the two sites; respondents would directly or indirectly supervise at least 5 employees and would have had comparable responsibilities for at least two years previously when major organizational change, restructuring or downsizing occurred; and respondents would hold positions with titles such as Police and Fire Chief, City

Librarian, and Director/Deputy Director/Superintendent/Manager (e.g., Human

Resources, Planning, Park & Recreation, General Services, Community Services,

Engineering & Capital Projects, Water Customer Service, Environmental Services,

Metropolitan Wastewater, etc.). Utilizing the above criterion, I initially identified 12

interview participants at both research sites with the assistance of the Human Resources

Directors at each of those organizations. Additionally, during the course of identifying

potential interview participants, the top staff executive at the City of Playa Vista (the

Chief Operating Officer) volunteered to be interviewed. Shortly after that fortuitous

development, the top staff executive at the City of Brightwood (the City Manager)

accepted my invitation to be interviewed.

Moreover, I also utilized a version of the snowball sampling strategy (Patton,

1990) by asking the company personnel I encountered in the interviews to assist me in

identifying additional interview participants who were likely to have a different

perspective about the downsizing and restructuring experience. Utilizing that snowball

sampling technique, I identified only one additional interviewee at each site due to the

fact that several participants identified other potential participants that had already been

interviewed or had retired or had left city government for other employment. However,

the use of the aforementioned criterion and the snowball sampling method ultimately led

to the interviews of 12 participants at the City of Playa Vista and 10 participants at the

City of Brightwood. In fact, of the 6 other interview participants that were initially

identified but not interviewed: 2 potential participants (one at each site) verbally declined

to be interviewed; and 3 potential participants at the City of Brightwood and 1 potential

at the City of Playa Vista never responded to my letters of invitation to participate and

my follow-up phone calls. In any event, the top staff executive at each of the sites- the

Chief Operating Officer and the City Manager- were among the total 22 respondents

interviewed. Furthermore, the other 20 interviewees held the following titles: Police

Chief; Fire Chief; Director, Acting Director, Deputy Director, and Superintendent, Park

and Recreation Department; Director, Human Resources Department; Director, Director, General Services Department; Director, Customer Services Department; Director, Planning Department; Director, Environmental Services Department; Acting Director, Public Works Department; Director, Community Services Department; Director, Family Justice Center; Director, Customer Services Department; Assistant Director, Metropolitan Wastewater Department; Deputy Director, Water Department; Lieutenant, Police Department; and Senior Accountant, Finance Department.

Research Design

In view of the fact that the study focused on two local government organizations in the Southern California region, the research purpose was best accomplished by using an interpretive case study/cross-case analysis design. The interpretive case study strategy was appropriate for this investigation because this approach enabled me to gather information in context with the intent of utilizing contextual factors in analyzing, interpreting, and theorizing about the phenomenon (Merriam, 1988 & 1998). Likewise, the use of interpretive methods provided a rich description of the phenomenon and allowed for further abstraction and conceptualization.

Moreover, since I intended to shed new light upon and generate new ways of thinking about organizational downsizing, restructuring and revitalization, the case study (as described by Merriam) was well-suited for this research. In describing the bounded system features of the case study, Creswell (1998) emphasized the contextual richness of the detailed, in-depth process associated with the case study approach. Indeed, case study research normally employs multiple sources of information and, often, multiple cases (pg. 61). Hence, I followed Creswell's notion of a collective, multi-sited case study and cross-case analysis to describe "each case and themes within the case...followed by a thematic analysis across the cases" (pg. 61).

Access

As mentioned earlier, I initially selected three aerospace organizations located in Southern California as the research sites for this study. As such, I had planned to make use of professional relationships I had established (during my tenure as a former human resources executive at Hughes Aircraft Company in Los Angeles) with colleagues at Raytheon, Boeing and Northrop Grumman. Although I was unable to gain access to those proposed sites in spite of numerous attempts, I was ultimately able to gain access to the two local government sites researched herein with the assistance of the City Manager at one of these sites and a Deputy Chief Operating Officer at the other site. I had previously worked with and provided organizational development consulting and facilitation services to the City Council, City Manager and his department heads. Likewise, the Deputy Chief Operating Officer had previously participated (as a member of the board of directors) in an organizational retreat which I had facilitated as an independent consultant. With these colleagues' assistance, I established contact with the appropriate "gatekeepers" (Glesne, 1999) and executive leadership (i.e., Chief Operating Officer, and Human Resources Directors), submitted my written proposal (see Appendices B and C) and secured written consent before entering these research settings.

Upon acceptance of my proposal, I next sent a letter of invitation to participate (Appendix D) and spoke individually with all prospective respondents and explained my study and sought their participation in the study. However, as discussed earlier, not all prospective respondents accepted my invitation and/or responded to my follow-up phone calls. Upon agreeing to participate, each willing participant signed an informed consent form in order to participate (see Appendix E). The form noted that I would diligently endeavor to provide confidentiality, though I clearly emphasized that confidentiality could not be completely guaranteed. Because some of the departments within these research settings were relatively small, it may be difficult to fully safeguard participant confidentiality. Therefore, I took other appropriate steps to address participant's

confidentiality concerns (i.e., offering to meet/interview participant's at preferred off site locations, keeping all interview tape recordings, notes and transcriptions in a locked file cabinet and destroying them five years after completion of this research).

Once consent was given, I individually interviewed all persons who agreed to be part of this research study. Upon completion of interviews, I allowed each respondent to review his or her individual transcript and afforded each an opportunity to change, add, or delete his or her statements. This final step enabled respondents to clarify their statements and, hopefully, increased their prospects of confidentiality.

Researcher's Role

I was the primary data collection instrument in the research process. As Patton (1990) suggests, I assumed the role of participant interviewer and document analyzer. As interviewer, I focused on the selected managers and, as researcher, I investigated subordinates' perceptions regarding their managers' efficacy in revitalizing & motivating surviving subordinates. Likewise, as interviewer, I sought to access the perceptions and the perspectives of the interviewees utilizing an interview guide approach (Patton, 1990). Furthermore, I examined available government documents, websites, newsletters, organizational charts, and local newspaper articles for purposes of triangulation and corroborating findings from the interviews. Moreover, as Glesne (1999) suggests, I assumed the role of "researcher as learner," thereby approaching interviews as "a curious student who comes to learn from and with the research participants" (pg. 41) rather than an expert on the topic. Hence, my approach with participants was that of a curious student who is learning about their lived, contextual experiences of organizational downsizing and restructuring. Lastly, I was sensitive to the participants and to the information gathered and "aware of any personal biases and how they might influence the research" (Merriam, 1998, pg. 21).

Data Collection Procedures

A variety of data collection methods and procedures were employed in the study; these included an interview guide approach, some pertinent document review and analysis, and thematic coding of transcribed interviews. The study also utilized an anonymous grounded survey of subordinate employees that was pretested to help ensure the validity and reliability of the instrument. These various approaches and procedures will be discussed, in the order that they are listed above, in the following sections.

Interview Procedures

The study relied upon individual interviews as the primary data collection tool. Interviews of selected respondents utilized an interview guide approach (Patton, 1990 & 2002), an approach that Merriam (1988 & 1998) calls a "semi-structured interview format." The "semi-structured interview format" allowed me to prepare a topical outline with corresponding questions in advance and to respond flexibly to the unfolding situation (Merriam, 1998, pg. 74). I used study research questions to develop and organize the interview guide. With this approach, I outlined questions and topics to be covered, in advance, but did not decide the exact order of the questions until the interview unfolded (Patton, 1990, pg. 283). Furthermore, using Dillman's (2000, pp. 140-142) cognitive interviewing technique for pretesting questionnaires, I obtained some useful feedback from five "knowledgeable colleagues"- the earlier mentioned Deputy Chief Administrative Officer at the City of Playa Vista, the Human Resources Directors at both cities, and two private sector human resources professionals who worked with me at Hughes Aircraft Company in the late 1990s during that organization's major downsizing and restructuring initiatives. As a result of their critiques, I made a couple of revisions based on their thoughtful suggestions. After the interview guide pretesting, I proceeded on to the participant interview process.

Prior to interviewing, permission to record interviews was sought from the prospective respondents. There were no cases where consent to record the interview was

declined. However, as a safeguard against problems in electronically recording the interviews and to eliminate respondent discomfort and allay anxieties, all respondents were advised that notes would be taken and that electronically recorded interviews were not compulsory. Recorded interviews were transcribed by professional transcribers following each interview and I thematically coded them as part of the subsequent data analysis procedures. Likewise, informed consent was obtained from all respondents. As mentioned earlier, the informed consent form appears in Appendix E. Furthermore, the note taking safeguard proved to be a tremendous benefit when four of the recorded interviews were lost in the U.S. mail en route to an out-of-state professional transcriber and two other recorded interviews were attenuated due to recording device malfunctioning. Unfortunately, the notes from one of the four lost recorded interviews were somewhat sketchy and cryptic, unlike the other three, and was, therefore, deemed unreliable and eliminated from the data coding and subsequent data analysis procedure.

Interview questions were open-ended to allow respondents to share perspectives and insights but gave structure to the interviews and minimized variance between participants. Interview questions began with the general and moved to more specific topics (i.e., I asked participants to describe their experience in motivating layoff survivors, their perceptions of the role they played, and later, asked specific questions focused on respondent's strategies for revitalizing their organizations). By using the interview guide/semi-structured format approach with open-ended questions, I was able to explore questions and topics with the participants in a manner similar to a natural conversation while ensuring that the conversations did not deviate too far from the research topic and that key questions got answered. The Interview Guide (see Appendix F) included follow-up probes and follow-up questions, as needed, to maximize the richness of the data being obtained (Patton, 1990). These follow-up probes, when needed, also encouraged interviewees to expand on sketchy, overly generalized responses. A slightly modified Interview Guide was developed for the two top executives in order to

ensure relevance and enhance sense-making (see Appendix G). Though each interview was anticipated to last approximately one hour, I secured from the interviewees the option of a follow-up session to allow for completing the interview (i.e., in the case of lengthier or interrupted interviews), or pursuing possible follow-up questions, clarifications and researcher omissions. Follow-up sessions were conducted on-site and follow-up questions were conducted via email or telephone.

To supplement the Interview Guides, I used two tools. The first tool, the Personal Demographics Questionnaire, represented the participant's total work experience at the City. A blank questionnaire was emailed to the participants prior to the interview so as to afford them the opportunity to fill it out in advance, thereby saving valuable time during the interview. Specifically, the Personal Demographics Questionnaire asked for more information about the person's background, including their prior leadership experiences. This additional information enabled me to assess the different perspectives I heard in context and, consequently, to construct a richer understanding of each case.

The second tool, the Milestone Chart- Significant Organizational Change and Restructuring Events, offered an instrument for participants to reflect on events and dates/timelines that stood out about the City's change and restructuring initiatives over the previous three years. As the case with the first tool, participants were emailed the blank chart in advance of the interview with instructions to notate significant change or restructuring events that have occurred in their organizations up to this point. The Milestone Chart included three separate blank timelines arranged in chronological order beginning with the current timeline (fiscal year 2005/2006) placed at the top of the chart and the preceding timelines (fiscal year 2004/2005 and fiscal year 2003/2004) placed in the middle and at the bottom, respectively. Space was provided above and below each of the three timelines for notating the key organizational change and restructuring events that readily came to the participants' minds. Here again, the participants were given a

chance to freely reflect, to furnish background and insight into particular events that occurred at their City, and to contribute to a richer understanding of each case.

Collection of Documents

For purposes of data triangulation, it was my initial intent to review and analyze all available documents pertaining to and describing organizational revitalization and motivation initiatives at each site. However, because organizational change, restructuring and downsizing had been recently undertaken and were still underway at these research sites, I quickly discovered that very little internal documentation existed about those efforts. Moreover, executive leaders at both sites acknowledged that no types of revitalization or motivation initiatives had formally begun yet nor were there any immediate plans to introduce such measures. In fact, I was also informed that other than informal group meetings, discussions, announcements, and published organizational charts, there were little or no formal management directives, memoranda, internal policy, procedural manuals, newsletters or other records describing or documenting the organizational change, restructuring and downsizing measures recently undertaken or under consideration at both sites. There was, however, an abundance of articles in the local print and on-line press that documented most of the cost-cutting, staff reduction and pension issues that had been and were being undertaken by the administrations at both of these research sites. Those articles were collected and later reviewed as part of the data triangulation effort and a secondary data analysis process that I will talk more about below. Likewise, several on-line articles retrieved from the city's website describing a number of employee generated cost-saving proposals that were implemented at the City of Brightwood were also reviewed and analyzed. Furthermore, several official reports (i.e. annual budget proposals, updates on efficiency and productivity of city operations, business process engineering, etc.).

Grounded Survey Procedures

After conducting and transcribing the managers' and executive leaders' interviews, I developed grounded surveys for subordinate employees. Survey respondents were to be comprised of all subordinate employees reporting directly or indirectly to the interview respondents during organizational change, restructuring or downsizing episodes over the past three years. Furthermore, I developed these anonymous surveys for purposes of triangulation and as a secondary data collection method. Hence, I developed two grounded surveys: (1) a survey for the subordinate employees reporting to the 20 interviewed managers, the department heads and assistant/deputy department heads); and (2) a survey for the subordinate department heads reporting to the 2 executive leaders, the city manager and the chief operating officer.

Employee survey respondents were identified at both sites with the support of human resources personnel and with the full assistance and cooperation of their managers. Department head survey respondents were identified with the assistance of human resources personnel at the City of Brightwood. However, in spite of initial organizational approval of such a survey, the executive leadership at the City of Playa Vista declined to participate in the department head survey. Citing concerns about recent negative publicity resulting from a city-wide employee survey that raised concerns about city managers' questionable handling of ethical issues and complaints, the City of Playa Vista's executive leadership team withdrew its support of the department head survey. In spite of assurance that the details of the department head survey would not be made available to the local media and assertions that the use of organizational pseudonyms in this dissertation would, over time, reduce the possibility of the City's exposure to further negative publicity, the City's leadership maintained its position to withdraw its endorsement of the department head survey. Notwithstanding this unfortunate setback to one significant aspect of the proposed cross-case analysis, the employee survey was

approved and successfully administered at the City of Playa Vista during the earlier phase of the grounded survey effort.

The employee and departmental leader grounded surveys consisted of 20 questions that included a combination of seven 5 point likert scale statements, three closed-ended questions, three yes/no response type questions, and seven contingency questions. The questions were developed after the first review and analysis of the transcribed interviews and with the intention of assessing the degree of alignment between the perceptions of the interview participants and their subordinate employees. Essentially, the question development effort involved underlining key ideas, making marginal notes, assigning categorical labels to those ideas or data segments, chunking or clustering those data and then developing relevant questions. Moreover, for purposes of supplemental data collection, analysis and comparison, five demographic questions were included at the end of the survey as suggested by Dillman (2000, p. 94).

The use of Likert scale statements, open and closed-ended questions and other types of questions provided me with more flexibility in designing items and made the questionnaire more interesting (Babbie, 1990, pg. 127). An email letter of invitation to participate was sent to the subordinate employees explaining the nature of the research, as well as the purpose and duration of the survey, and providing access to the internet survey via an electronic link to the internet service provider (SurveyMonkey). Additionally, alternative access to secure, on-site computers was provided for prospective survey respondents among a small group of blue-collar workers at the City of Brightwood who did not have computer access at their work site. Furthermore, survey respondents interested in the final outcomes of the survey were advised of the anticipated time frame for completion of the data analysis and given contact information for requesting copies of the survey findings.

Through the use of the on-line survey, respondent anonymity was guaranteed by my selection and application of SurveyMonkey's design features that enabled the

collection and collation of responses to be fully anonymous. In other words, since the survey did not require respondent names, there was no possibility of identifying participating respondents or accessing individuals' responses to the survey questions. Equally important, for purposes of subsequent preliminary data analysis, I was only provided online summary and detail reports of the survey's collated data. In addition, for purposes of further data analysis, I was provided access to each of the surveys' raw data bases for possible downloading into Excel spreadsheets. As a result of the use and application of these data analysis tools, the anonymity of the individual respondents was not compromised during any aspect of the analytical process.

Additionally, pre-testing of the research instrument was conducted for the purpose of testing the content, validity and reliability of the survey tool (Babbie, 1990). The research instrument was pretested in the manner and form that was used during the real study. The selection of subjects for pre-testing the research instrument was varied so as to include reasonably appropriate respondents for the questions under consideration. Essentially, I again used the cognitive interviewing technique in testing the first draft of the survey instrument with six knowledgeable colleagues who, as Dillman says, "can identify with respondents and determine how likely it is that each of the questions can or will be answered (Dillman, 2000, pg. 141-142)." Four of these colleagues had previously participated in the previous pretesting of the interview guide- the two private sector human resources professionals, the Human Resources Director at the City of Brighwood, and the Deputy Chief Administrative Officer at the City of Playa Vista. The other two pre-testing participants were department heads at each of the two study sites.

The cognitive interviewing technique enabled me to determine whether respondents could comprehend and answer the instrument questions accurately and as intended. Next, after obtaining feedback from the six pretesting participants, I incorporated that feedback into the creation of a second draft of the survey instrument. I then reviewed the second draft of the instrument with Dr. Robert Donmoyer, the Chair of

my dissertation committee, and Dr. Fred Galloway, a member of my dissertation committee and a quantitative research specialist. As a result of the last review, I made a few technical revisions, created the final draft of the instrument and proceeded with the grounded survey process and administration of the survey.

Data Analysis Methods

Extensive data in the form of notes and transcripts from interviews were analyzed and studied in order to identify emerging themes, patterns and relationships (Creswell, 1998; Spradley, 1979 & 1980; van Manen, 1990) within each case or site. I coded the data from each interview in order to establish informational categories and to identify factors that related to the primary questions that guided this study. As a result, I developed a list of fifteen initial codes. I then clustered those codes within the following three major categories: methods and approaches used by subjects; perspectives held by subjects; and descriptions given by subjects. I then analyzed the coded data again from each interview from both sites to identify overall patterns and themes in the data.

However, this process did not lend itself to the identification of patterns and themes that made sense to me as I had anticipated. Therefore, I re-analyzed the information from the notes and transcripts and a final list of twenty-one refined codes emerged and was used to re-code the notes and transcripts. As a result of this intensive process however, I felt somewhat unfulfilled with the preliminary themes that had emerged; particularly, since I now felt that these two rich and unique case studies had much more to tell us than those emergent themes. After consulting with my committee chair, I decided to employ the "narrative analysis" and "analysis of narrative" strategies.

Hence, I first used the process of data analysis referred to by Polkinghorne (1995) as "narrative analysis" to organize and present the data from the abundant newspaper articles and the other gathered information in a storied form. Polkinghorne contends that narrative refers to 'texts that are thematically organized by plots" and he explains that researchers can use the process of "narrative configuration" to bring "together diverse

events, happenings, and actions of human lives into thematically unified goal-directed

processes." (p. 5). Thus, what emerges from this approach is referred to as the plot and

the "plot's integrating operation is called emplotment" (p. 5). As a consequence of

configuring or emplotting happenings and events, Polkinghorne concludes that narrative

meaning is the outcome. So, utilizing Sykes' (1998) steps (based on Polkinghorne's

thinking) to create "emplotted narratives" presented in Chapters IV and V.

Next, I used the technique of "analysis of narrative" to make sense of the

interview responses and experiences described by the interview participants.

Polkinghorne (1995) describes this technique in the following way:

> [In] analysis of narratives, researchers collect stories as data and analyze them
>
> with paradigmatic processes. The paradigmatic analysis results in descriptions of
>
> themes that hold across stories in or taxonomies of types of stories, characters, or
>
> settings...Thus, analysis of narrative moves from stories to common elements. (p.
>
> 12)

In essence, this analysis approach allowed me to enrich the stories being told, as

well as to return to the coded data mentioned above and proceed with the identification of

patterns and themes which were used in answering the research questions in Chapter VI.

Case-ordered matrices (Miles & Huberman, 1984 &1994) were used during this phase of

the analysis to develop coherent descriptions across the cases which, ultimately,

enhanced the generalizability of the study's findings.

I analyzed the quantitative data derived from the survey tool with guidance from

Dr. Fred Galloway, a dissertation committee member and expert in quantitative methods.

Data analysis initially consisted of reviewing and examining the earlier mentioned online

summary and detail reports provided by SurveyMonkey. As a result of that analysis, it

was determined that several of the survey questions and the summary and details were

extracted and are presented and discussed in Chapter VI. The presentation of the data was

done in order to show the degree of alignment or agreement between interview

respondent and survey respondent information. Data analysis was conducted as an activity simultaneously with data interpretation and narrative report writing so as to ensure focus and, as such, engaged my sustained attention to this study.

As mentioned earlier in the data collection procedures, I gathered and analyzed various local press and online website articles documenting some of the cost-cutting and staff reduction measures for the purposes of data triangulation. By analyzing these documents, I sought to verify and validate responses and other pertinent information provided by the interview respondents. This analysis also enabled me to provide supplemental descriptions of respondent information and, ultimately, better understandings and confirmation of the emergent findings.

Products

I produced a rich, narrative description of a multi-sited case study. The first part of the analysis is a description of each case and emergent qualitative and quantitative themes within the case. The second part of the analysis analyzes and describes qualitative themes across the cases. I anticipate that this study will serve as a framework for developing information on best practices and guiding future research in the effective revitalization and motivation of surviving workforces in downsized organizations.

Significance of the Study

Understanding how organizations undergoing major transformation resulting from downsizing or restructuring rebuild diminished capacities is beneficial if we are to grasp fully how organizations can revitalize their surviving workforce. Such understanding serves to improve an organization's knowledge, efficiency and overall sense of well being during similar transformations, downsizing or restructuring. These understandings also serve to better inform organizational leadership of the value of human assets and to reinforce the need to preserve human resources along with the need to protect capital resources. It is expected that this study will provide deeper understanding of the strategies that leaders employ to revitalize, reinvigorate and motivate survivors of downsizing and

restructuring. For those leaders engaged in such efforts, the research should help identify reasonable and realistic strategies and expectations. Likewise, it is crucial that leaders fully understand the many consequences of and responses to organizational change, downsizing and restructuring, as well as the myriad challenges attendant to organizational revitalization and reinvigoration efforts. Lastly, it is my intent that this study may provide a rich source of information on best practices which organizations facing organizational change, downsizing or restructuring may draw upon.

<div align="center">Limitations of the Study</div>

The results of this study may be limited in terms of generalizability. The intent was to present a study that is rich and thick in its endeavors to depict major organizational change within a formidable public sector. Thus, although the results of this qualitative study may have limited generalizability, the findings, on the other hand, should be transferable to other similar organizational settings. Likewise, this study may prompt other studies within different organizational and industrial contexts that could lead to an increasingly more sophisticated grounded theory. Therefore, even though this study may be of limited generalizability, it can, nevertheless, make a meaningful contribution to the growing body of knowledge and inquiry into the phenomena of organizational change, downsizing and restructuring.

As a former human resource executive in the aerospace industry, my description and discussion of this phenomenon was influenced, in part, by my own direct experience. However, my former position within industry could be viewed positively when considering my theoretical and practical understanding of the studied phenomena and negatively if concerns were to arise that I was incapable of objective inquiry and analysis. As such, I was aware of my own biases and managed and monitored my subjectivity so that I produced a reliable analysis and inquiry into the studied phenomenon (Glesne, 1999 & Peshkin, 1988). Lastly, the following factors posed further limitations on this study: the results and outcomes of this study were dependent on the truthfulness and timeliness

of the informants' responses; the data collected was limited to those gathered in the interview process and the administration of the survey tools; and only present employees of the studied companies were selected as informants in this study.

Summary

This chapter provided a detailed overview of the research design and methodology that guided my study. I presented information the local government sites that I ultimately chose to conduct the study and the twenty-one leaders with formal positional authority who participated in the study. In addition, I discussed the procedures that I used to obtain access at the research sites and my subsequent role in the study as researcher and interviewer. I also reviewed the interviewing process as the principle data collection method employed in the study. Moreover, I discussed how I utilized grounded survey procedures and Polkinghorne's (1995) narrative analysis and analysis of narratives strategies for data analysis and reporting. I also presented reviews of the products, significance of the study, and limitations of the study. Finally, I presented the following definitions and key term. While this chapter detailed the methodology that guided my study, the following two chapters presents the findings from the two case sites.

Definitions and Key Terms

The use of the term <u>downsizing</u> of organizations, in both the non-profit and for-profit business contexts, is a relatively recent phenomenon. Some researchers of organizational change trace the emergence of downsizing, as an American business practice, to the 1970s and 1980s when successive surges of "corporate cutbacks" and "restructuring" responded to global competition, "diffusion of technology" and declining market economies (Capelli, 1999; Johansen & Swigart, 1994; Tomasko, 1990 & 1993; Wolman & Colamosca, 1997). Simple dictionary definitions describe it as the act of terminating the employment of (a worker) when reducing a workforce. Cascio (1998, p. 55) tersely described it as "the planned elimination of positions or jobs." Capelli (1999, p. 115) presents a broader concept of downsizing by describing it as "dismissing workers

for reasons *other* than poor performance" and suggest that it "has come to mean cutting workers to reduce costs and improve financial performance, not necessarily to respond to declines in business." The term <u>downsizing</u> as described by Cascio (1998) and Capelli (1999) will serve as the combined operative definition for this study.

In this study reference is made to laid-off coworkers and the lay-off process. Huczynski (1987, p. 339) describes the term <u>layoffs</u> as "a means of adjusting the existing supply and the new demand for labour." Capelli (1999, p. 115) defines the term <u>layoffs</u> as a traditional reference to "cutting workers in a business downturn (typically with the intention of hiring them back when business returned)." In slight contrast, Noer (1993, p. 12) generically describes the term <u>layoff</u> as "all involuntary employee reductions for causes other than performance" and "does not imply that the employee may be recalled when business improves." Notwithstanding such minor differences in interpretation among researchers relative to employer intent, the term <u>layoff</u> in this study refers to both voluntary and involuntary employee reductions arising from strategies and decisions designed to reduce costs and improve business profitability, productivity and competitiveness. Furthermore, the term <u>layoff survivors,</u> as employed in this study, embraces Noer's definition which indicates that layoff survivors are "those people who remain in organizational systems after involuntary employee reductions" (1993, p. 13).

The use of the term <u>restructuring</u> to characterize an intervention or change technique is also a contemporary phenomenon. Huczynski (1987, p. 294) provides a rather expansive concept of restructuring as "altering the number of levels in the hierarchy, expanding or contracting the number of units or departments, changing the composition of teams, altering responsibilities and authority levels and communication lines." For purposes of this study, Huczynski's conceptual description of restructuring will be used as the operative definition for this study.

Reference is also made in this study to the concept of <u>post-traumatic stress</u>. Cohen & Cohen (1993, pp. 115-116) saw *post-traumatic stress syndrome* as "a relatively recent

name for a phenomenon that psychologists have recognized for some time: the serious emotional disturbance that follows a traumatic experience, sometimes quite a bit after the event." Further expanding on this view, Cohen & Cohen (p. 116) stated that "organizations, too, suffer from post-traumatic stress disorder" and "although the results are rarely characterized by violence, they can be extremely destructive to the organization's well-being." For purposes of this study, the term post-traumatic stress, as defined by Cohen & Cohen, applies to individual or organizational contexts.

CHAPTER IV

FINDINGS, CASE I: THE CITY OF BRIGHTWOOD

The Story of Organizational Change and Major Restructuring and Downsizing in

the City of Brightwood

Brightwood City borders two large cities in Southern California. It is the second

oldest city in the county (incorporated in 1887) with a population of approximately

60,000 people who are distributed throughout a 9.2 square mile area. It is a suburban area

with a Latino population of approximately 60 percent which is comparable to the large

neighboring city on its southern border and somewhat typical of communities in this

south bay region which have seen their ethnic composition shift from largely Caucasian

to Latino over the last thirty years. In fact, while the city features considerable diversity

with 75 percent of its residents from minority groups, it is also plagued by some of the

most entrenched social ills in the county. It is a working class community with a

population with a median age of 28.7 years and a median household income of

approximately $27,000 (the lowest level in the county). In 2002, 20 percent of the city's

families lived below the poverty level (defined as $18,000 per year for a family of four),

and the city's crime rate in 2005 ranked second highest in the county.

Brightwood City is a 'General-Law' city run under the 'Council-Manager' form of

government which is typical of most California cities in that it has an elected executive

and policy-making branch (consisting of a mayor and city council members) and a city

government bureaucracy run by a city manager. Hence, the mayor and city council

establish goals and priorities and set the policy direction for the city, the city manager and

the city government bureaucracy. As a result, the city manager, as the organization's chief

executive, is accountable to the city council and is responsible for and oversees the

various city departments charged with providing essential services and programs to the

local citizens (i.e., finance, police and fire, libraries, parks and recreation, planning,

public works and engineering, redevelopment, etc.). Additionally, the City Manager of

Brightwood has appointed and delegated some of his authority to an Assistant City

Manager who oversees most of the aforementioned city departments. Finally, at the

bottom of this organizational hierarchy, the various department heads are charged with

managing and supervising the daily operations, services, and programs of their respective

city departments and subdivisions.

Life Before the Financial Crisis: Leadership Changes and New Fiscal Constraints

This first section, "Life Before the Financial Crisis: Leadership Changes and New

Fiscal Constraints," provides an overview of the changes in leadership, new policy

direction, formation of the new government leadership team, and the implementation of

initial interventions to enhance efficiencies and avoid cuts.

Changes in Leadership and a New Policy Direction

In November 2002, the voters elected two-year Councilman Nat Iniquez to

replace sixteen-year incumbent Glen Ward as Mayor. Two new councilmen also were

elected to fill seats vacated by one retiring member of the council, and one member of the

council who was defeated in the election.

During his mayoral campaign, Iniquez promoted what he called a "very direct

agenda and that meant change." The local newspaper described the results of the election

as the council's "most significant shift in 30 years with the incumbents' departures" and

noted that the turnover amounted to a combined loss of 45 years of experience as elected

officials. Indeed, the election turned out to be a precursor of other significant changes in

leadership and the future direction that the new leadership would take the city. For

example, immediately following the election, Mayor Iniquez appointed another new

councilman, a Filipino-American, to fill his own vacant council position through the end

of his elected term. Likewise, during the following year (January through November

2003), the city manager, police chief, fire chief and five department heads retired, in

some cases by taking advantage of an early retirement option. Essentially, with the

election of two new council members, the appointment of another new council member,

and the hiring of replacements for the departed department heads, the ethnic composition of the city's leadership was dramatically changed within a two year period.

Undaunted by these and other anticipated leadership changes, the new mayor and council embarked resolutely upon an ambitious course of urban renewal that would, indeed, change the city's physical and political landscape for years to come. Thus, within his first year in office, Mayor Iniquez began fulfilling his mayoral campaign promise by leading an organized drive to change the city's long-standing reputation as a poverty, crime and gang-ridden community and replace it with a vision of urban revitalization. According to a local newspaper account, that vision included a "vast array of commercial and residential developments, ethnic commercial districts, an educational complex, a new hotel, a boat marina, and an aquatic center, along with a new city library, arts center and fire station."

Despite the many successes and remarkable progress that was made on these diverse (but also costly) projects, the revitalization campaign soon began to experience political and financial challenges. On the political front, Mayor Iniquez began to receive questions and criticism from his council colleagues for going too fast with so many projects and not involving the council in some of these ambitious yet important development efforts. On the financial side, though many of the ongoing projects were already funded by the time the criticism occurred, some projects (e.g., the library, fire station, arts and aquatic centers, a proposed Filipino commercial village and Mexican restaurant district) pushed by the mayor were either unfunded or still required millions of additional dollars to be fully completed. Adding to the council's growing financial concerns, the mayor and council, in June 2003, reduced various departments' operations and maintenance spending by 16 percent in order to balance the 2003-04 budget and avoid cuts in personnel. Moreover, though the new council had inherited substantial cash reserves due to the fiscal conservatism of previous councils, the new council would

again, in the 2004-05 budget deliberations in July of the following year, face another fiscal challenge that will be described in more detail later.

Formation of a New Leadership Team: New Actors in City Government

As mentioned above, the 2002 election took the city into an era of unprecedented leadership changes and a significantly new direction. As one interview participant put it, for nearly twenty years prior to the 2002 election, the city was a place where "things were pretty steady, very, very little change, and everyday was similar to the last." But with the entrance of a new mayor and council and a new policy direction, things began to change rapidly among the ranks of the city's bureaucratic leadership. In February 2003, when discussing the possibility of the current city manager's retirement (as well as other high level retirements that might follow) with the local newspaper, Mayor Iniquez described such possible leadership changes as "a tremendous opportunity" in which he hoped "to replace those executives with employees who better reflect the [city's] makeup" and "folks that understand what direction we want to go in as a city who have worked in that environment before." Similarly, some council members were reported in the local newspaper as saying that "the anticipated departures are an opportunity to fill the slots with leaders who better reflect the city's diversity" while sharing the belief that "a new city manager should be in place before the other slots come open, so that the individual could have input in assembling a new team." As it turned out, the city manager retired abruptly the next month while he was vacationing. With that sudden departure, the city immediately named Assistant City Manager Patrick Martin as interim city manager to temporarily replace the city manager who had held that position for 24 years. .

Once the city manager retired—for reasons that neither the media or interviewees could explain—other key leadership retirements followed through the end of 2003. These included the retirements of the Police Chief, Fire Chief, Community Development Commission Executive Director, City Engineer & Public Works Director, Human Resources Director, Finance Director and Redevelopment Director. Though these

departures could be seen as common occurrences during a change of administration, interviewees made sense of this spate of retirements in different ways. One interview participant, for instance, mused that the departed leaders

> were good people, but they were operating in one paradigm and it had been that way for 20, 25 or 30 years. I think city leadership recognized that we were not going to get where we wanted to be with these same individuals in place.

Another interview participant stated that

> the old city manager went on vacation and didn't come back. That left question marks in the minds of many people, especially those department heads who were at-will employees. And [because of that] there was a common question as to will anybody else have a similar fate? That question went through my mind personally.

Not surprisingly, with perceptions like these floating around at different levels within the organization, a slow but steady exodus of rank-and-file employees began to occur and continued over the course of the next two and a half years. There will be more on this exodus later.

While the exodus of key leaders and rank-and-file workers continued, Mayor Iniquez and the City Council moved forward with its politically popular vision of urban revitalization. As noted earlier, that vision involved a number of major construction projects that required not only large infusions of funding but also considerable administrative support. Soon, the largesse of the new vision and the volume of the accompanying work load began to place considerable pressure on the responsible city departments (e.g., redevelopment, planning and building & safety) already impacted by the growing loss of personnel. At the same time, the city began to face mounting constraints on its general fund requiring reductions in departmental operations and maintenance spending and a hiring freeze in order to avoid cuts in staffing levels. For this reason, in his preliminary budget message to the City Council in June 2003, Interim City

Manager Martin said, "We are all in for a rough and long-lasting roller coaster ride over the next 12 to 24 months" as he discussed the necessity of a 16 percent reduction in departmental spending and a hiring freeze. As will be discussed later, Martin's comments would, indeed, become a prophetic forewarning of serious fiscal challenges to come.

Even though the city's fiscal condition was beginning to show signs of instability, the mayor remained optimistic about the city's promising future. Thus, over the next six to nine months, he continued to play a leadership role in the effort to overhaul the city's persistently negative image. Essentially, he became the "face" of the *Brightwood -- A City on the Move* campaign. However, the mayor's involvement in this image campaign and his "frenetic pace and ambitious plans" (which, at times, excluded the involvement of council members) began to raise some criticism among some of the members of the city council. This criticism of the mayor, however, did not cause the council to abandon the urban revitalization effort nor did it dissuade them from joining the mayor in an increasingly important nation-wide search to permanently fill the City Manager position. Indeed, with the ongoing staffing issues and the emerging financial challenges facing the organization, it became even more important for the council to hire a highly creative, experienced and collaborative individual to assist them in sustaining their vision of renewal and growth.

Responding to the pressing need to fill the city manager position, the mayor and council culminated their nation-wide search at the end of January 2004 with the appointment of Carlos Zepeda, a deputy city manager at a large city in a nearby state, as Brightwood's new city manager. Describing Zepeda as a 20-year public servant with considerable involvement in "efforts to build stadiums for the National Football League...and the National Hockey League," the local newspaper reported that he had "been tapped to transform city government in this working-class port town of 60,000." This insightful characterization was supported in that newspaper account with very favorable comments from the mayor and three of the four council members such as: his

"experience on stadiums stood out;" his "work on stadiums showed [me] he could shepherd large redevelopment projects;" he "seemed flexible in terms of work with the individual projects, styles and goals of different council members;" and "he's got the history, the education, the background to come to our city and make a difference." In addition, the newspaper quoted a former colleague who, when discussing his management style, praised Zepeda by predicting that "city staff could expect someone with an open door policy, a hands-on manager who wants to see staff expand skills and services for the public."

Because of the singularly important role that the new city manager played in this rich story of organizational change and restructuring, it would be useful here to examine some of the leadership qualities and attributes that he actually brought to the city in terms of his ability to transform the city, as well as his approaches to developing staff, supporting his top leaders and communicating with employees. For instance, when discussing the influence that the new city council and the new city manager had on the positive changes that had taken place during the recent major restructuring in his department, one of the interview participants remarked:

> So now we've got a council that's kind of changed direction. We have a city manager who is much more progressive, has some fresh ideas that we haven't seen in the city for a long period of time. And now we have got a great leader in the department. So a lot of these ingredients fell together at the same time...[but] you can have the most progressive, most outstanding [department] leader in a lot of regards, but unless he is supported, you know with 360 [degree] support, he would not be nearly as effective. So we've had some real good support in the city [from the council and, in particular, the city manager] as well.

Another interview participant commended Zepeda for his creativity as evidenced in his "thinking outside of the box that even brought even more dynamic thinking to ...an already ever-changing organization [since the election of the new mayor and city

council]." Additionally, on the theme of Zepeda's commitment to developing staff while implementing changes in the organization, that same interviewee cited herself as an example and recalled Zepeda had recognized that she had been under-utilized for years and, as a result, promoted her into a department head position shortly after his arrival. The interviewee also pointed out that "just having a boss that took a real personal interest in you and your development, you know, truly becoming a mentor, [that was] something that I had not had before in my career…so that was like a huge change for me." In fact, the interviewee also spoke of the influence that the city manager had on her own approach to developing staff during departmental restructuring efforts by recounting that, in her recent experience as a new department head,

> there was a part-time secretary who was doing work out of class. I re-classed her, with the departure of the senior services coordinator…to become the senior services coordinator. And she is just thrilled and has just blossomed in the job. But that was a hard change for people, because they always saw her doing administrative work and suddenly she's out running a recreation center for seniors…I just took a tool from [Carlos] and [I] thought outside the box and said…I can't hire new people and so [I] just created new job titles for people, re-classed them, got them pay raises which worked out to help them.

Adding to the theme of the city manager's utilization of staff development as a useful tool in organizational development, in general, and facilitating departmental restructuring initiatives, in particular, another interviewee described the revitalizing effect of the city manager's commitment to developing employees (himself, in particular) by revealing that

> the concept of the present management to look within when an opportunity arises, whether it be promotional, or not promotional…or any type of opportunity is exciting. The fact is that they do look from within, rather than starting at the outside and if not being able to find the proper employee on the outside…okay,

well maybe we can have somebody here do it. With this most recent job I have been given…I was very complimented that they have the faith in me to look at me first to do this. It extremely motivated me, revitalized me, my [sense of] self, my mind. [It] makes me wake up early in the morning and [I] can't wait to get to work…it's just a wonderful experience…it's just a matter of the way …that they've changed their thinking…and I know that with talking with the other employees, it has also revitalized them.

Moreover, on the theme of communicating with employees throughout the organization and, specifically, the methods he used in communicating how organizational changes are decided upon, the same interview participant praised the city manager for creating an environment that encouraged open communication by stating:

We had the city manager, assistant city manager inviting us to their department head meetings…anybody, any employee in the city could go. So we knew right…from the top to the bottom what they were thinking, how the decision was made, when the decision was made, and where to go with the decision. So there was this full line of communication…which was very helpful. And up until this point, we had never seen [this kind of transparency] in [Brightwood City].

Lastly, Zepeda's accounts of his own qualities and attributes and, specifically, his approaches to staff and organizational development consistently matched up with the descriptions of the above quoted participants. In terms of his ability to transform the city, when interviewed as part of this research project, he described the importance of ensuring that: the management team he was building was "aligned with what the council's vision was"; and he was getting "the right people with the right skill sets…some very talented diverse individuals" that would be able to fulfill the needs of "a very aggressive community under its mayor and council." As for his approach to identifying existing staff for promotional opportunities created during departmental restructuring and reorganization, he related, in general terms, that "it was a great opportunity to come in

here...to take what was there, enhance it with new people, or motivate people and bring them up from within and create this whole dynamic of a culture of an organization that embraced change, was competitive." Citing his proudest achievements in providing staff advancement opportunities, he specifically recalled the examples of Lynn Davis (Community Services Director) and Sam Kirkland (City Engineer).

In the case of Ms. Davis (one of the earlier quoted participants), Zepeda noted that promoting her was "extremely positive" for the organization and "very gratifying" for him because she had: two masters degrees; experienced "no upward mobility" for seventeen years; and "not only talent, but more importantly, commitment." In the instance of Mr. Kirkland's promotion, the city manager proudly recounted his "being able to take someone like a [Sam Kirkland] who was apprehensive, and say [Sam], you know, I believe in you, [and] you are the kind of person that I want on my team, [and so] however I can help you, I will help you." Equally important, he touched upon how important the city manager's support is to a department head's independent, departmental change initiative (i.e., Police Chief Garcia and the City Librarian). For example, he asserted that by allowing them to "assess what the priorities of the council and community are...they will start their own igniting of...what it is they feel is necessary [for their department] to get done...[and] as they start to work on those things, they can do that independent of the manager but with full support of the manager and the council." Finally, in discussing how the change/restructuring process was introduced to the organization, he disclosed a multi-level approach to communicating with employees and stakeholders that entailed

> just doing more outreach within neighborhood groups, doing more
> communication with our different organizational groups...whether it's staff
> meetings,...mechanisms that allow for more communication like an employee
> newsletter, an expanded intranet, a community newsletter, and updating our web

page...all of those contributed to what I consider to be essential to organizational change- which is communication.

Considering all of the above mentioned accounts of the city manager's diverse qualities and attributes (including his own comments), it appears that Carlos Zepeda was well-cast for the lead role in the unfolding story of the formation of a new leadership team dedicated to the implementation of a new vision and direction for the City of Brightwood. Therefore, it came as no surprise that, immediately upon his arrival in February 2004, Zepeda would begin to systematically fill all six of the previously mentioned department head vacancies, as well as the Parks and Recreation Director vacancy created in 2002 by the retirement of the former director. Hence, from February through November 2004, through aggressive external recruitment, the new city manager hired a Human Resources Director (Southern California hire), a Fire Chief (out-of-state hire), a Police Chief (Southern California hire), and a Public Works Director (Southern California hire).

Also, through thoughtful internal searches, Zepeda promoted several talented internal candidates to the other leadership vacancies which included the permanent heads of the Redevelopment Agency, the City Engineering Department, the new Community Services Department, as well as the acting directors of the Parks & Recreation Department, and the Finance Department. Concluding this leadership hiring campaign in November 2004, Zepeda hired a new Assistant City Manager, Lois Ward (another Southern California hire) to assume supervision of the majority of the city departments so as to enable him to devote personal attention and oversight to the growing needs of the mayor and city council, important special projects (i.e., possible construction of an NFL football stadium) and the merger of the City Finance Department and the Community Development Commission's Finance Department. In summary, with these talented and experienced leaders in place to assist him and the backing of the mayor and city council,

Zepeda was apparently ready to initiate an organizational transformation that would support the mayor and city council's new vision and policy direction.

Implementing Initial Intervention Strategies: Enhancing Efficiencies, Avoiding Layoffs and Service Reductions

As the new city manager began the campaign to fill the leadership vacancies in the organization, he was confronted with an equally difficult and unavoidable challenge. The month after starting his new job, he learned that, in spite of the earlier mentioned operations and spending reductions enacted the previous year, the city would soon face additional financial difficulties or as he put it "a significant event." As he described that event, he claimed that due to "the downturn in the economy...[and the] decrease in interest rates [that negatively affected the city's retirement fund investments]...our retirement costs were going to jump from one million a year to four million a year." Zepeda then went on to add, "so the mixing and melding of numbers from other sources-stagnant revenue streams, cost of business insurance plans' liability going up- created a projected four million dollar deficit." Thus, as the formation of the new leadership team was beginning to take shape, the stage was also being set for a continuing, in-depth examination of the city's financial obligations and expenditures, as well as its departmental structures and processes in order to address the city's worsening financial situation.

Soon thereafter, the city manager began to share his ideas, at various meetings for improving organizational efficiencies through various change interventions including potential organizational realignments and mergers. These efficiency improvement discussions were part of Zepeda's initial response to the convergence of the vexing issues of increasing workload demands, staffing shortages and financial challenges. Essentially, the ideas and organizational restructuring scenarios that Zepeda shared during these discussions were based, in part, on his prior experience, as well as data gathered from his early organizational assessments, and many informal conversations with staff. In

particular, Zepeda obtained valuable information for his early assessments from the city council and his department heads at the first City Council and Staff Retreat in March 2004. For example, during a facilitated exercise at the retreat (which I conducted as the city's independent retreat facilitator), the city manager garnered worthwhile input regarding the council's priorities for existing and proposed projects and services.

Other examples of valuable information gathered by the city manager at the retreat were specific programmatic and service level data presented by the executive staff in each of their reviews of their own department's SWOT (Strengths, Weaknesses, Opportunities and Threats) analyses. In fact, one interview participant confirmed the significance of the March retreat upon the city manager's data gathering efforts by explaining that the SWOT analysis review process

> was critical in his decision making on, at least for this department, doing what he
> did. I think he looked at that and saw some opportunities for some change and
> acted on that. I don't know for the other departments if that was a critical
> document in how he proceeded in reorganizing different departments, but I think
> specifically for this department that SWOT analysis was a pretty critical
> document for him.

As a result of the above mentioned information and data gathering efforts (especially the March 2004 retreat), the city manager began to form a clearer understanding of the growing complexity of the city's current and future fiscal, programmatic and service delivery outlook. Additionally, Zepeda's understanding of the city's future fiscal outlook was further informed in July 2004 by new 2004-05 budget projections revealing (according to the local newspaper) that the city anticipated "$5 million in increased costs…largely for salary and retirement increases for police and fire officials…[and an expected] $1 million reduction in revenue from the state, which is in a severe budget crisis." This critical situation was quickly resolved by the council's decision to balance the 2004-05 budget by taking unused monies from city reserves and

capital projects, and increasing developer fees, thereby avoiding staff layoffs. Nevertheless, the latest fiscal challenge only served to heighten Zepeda's awareness of the need to institute various organizational interventions that would aid the city in addressing its ongoing fiscal problems while still avoiding layoffs.

So, in the months following the March 2004 retreat and the July 2004 budget deliberations, Zepeda began to initiate a transparent change effort that would involve implementing various types of organizational interventions within city government. Indeed, in addition to assisting the city in resolving its fiscal challenges, another underlying intent of this change effort was to engage most staff, in one way or another, in a comprehensive approach to improve the programmatic and service delivery functions of the organization. The first type of intervention involved the immediate restructuring and realignment of various departments in order to improve organizational efficiency and facilitate appropriate assignment of shrinking staff. The second type of change included implementation of a broad-based process improvement effort to reduce spending and increase revenue. Lastly, the third type of change intervention entailed directing reductions in most departments' budgets as a cost savings measure (as had been done following the 2003-04 budget deliberations in June 2003), and other drastic measures.

The restructuring of several departments and creation of a new department. Basically, the first type of intervention took place from September through November 2004 and involved the city manager's restructuring of the Parks & Recreation, Public Works, and Engineering Departments and the creation of a new Community Services Department. This initial organizational intervention was accomplished through a combination of realignment, consolidation and interdepartmental transfer of various functions, services, and staff. Moreover, as part of this major restructuring, Zepeda promoted internal candidates into the vacant City Engineer position and the new Community Services Director job. Furthermore, he transferred the Acting Parks & Recreation Director/Park Superintendent and his staff over to the newly restructured

Public Works Department where they formed a new division under the authority of that department's director.

The multi-level restructuring of the Police Department. Meanwhile, as the restructuring and realignment of those departments was unfolding, another similar type of organizational change intervention, a multi-level restructuring of the Police Department, was also underway. However, unlike the multi-level/multi-departmental restructuring mentioned above, this single department restructuring was neither conceptualized nor driven by the city manager. Despite this, the city manager fully supported this change initiative without any question or reservation. This was primarily due to the fact that the Police Chief was, indeed, hired with a clear expectation that he would bring change to a heretofore insulated police department well-known for its poor public image.

Essentially, during the five month period after his arrival, Police Chief Garcia conducted a thorough assessment of his entire department with a keen eye toward: (1) achieving his goals of making Brightwood the "safest city in the county" and the "best police department in the country"; and (2) creating a "better aligned organization" that could do a better job of "position planning" and providing "quality service" to the community. And though City Manager Zepeda was not the driver of this particular intervention, many of the methods he employed in his restructuring and organizational development efforts were, interestingly enough, quite similar to the approaches used by Police Chief Garcia in his departmental change effort. For instance, like the city manager, Chief Garcia's early organizational assessment involved gathering broad-based input from his departmental staff, as well as stakeholders within city government and the community at large. Also, as part of his early assessment, the chief used the departmental SWOT analysis developed for the March 2004 retreat and "modified that to include a 5 year strategic plan with input from officers from different levels within the organization."

Other examples of similarities found in the methods and approaches that were utilized by Chief Garcia and City Manager Zepeda in these change interventions are the:

(1) alignment of staff assignments by function "instead of assigning a position based on individuals" (e.g., Records, Information Technology, Patrol, etc.); (2) assignment, and in some cases, reassignment of mid-level leaders (e.g., four lieutenants and thirteen sergeants) on the basis of skills and organizational needs; (3) hiring of top-level leaders "from the outside to [help] lead the organization" (e.g., two captains from other Southern California police departments); and (4) reassignment of an existing staff person (e.g., one experienced and well-respected sergeant) to a newly created mid-level leadership position titled Special Assistant to the Chief. As a result of his implementation of these and other methods and approaches, by the end of January 2005, Chief Garcia concluded his comprehensive departmental restructuring.

Consequently, the newly restructured police department and its re-constituted executive leadership team was now poised to provide higher quality service and better prepared to make Brightwood the safest city in the county. However, at about the same time that these much focused tactical moves were being executed, the police department was also being dealt a serious set back. As will be discussed later, the narrow failure in November 2004 of Proposition S—a public safety initiative that "would raise property taxes to pay for a new police and fire station...and more streetlights in high-crime areas, [etc.]"—would soon put a damper on the new leadership's ability to implement its strategic goals.

Implementing a broad-based process improvement effort. The second type of intervention, a process improvement initiative, was launched at the end of January 2005 when Zepeda established the Efficiency, Cost Reduction and Revenue Enhancement Committee (CARE Committee). According to the February 2005 CARE Newsletter, the CARE Committee was charged with "collecting as many ideas as possible that could reduce cost, improve efficiency or increase revenues." After 12 "mini-brainstorming" sessions, the committee collected an incredible 446 ideas and presented them to the city manager who, in turn, highlighted them at the City Council Retreat in late February 2005.

Equally important, the committee, in conjunction with the department heads and city manager, was subsequently successful in implementing a large number of those ideas which ultimately resulted in substantial savings.

In the months following the establishment of the CARE Committee, the city manager expanded this second type of change intervention by forming two additional yet equally important committees, the Position Review and Purchasing Review Committees. Basically, the Position Review Committee was charged with ensuring that position requests were carefully evaluated and, as the city manager suggested, in that process, department heads were required to "make the business case for the position" before it was permitted to be filled. Likewise, the Purchasing Review Committee, according to the October 2006 CARE Newsletter, was assigned the responsibility of finding "ways to do things differently, more cost effectively, easier and/or quicker and [to] share those thoughts" throughout the organization and within the city's processes for purchasing goods and services.

Despite the fact that these three committees and all of the aforementioned departmental restructuring would soon be recognized as successful, ongoing endeavors, Zepeda understood intuitively that these changes, in toto, may not be sufficient to reverse the fiscal trends that were negatively affecting the city. Therefore, in order to ensure the city's sustainability and avoid the inevitability of a major financial crisis, he would possibly need to introduce the third type of intervention strategies (e.g., cuts in department budgets, layoffs, etc.).

Summary of the Pre-financial Crisis Period and the Initial Intervention Strategies

This section of the case focused on the situation in Brightwood prior to the financial crisis. Though the crisis had not yet occurred, the pre-crisis environment was hardly drama-free. Indeed, one can conceptualize the pre-crisis period as an unfolding drama. Act one of this drama—which I have titled "life before the financial crisis"— began the day after the municipal elections of November 2002. Scene one of act one finds

the City of Brightwood undergoing significant changes of historical proportions in the city's leadership and policy direction amidst emerging fiscal constraints. More specifically, scene one told the story of departures and replacements of an aging, entrenched city leadership—a mayor, two members of the city council, and a city manager. The scene also recounted the subsequent departure of a majority of the long-standing city department heads that was followed by a steady exodus of workers at all levels of the organization. Additionally, scene one presented the account of the mid 2003 budgetary deliberations wherein the newly elected council found itself dealing with its first warning of a potentially large budgetary shortfall.

In scene two, in spite of those leadership departures (and, arguably, in part, because of the arrival of new leaders on the bureaucratic scene), the mayor and city council continued to press forward with the mayor's ambitious plan of urban renewal by pushing the implementation of a number of ongoing redevelopment projects. In particular, scene two revealed the tale of the council's hiring of a talented, new city manager (the story's protagonist) to play a lead role in the implementation of their new vision and policy direction. Having come to the city with a mandate from the council to bring about change, the new city manager quickly orchestrated a City Council and Staff Retreat in March 2004 (wherein the council established their priorities for existing and proposed projects and services) and undertook the formation of a new bureaucratic leadership team. As scene two closed, the new city manager hired a number of highly talented and diverse individuals to replace the recently departed/retired top leadership.

In scene three, the city manager and city council received yet another warning of further financial problems facing the city. With this latest budgetary warning in mind, the city manager proceeded to implement some initial change interventions which included: major restructuring and reorganization of several departments; creation of a new department; and a broad-based process improvement effort. Simultaneously, the new police chief led a similar departmental reorganization effort that included realignment of

functions, reassignment of personnel, and overhaul of the leadership team. As a result, he transformed his organization from an insulated, remote police department to one focused on higher quality service to the community. Months later, while discussing a newly projected multi-million dollar budgetary shortfall, the city manager was quoted in the newspaper as saying that "to plug that big of a gap, you can't do it with efficiency measures, you have to do that with new money." Thus, act two would entail more scrutiny of the city's finances and implementing further intervention strategies.

Life During the Financial Crisis:

Sounding the Alarm and Facing the Oncoming "Train Wrecks"

The second part of the chapter, which I have titled "Life During the Financial Crisis: Sounding the Alarm and Facing the Oncoming Train Wrecks," explores how the city was warned of the crisis, how the leadership responded to the situation and the outcomes of the city leadership's unwavering efforts.

Identifying the Looming Financial Crisis and Issuing Dire Warnings

In the days and weeks following the implementation of the initial change interventions noted above, the city manager began to realize that the end of the city's problems was nowhere in sight. As he recalled the situation at that time, he stated:

> In 2005, [Brightwood] City and [other local cities] and the State of California were in the midst of a development boom...housing, retail...and so [Brightwood] City had extraordinary pressure in terms of development ideas. And so what we saw was a workload that was expanding exponentially against a city that had challenges anyway...And so we went to the council and said these are the things that we need to do. We need facilities and we need some policy direction on whether you want to increase services or decrease services, because if you want to increase services your revenue stream is inadequate. So if we're going to decrease services, then we need to know that and we could start curtailing back what it is that you asked us to do.

In a similarly direct manner, Zepeda presented, at the City Council Retreat in February 2005, a somber warning of a looming financial crisis that would dwarf previous unfavorable financial forecasts. At that retreat, among the important informational pieces presented to the council by the city manager and his executive staff, was a gloomy assessment of the city's current and future fiscal situation. In a review of current and 5-year projections of the city's expenditures and revenues (including payments into employee retirement funds), the city manager and assistant city manager warned the council of possible recurring budgetary shortfalls in the range of approximately $7 to $8 million per year through fiscal year 2009-10. In reflecting upon the city's fiscal condition in 2005, Zepeda later described the potentially disastrous situation as a

> train wreck scenario with two trains wrecking…one was the work train which was going to be a great deal of work [for city departments and workers], and one was the money train which [was insufficient to sustain the increased workload or other additional services because there] was no resources.

In some ways, that particular council retreat (where I again served as an independent facilitator), was a turning point for Zepeda and members of his executive leadership team who were in attendance. In other words, unlike the retreat the year before, this gathering resulted in a change of course for the city manager. In particular, it enabled him to present a very candid picture of the city's unhealthy fiscal condition. Equally important, it also afforded him the opportunity, as discussed earlier, to announce an incredibly large number of cost-saving ideas collected from staff at all levels of the organization. Without a doubt, that impressive display of active employee engagement in this collaborative problem-solving effort caught the attention of the council and the many members of the public in attendance at the retreat (as legally required under the Brown Act).

Later, in early June 2005, the city manager and assistant city manager reiterated their concerns about the city's fiscal sustainability during a preliminary fiscal year 2005-

06 budget discussion with the council and in interviews, at that time, with the local media. Specifically, they repeated their earlier warning with an updated and equally gloomy forecast that the council would need to close a gap, which was now estimated at approximately $6.7 million for the coming fiscal year. Moreover, during that discussion, Zepeda and Ward explained the causes of the anticipated multi-million dollar deficit and discussed short and long-term actions needed to 'fix' the problem. For instance, the city manager explained to the council that the substantial gap was due to a rise in overall costs including the earlier-mentioned increases in retirement fund costs, personnel salaries, and, as reported in the local newspaper, "changes in retirement investments and a decrease in the city's general portfolio." Additionally, Assistant City Manager Ward warned that though the "city will close that gap for 2005-06…without extra revenue, the city may not be able to do the same thing in 2006-07."As she explained to the council and, later, the local newspaper, the budget would be balanced by taking unused funds totaling $3.1 million for "vehicle replacement, office equipment and facility maintenance" and applying another "$3.6 million in a carry-forward balance."

Leaders' First Response to the Continuing Financial Problems

Immediately after issuing those dire warnings, Zepeda used that budget discussion to formally propose that the council adopt a long-term solution to the recurring budget deficit problem. As such, the city manager urged the council to place an initiative on the November special election ballot to increase the city's sales tax by one cent. Essentially, the city manager predicted that the measure, if passed, could generate enough money annually for the city to meet its ongoing obligations and help fund much-needed city services and facilities, and other urban renewal projects. According to the local newspaper, the proposed ballot measure, if passed by the voters, "could add $7 million to $8 million annually to the general fund." In further describing the complex situation, Zepeda later told the local newspaper that the mayor and council did not want to cut

costs; yet they also wanted to fund various projects including expanded police and fire services. The city manager stated to the media:

> If we're going to provide more services in [Brightwood] City, we can't just ask the general citizenry to bear that burden...We're asking more people to bear their fair share...Basically, what I'm saying to the council is we're limited. A penny tax generates the most money with the least amount of pain."

Basically, in his reference to more people bearing a fair share, the city manager was referring to those nearly 40,000 people who come into the city during the daytime to work or conduct business and "who make up more than half the people buying merchandise." The disclosure of these compelling statistics seemed to provide the city council with yet another good reason to support the city manager's proposal to increase revenue through a sales tax increase. In addition to Zepeda's fundamental arguments for the sales tax increase, Assistant City Manager Ward warned the council that "if the proposed tax measure fails with voters in November, the city would have to cut all department budgets by 20 percent the next fiscal year." Thus, by the end of that council session in early June 2005, the council unanimously approved Zepeda's recommendation and directed city officials to put the sales tax measure on the November ballot.

Mounting a Controversial Sales Tax Initiative and Failure of Proposition B

Soon after receiving the green light from the council, the proposed sales tax measure was officially placed on the special election ballot as Proposition B. However, in spite of community polls suggesting the initiative might pass, as well as support from many businesses and the employee unions, the initiative faced some formidable obstacles. For example, one of the obstacles that the proponents of the measure faced was the residual effect or 'bad baggage' remaining after the failure of Proposition S (the earlier mentioned property tax initiative designed to pay for a new police and fire station). Even though that measure was narrowly defeated in November of the previous year with an approval rate of 65.29 percent (slightly missing the required two-thirds

approval rate), that election outcome set the stage for another classical confrontation between the proponents and opponents of ballot measures seeking tax increases to fund city government services and projects. Another obstruction to the measure's passage, that was later reported in the local newspaper, was a

> small-scale, last-minute campaign to mislead voters. A group of residents distributed fliers and signs saying the sales tax initiative was in fact a ballot measure regarding eminent domain.

As a result of these and other obstacles, the measure failed with only a 43 percent approval rate in November 2005. In its routine coverage of news-worthy developments within Brightwood City, the local newspaper interviewed the city manager about his perspective on the failed initiative and it subsequently reported that Zepeda

> cited a number of factors in the measure's defeat: a convoluted ballot with a slew of state propositions, intense public mistrust of government because of the [Playa Vista?] City Hall fiasco and a general reluctance to increase taxes. 'It created the perfect storm, and therefore you saw the outcome,' [Zepeda said].

Zepeda's assessment of the complex conditions that influenced that election outcome was, undeniably, politically astute and very much on point. Nonetheless, a few civic leaders and members of the bureaucratic leadership team felt that, notwithstanding the more obvious factors that Zepeda highlighted, their was also an apparent lack of an organized and visible campaign effort to secure passage of the sales tax proposition.

In particular, there was a well-founded perception that the mayor and city council, despite their unanimous approval of placing the measure on the ballot, were noticeably missing during the few community meetings convened to discuss the proposition. One interview participant, who was also one of the new leaders recruited to accelerate much-needed growth and modernization in his department, was among those who noticed the lack of an organized campaign and, specifically, the council's lack of involvement in promoting the measure. In an ex post facto assessment of his own reactions to the failures

of Propositions S and B, as well as the roles that the city's leaders played in promoting those efforts, that interviewee stated:

> That Public Safety Initiative, really for lack of a better term, took the wind out of my sails, because I was under the impression that we were coming into an organization that was ready to grow. That [Brightwood] city is on the move, and that was part of the definition of being on the move...The Proposition B, I was very impressed with the fact the city council, the elected officials here decided that it would go right back to the citizens and make an effort to get an initiative passed to make up for the structural deficit that we had. And they're very committed. However, I didn't see that commitment during the actual campaign. They weren't out front. And I think that resulted in the failure of the initiative. There was really no organized effort to pass that initiative, Proposition B.

In essence, the outcome of the vote on Proposition B was a major disappointment to the many supporters of the initiative that were among the ranks of the city's elected officials, government workforce and citizens at large. Clearly, this was another serious blow to the city leaders' efforts to generate additional revenues to fund much-needed capital projects, expanded services and, ultimately, the sustainability of the city government. In short, the primary question before the city leaders, at this juncture, was simply: 'what do we do now?'

Implementing Secondary Intervention Strategies: Aftermath of Proposition B

With the failure of Proposition B in November 2005 and the imminent budgetary crisis looming on the horizon, the city manager was compelled, now more than ever, to respond to the dire situation in ways that he had hoped could be avoided. Examining all of the options available to him at that point, City Manager Zepeda looked at the earlier mentioned type three intervention strategies that he had considered implementing during the initial phase of the transparent change effort that he had launched in the last quarter of 2004. However, having previous experience with organizational change initiatives and

having broadened his familiarity with the change literature after that experience, Zepeda decided, at that time, to delay implementing the third type of organizational interventions. He understood that, in the public sector, type three intervention strategies are often used after other interventions have been implemented and, in particular, if those other interventions have failed to remedy an organization's overall dilemma. Furthermore, he knew that, during this secondary phase of the change process, he must focus critically on further reining in spending by downsizing the organization vis-à-vis type three interventions including reductions in department budgets, staffing levels, public services. etc.

Therefore, acting with a heightened sense of urgency, influenced in large part by the failure of Proposition B, Zepeda swiftly launched the second phase of the transparent change effort in early November 2005. To this end, he immediately proposed: (1) 20 percent reductions in all department budgets; (2) a city-wide hiring freeze that affected approximately 40 position vacancies (an estimated $1.5 million savings); (3) a wage freeze affecting all city employees; and (4) cuts in spending on recruiting, purchasing, training, travel and capital projects. At the same time, in a personal display of leadership, City Manager Zepeda voluntarily took a 10 percent pay cut in his $165,000 annual salary.

Later, after nearly two months of lively discussion and public comment at council meetings and budget workshops, the council reluctantly approved the implementation of a number of drastic cost-cutting actions. To sum up, on December 20, 2005, the council took public comments and approved the following actions: (1) reductions in hours of service at the library; (2) postponement of the opening of the rebuilt municipal pool which would result in approximately 30 intermittent swimming pool employees not being rehired; (3) a severe reduction in swimming pool operations throughout the year; and (4) the city manager's hiring and wage freeze orders.

During the discussion concerning those drastic cost-cutting measures at that council meeting, the city manager disclosed that nearly $4 million more in cuts must be

made by June 30, 2006 in order to close the almost $7 million deficit. So, in addition to coming to grips with the bleak realities of the newly initiated cuts, Zepeda and the council now faced the dilemma of identifying and implementing even deeper cuts. Hence, the city manager and council began the arduous task of informing the city residents about the growing severity of the situation.

Thus, beginning in mid January 2006, the city manager increased his efforts to direct residents' attention towards the city's continuing fiscal deterioration and the need for action. In an informal but accelerated public information campaign, Zepeda focused his public comments on: clearly and repeatedly communicating the causes of the fiscal crisis; the unavoidability of the onerous cuts mentioned above; and the likelihood of further drastic measures (including further service reductions and the possibility of layoffs) if the projected budgetary deficits were not remedied forthwith. Soon, Zepeda's amplified public information effort became increasingly evident in his presentations and public comments at subsequent council meetings, budget workshops and other community forums. In fact, his frequent communication on the city's budgetary dilemma quickly began to gain the attention of keenly interested community leaders and residents.

Meanwhile, during a budget discussion at a council meeting in late January 2006, Zepeda joined the council in engaging residents in a candid discussion about why and where additional cuts should be made. During this meeting, the council approved additional regressive cuts discussed in the previous month's council session which, ultimately, would include layoffs of 19 part-time library employees. Equally important, during this council session, the city manager urged the council to consider placing another one cent sales tax measure on the next election ballot.

In describing the city manager's viewpoint on the importance of the sales tax increase to the city's fiscal viability, the local newspaper quoted him as saying, at that meeting, that:

Without it [a one cent sales tax measure], the city can't accommodate its projected

growth…Through my discussions with focus groups throughout the city, people

are saying they didn't understand the measure [Proposition B] and they do not

like the cuts…What you see now will only be worse…Will there be another

proposition? There better be. If something doesn't happen soon, our departments

will have to see more cuts.

In the same news article, the local newspaper also reported that, in response to City

Manager Zepeda's somber predictions, the "council members agreed that the $7 million

in cuts they have to make between now and June [2006] is crippling services." Further,

the article specifically quoted long-time councilman Roy Manning who, concerned about

the severe cuts and the need for some kind of action, said tersely: "We can't accept this.

We're going to have to do something about it."

Over the next few weeks, the public discourse on the drastic cost-cutting actions

and a second sales tax proposal continued to attract attention and concern at city hall, in

'town hall-style meetings' and the local media. Consequently, the one cent sales tax

proposal was put on the February 7, 2006 council agenda for open discussion and

possible action. In short, the mayor and council responded to the many calls for action on

their part and, as such, voted unanimously, at that council meeting, to place another sales

tax initiative before the voters in the June 2006 election. Thereafter, the initiative was

placed on the election ballot as Proposition D.

Merger of the Community Development Commission and the Redevelopment

Agency. As the roll-out of the above described cost-cutting actions and the revived sales

tax measure were gaining momentum, another type-one change intervention

(departmental restructuring and realignment) was also gaining the support of the mayor

and council. This intervention entailed a significant departure from the way the city had

conducted community development and redevelopment business over the previous thirty

years. In addition, unlike the other change interventions that were implemented earlier,

this major change intervention was essentially conceived and crafted by the mayor and council. In brief, this intervention was launched when the city manager was directed by the council, around mid February 2006, to implement the merger of the Community Development Commission and the Redevelopment Agency.

Basically, this merger involved moving the formerly independent operational functions and responsibilities of the Community Development Commission (CDC) and consolidating them within the existing structure of the city government's Redevelopment Agency, and then re-naming the merged, reconstituted agency the Community Development Department (CDD). As a result, three program divisions were created within the department (i.e., the redevelopment, neighborhood services and housing and grants divisions) for operational and service delivery purposes. Essentially, the placement of the operations of the CDC, within the city government structure under the reporting authority of the city manager, was done in order to enable the Community Development Commission (which is comprised of the mayor and the members of the city council) to improve: coordination and streamlining of development services; cost-effective management of resources (i.e., staffing and funding) and efficient service delivery; and integration of existing departmental strategic plans with the city's long-range planning. and Capital Improvement Program.

Likewise, the merger would also bolster this agency which had continuously struggled, in recent years, to manage its constantly growing list of disparate and competing projects; and was viewed by the mayor and council as critical to their aggressive urban revitalization plans. In particular, the merger aligned the work of the new CDD with the city council's goal of fiscal sustainability and, eventually, the city's 5-year strategic plan. In summary, the merger was completed in March 2006 and comprised yet another type one change intervention utilized in the transparent change effort at the City of Brightwood.

On the other hand, not everybody in the city government's leadership viewed the merger in the same light. Specifically, two interview participants expressed reservations about the CDC merger when asked if they felt the restructuring process was successful. One of the interviewees felt that the "jury was still out" on the merger and that it was "probably not effective" insofar as the anticipated benefits and achievements had yet to be realized. The other interviewee said: "I think it's still in the process...I don't think its completely successful right now because I think they're still ironing out a lot of things."

Public outcry over the cuts in programs and public services. While the merger of the Community Development Department was in progress, the reality of the draconian cuts began to set in at city hall and among the city's residents. Even though the city manager and assistant city manager had painstakingly warned that drastic measures would be taken if the fiscal crisis was not abated, there was, nevertheless, a public outcry over these actions. In fact, an outpouring of public discontent over the resultant cuts in programs and public services was expressed at several council meetings, city budget workshops and other community forums in the months immediately following the implementation of the cost-cutting measures. The outcries, however, were, essentially, expressions of concern from community members over the negative effects that the cost-cutting actions were having, or would have, on the quality of their lives (e.g., reduced access to the library and swimming pool, cuts in senior and disabled programs and services, slower emergency responses by police and fire fighters, etc.). For example, in an appeal to the council concerning the life-threatening consequences resulting from firefighter response times going beyond their four-minute target, a cardiologist at the local hospital told the council: "If we do anymore cuts, our survival rate is going to be even worse. We need to figure out a way to solve this."

In the meantime, several of the members of the executive leadership team (e.g., the city librarian, police and fire chiefs, etc.) had joined the city manager in his escalating communication efforts and shared their perspectives and concerns about the cost-cutting

measures at some of those public venues, as well as in interviews with the local newspaper. The department heads' comments, at that time, were generally focused on the unintended, negative consequences of those drastic actions on their respective departments (e.g., reduced services and programs, facility closures, staff attrition, etc.). For instance, the local newspaper disclosed City Librarian Amy Carson's sentiments concerning the closure of the new library an additional two days a week, and the corresponding negative effects on the community with the following:

> In this working-class city, where about 36 percent of the population – the highest rate in the county – is illiterate and more than 40 percent didn't finish high school, the library is vital…It's sad for the community. They won't have access to the information and tools they need to have a better life.

In like manner, Chief Garcia, reflecting on the effects of possible layoffs in his department, was quoted by the media as telling the council: "My biggest fear is that there will be an increase in crime. The city won't be safe, and people won't want to come to [Brightwood] City." Similarly, Chief Randall Jefferson, expressing an equally unequivocal reaction to the gloomy prospect of layoffs and closure of one fire station, appealed to the council by asserting: "It's a recipe for disaster." Also, a newspaper article in late April 2006 described the discouraging effects of the past and existing hiring freezes, as well as the dismal expectations that would result from layoffs in under-staffed city departments. Specifically, the directors of the Building and Safety and Planning Departments talked about the "escalating struggle" resulting from the impacts of: the hiring freezes on "shrinking staffs" (e.g., 40 city staff departures in the past two years including 20 "in the past five months alone"); increasing workloads "fueled" by the city's "building frenzy"; and the anticipation of further delays in processing times for permits and development plans. To sum up, the article concluded that "city officials want voters to know a lot is riding on Proposition D, which [Brightwood] City voters will decide on June 6."

Government leaders' views of the fallout from the failure of Proposition B. In their subsequent interviews with me, most of the participants went beyond merely discussing the objective, organizational types of concerns that they each had, at the time those critical cost-cutting actions were being implemented. Accordingly, most of the participants also expressed some of their subjective types of sentiments about the above cited negative consequences. In particular, Police Chief Garcia described the negative effect of the hiring freeze upon his department (e.g., the immediate exodus of staff and police officers), as well as the impact of the failure of Proposition B on him, personally, in the following manner:

> When Prop B failed, there was a temporary freeze on hiring. We went from 87 officers to about 70 officers to 60 some officers. We also lost professional staff. Then on top of that, we had officers that were injured. At the same time, that was a big budget hit on us because without the additional revenue that was anticipated from the one cent sales tax, we couldn't implement our strategic plan…It was the failure of Prop B that really brought a lot of consternation and we have had a lot of officers leaving. By that, I mean six or eight officers going to other departments, which is a lot for our department. We average about six or seven officers leaving a year, but not in a short period of time… They [Propositions S and B] affected me in that I came to [Brightwood] City from [Playa Vista?] PD to make some change, to bring about change. It affected me personally that I couldn't implement what was needed for the department and what was needed for the community…Our community has a median income of [$]35,000, [and we are] probably the most violent city in the County…and we have been for years. It affected me because I wanted to so badly reduce our crime.

Another interview participant elaborated on the failure of Proposition B, the resultant 20 percent cut in department budgets, and the personal effects of both of these events, in the following way:

> [In] November '05, Proposition B failed. That was a huge, huge blow to the city, to the department. It impacted my department greatly...a lot of our programs that were near and dear to me...All that went by the wayside...everything was put on hold...Everything we did had to go through a committee. And a lot of things weren't funded...With 20 percent cuts right off the bat for our departments...And [in] a small department like mine...that was a pretty hard pill to swallow. That significantly altered the way we did things. And in a department like ours, where we are out in the community...It's hard to not feel like you can't even carry out your core mission.

Finally, more than half of the leaders interviewed, expressed their concerns about the adverse impacts that the Proposition B fiasco and some of the cost-cutting measures had upon the morale of the city workforce (e.g., staff and possible salary cuts, etc.). One of the participants distinctly echoed that recurring theme in this way,

> And after that failed [Proposition B], I think the entire city became, or the entire workforce demonstrated a decrease, a significant decrease in morale. There was some anger that citizens did not appreciate the contributions that city employees make. There was a sense of a loss of direction. That people were really feeling like, 'Do I want to be a part of this organization?' There were threats of layoffs, of salary reductions, increasing workloads. So it really...made an impact on the entire organization.

Averting the Train Wrecks: Leaders' Last Response to the Oncoming Disaster

By voting to place another sales tax initiative on the June 2006 election ballot shortly after the earlier failure of Proposition B, the council publicly acknowledged the serious need for a long-term 'fix' to the city's financial dilemma. In commenting on the city's ominous dilemma and the need for a speedy remedy, Councilman Manning was quoted by the local newspaper as saying: "If the sales tax does not pass, this is only going to continue...I don't care who's in office – they're not going to be able to stop this." In

contrast to their languid efforts during the Proposition B initiative, however, this time the elected officials and other community leaders would step up to this ominous situation in a decisive and determined manner.

In its ongoing coverage of the city's dilemma, the local newspaper described the scenario, at that time, in the following way: "After getting a dose of what is to come, proponents of the sales tax launched a much more prominent campaign to educate [Brightwood] City voters on the situation." As such, supporters of the measure joined the city manager, council and their political consultants in leading the effort to avert the oncoming "train wrecks" by promoting the passage of the renewed sales tax measure, Proposition D.

Round two: forging another sales tax measure. It was sometime in April 2006 that members of the city council, several sympathetic civic leaders and other community supporters/volunteers (including a number of city workers) deployed the educational campaign aimed at making the case for a sales tax increase. In the same article cited above, the local newspaper also reported that the leaders and the many volunteers of the campaign began "fundraising, walking precincts, running phone banks and hosting town hall-style meetings to try to persuade voters to increase the city sales tax." For these reasons, the *Save [Brightwood] City* campaign (as the effort was named upon attaining political action committee status) served as an important rallying point around the sales tax measure.

Moreover, the education campaign provided an opportunity for these dedicated volunteers to engage in civic leadership activities that would: (a) broaden the reach of the information exchanged during previously cited city council sessions and the city manager and executive staff's public information campaign and (b) contribute to a growing sense of community ownership of the city's financial problems and its future. An example of the latter type of active leadership involvement and capacity-building was exemplified by the city's representative on the regional Port Commission who planned and coordinated

weekend precinct walks for dozens of volunteers. Another example of committed civic leadership was the former chair of the local Filipino-American Chamber of Commerce and owner of a local phone business who provided committee volunteers with an office for an evening phone bank operation.

Additionally, the precinct walks created a useful community feedback loop that, among other things, ultimately led to the mayor and council members volunteering to take pay cuts. In a commentary on the elected officials' agreeing to take pay cuts if the tax failed, the local newspaper recounted the following:

> The [Brighwood] City mayor and City Council agreed Tuesday night [May 2, 2006] to take a 30 percent pay cut if the sales-tax hike on the June ballot doesn't pass. The idea came after Port Commissioner [Dougie Valencia] said he had encountered distrust of city officials and resistance to the sales tax while walking precincts two weekends in a row. Since the council will have to resort to layoffs if the tax doesn't pass and is asking voters to tax themselves, then council members should lead by example, he said. 'There's a big distrust of the government out there,' [Valencia] said. 'I look at the council as the leaders, and you need to set the example for the citizens of this community.' Applause erupted in council chambers after [Valencia] implored the council to take a pay cut. Officials swiftly acknowledged the suggestion by saying they would take the 30 percent pay cut if the 1-cent-on-the-dollar sales- tax proposal fails June 6... [Valencia] said several residents told him that city leaders should take a pay cut while he was campaigning to promote the sales tax...These gestures resonate with the community, [Valencia] said. As a business owner, he said he has had to do the same. 'You have to take the lead and say, `I'm right here fighting with you.'

Not long after Commissioner Valencia's forceful plea, the local newspaper reported that Chiefs Garcia and Jefferson "agreed to take a pay cut if the tax failed."

In his announcement that he would, as reported in one article, "take a 10 percent pay cut if the increase is voted down," Chief Garcia echoed Commissioner Valencia's earlier words by saying: "I have to lead by example." In his subsequent interview with me, Chief Jefferson connected his thoughts on the roles that key members of the leadership team performed during the change/restructuring process, with his view on the voluntary pay cut issue and concluded that

> one of the most significant [roles] was the [city] manager stepped forward and said that he would take a 10 percent reduction in pay, setting the example. And the council followed suit…with a commitment for a reduction in pay if the sales tax did not pass, along with myself and the police chief. And really all the managers in the organization were pretty much committed too. I'd say 80 percent of them were committed to setting the example if it did not pass and take a reduction in pay or benefits. But the [city] manager actually stepped forward and took that reduction.

All things considered, by his exemplary action, City Manager Zepeda demonstrated unequivocally his 'commitment to his beliefs' in the citizens and the city's workforce and to the council's "visions and dreams of what could be" by "modeling the way" for the other city leaders (Kouzes & Posner, 2002). At the same time, the executive leaders mentioned above were "enlisted" and inspired by Zepeda and the council to the extent that they 'accepted that vision as their own' because they believed that their "leaders understand their needs and have their interests at heart" (Kouzes & Posner, 2002). Without a doubt, these demonstrations of committed and selfless leadership resonated with most, if not all, of the supporters of Proposition D and bolstered their determination to secure the passage of this vitally important sales tax proposal. As a result of the incredible resolve of the city council, city manager, various civic and government leaders and other concerned and committed individuals, Proposition D

successfully passed in June 2006. In a reversal of the results for Proposition B just seven months earlier, the second sales tax measure received a 58 percent approval rate.

Summary of the Financial Crisis Period and the Leadership Response to Dire Financial Conditions

This section of the case focused on Brightwood's fiscal crisis and the city leaders' response to the crisis from February 2005 to June 2006. The events recounted here, in other words, can be thought of as the second act in an unfolding drama. Act two of this drama, "life during the financial crisis," opens with a scene set in early February 2005 (following the implementation of the aforementioned change interventions) in which the city manager presents a gloomy 5-year financial forecast and a number of staff generated cost-saving ideas at the first City Council Retreat. As scene one progresses to early June 2005, the assistant city manager reveals that short-term, budgetary shifts and 'technical fixes' will not be available for balancing the 2006-07 budget's estimated $7 million shortfall. By meeting's end, Zepeda proposes a long-term solution to the recurring budget deficit problem—a controversial ballot initiative asking voters to approve a one cent increase to the city's sales tax. As scene one closes at the end of that crucial council session, the council unanimously approves placing the sales tax measure on the November 2005 ballot.

In scene two, despite favorable community polls and support from business and labor groups, the tax measure, Proposition B, encounters stiff opposition from some residents who fundamentally object to tax increases and are, to varying degrees, suspicious of government officials. Contributing to the momentum going against the proposition, there is the lack of an organized campaign in support of the measure and the council's noticeable absence at a few public forums organized around this issue. As scene two fast-forwards to an election central television newscast in mid November 2005, the newsman briefly reports on the fairly decisive defeat of Proposition B. Scene two

concludes with office interviews being conducted by a 'local beat' journalist at the offices of three key actors in the Proposition B saga.

Scene three opens a few days after the election in the halls of the city administration building where the city manager mulls over the immediate implementation of several onerous but necessary organizational changes (e.g., deep department budget reductions, hiring and wage freezes, and cuts in essential expenditures) and he realizes that these painful actions, and others to come, will have serious internal and external consequences. As 2005 comes to a close, the council approves several drastic cost-cutting measures affecting the library and municipal pool which includes not rehiring nearly 30 intermittent pool employees, and severe cuts in library and pool operations. In mid January 2006, City Manager Zepeda activates an amplified public information campaign to communicate the severity of the fiscal crisis with the involvement in those efforts of several executive team members, and the growing attention of community leaders and residents. Also, at the council's late January 2006 meeting, the council approves closing the library two additional days per week, and laying off all of the part-time library employees. Furthermore, at the urging of the city manager and convinced that proposed across-the-board departmental budget cuts would have disastrous consequences on the city's public health and safety services, the council, in February 2006, approves asking voters again for a one cent sales tax increase. Scene three draws to a close in mid March 2006 as the council brings an end to a thirty year tradition of conducting community development and redevelopment business in separate governmental silos and merges the Community Development Commission and the Redevelopment Agency.

Finally, scene four rapidly runs through a series of mini vignettes that takes the audience through a flurry of events from mid March and culminating with the June 2006 election. Included in that flurry of events are: (1) a series of probing newspaper articles exposing the city's development infrastructure and public safety systems' acute vulnerability to the dire effects of the draconian fiscal cuts; (2) a couple of emotion-filled

council meetings where some council members and city officials bemoan the harshness of the cuts, and a community leader successfully exhorts the council to accept a substantial pay cut if the sales tax measure fails; and (3) an "intense public awareness campaign" involving public forums and debates, phone banks, fundraising events and weekend precinct walks promoting the sales tax. As act two ends, the final vignette shows the voters passing Proposition D at the polls; thus, enabling the city to avert the fiscal "train wrecks."

Life After the Financial Crisis: Going Forward in an Era of Fiscal Uncertainty

In many cases, organizations undergoing change, restructuring and downsizing do not experience the kinds of timely or "final" outcomes that they had anticipated in their planning timelines. This is often the case with local government organizations that are subject to continuously changing financial and political conditions. Truly, this was the situation at the City of Brightwood during its major change, restructuring and downsizing effort. This final section, "Life After the Financial Crisis: Going Forward in an Era of Uncertainty," reviews how the leaders responded to the passage of the sales tax measure, leaders' perceptions of the restructuring and intervention efforts, and how the leaders planned to guide the organization towards long-term viability and growth.

Passage of Proposition D: "We Stanched the Bleeding."

Proposition D's passage serves as one of a few high water marks in Brightwood City's local government history, especially in view of the City's leaders' resilience and determination in the face of a near fiscal collapse. Considering the fact that other local governments in California had, in the recent past, unsuccessfully attempted to generate revenues through one-half cent and one cent sales tax increase initiatives, this successful effort stands as a remarkable achievement. Furthermore, Brightwood City officials' reactions to the final passage of the sales tax measure were, indeed, swift, appreciative and deliberate.

As such, immediately after the election, Brightwood City officials' disclosed to the local newspaper that they would expeditiously

> eliminate the need to cut budgets 20 percent in all departments...[remove] a
>
> hiring and wage freeze [that] has been in place since November...[and] reopening
>
> the library to 6 days a week, restoring hours at the swimming pool, watering the
>
> grass at the park and keeping the lights on at the basketball courts.

Furthermore, the local newspaper reported City Manager Zepeda's early reaction to the success of his recommended tax measure with the following quote:

> I feel a sense of gratitude for the community and for the employees a sense of
>
> relief...After losing 48 positions, we're hoping that our police officers and
>
> employees who were exploring other opportunities will consider [Brightwood]
>
> City a stable, long-term place of employment...Now that it has passed,
>
> [Brightwood] City's immediate future is not as bleak...We stanched the bleeding
>
> in [Brightwood] City.

Also, all of the interview participants who shared their reactions to the successful passage of the tax measure expressed either amazement at its approval the 'second time around,' general relief in that no jobs would be lost, gratitude and appreciation for the hard work of the proponents and the approving voters, or a combination of those sentiments. A couple of the interviewees even stressed the significance of the "milestone" passage of a sales tax measure (resulting in the highest sales tax rate in the county) in this 'poor' city (e.g., the lowest household income in the county and a very high incidence of poverty). One of those two participants also discussed, in particular, the significant impact of the negative consequences of the draconian cost-cutting measures with the following statement:

> yet it helped a great deal to have the community actually feel some pain, to have
>
> the reduced library hours, to have the pool closure, to have the positions not filled
>
> in all departments. The employees felt the pain but the residents also felt the pain.

It was clear this was not a false alarm. This was not a drill. This was not people blowing smoke. This was real. It was like a punch in the nose for the community and they got it. It was a real high risk approach, I think, but it was a successful approach.

The other participant, who also emphasized the significance of the passage of the tax measure, reaffirmed the importance of the restoration of services "that were near and dear to us." This same participant also proudly highlighted her involvement in the "grass-roots effort and literally walking out in the community every weekend" and underscored the sacrifice that she and many others made by "giving up your weekend to get this thing passed." Likewise, in the same newspaper article that recounted Zepeda's early reaction to Proposition D's passage, as cited above, Councilman Manning was also reported as saying: "Citizens stepped up to the plate. Now it's going to be up to the council to be proper stewards."

Stabilizing the Workforce and Addressing Citizens' Aspirations

City Manager Zepeda's above-cited remarks about city employees and the ongoing concerns about the steady exodus of police officers and other city staff demonstrated clearly that stabilizing the workforce would be among the top issues to be addressed in the immediate aftermath of the passage of the tax increase initiative. In addition, as he pondered the significant organizational change events he listed on the interview guide's milestone chart, the city manager recounted some of the critical staff changes that occurred from 2004 to the latter part of 2006 in the following way:

Where we were in 2004 with all the executive hires and replacements, in 2006 toward 2007, we're there again. Public Works Director, Building & Safety Director, Redevelopment Director, Deputy Director of Redevelopment, Deputy Director of HR, HR Director, Assistant City Manager, and Finance Director were all part and parcel to a merger [which has led to] uncertainty, [and] natural attrition. And so we're full circle.

With these challenging staffing issues in mind, the council approved, two weeks after the tax measure's passage, a $36 million budget for fiscal year 2006-07 which, according to the local newspaper, allowed for, among other things, "27 immediate hires" (the majority of which would be in the police and fire departments), and "other imminent hires [to] include a finance director, a risk manager, two city planners and a librarian."

The newspaper further reported that, during that same council session, the "council members talked about what residents want to see in the city." Councilman Fred Pacheco, reflecting on the feedback that he and other council members had heard during the budget crisis, stated: "People want clean parks with green grass. People want to see a comprehensive traffic safety program and a livable and great city." Further, in building upon the council member's description of the residents' hopes and dreams for the city, the author of that same article accurately characterized the city leaders' fiscal aspirations by asserting that "the tax increase will last 10 years, after which officials hope to have enough revenue-generation business in the city to not have to ask voters to approve it again." Additionally, in a subsequent article, the same journalist, while commenting on the sales tax increase which went into effect on October 1, 2006, stated that "the higher rate is expected to produce $7 million to $9 million annually in extra revenue," and further noted that "since the tax begins in the midst of the city's fiscal year, officials are projecting about $5 million in revenue for this fiscal year."

Despite those encouraging projections, the city manager and the council immediately began "working to attract new retail outlets to the city, which will produce tax revenue." The article went on to specifically disclose that "on the books are a Costco, a Target and the [Local] Shopping Center expansion. City officials are discussing building a football stadium in the city...and turning the city's municipal golf course into a retail outlet." Through these aggressive efforts, the city officials showed clearly that they were committed to 'growing new revenues' which, in the long term, would aid them

in fulfilling their vision of revitalization and addressing constituents' aspirations for their

beloved city.

Moving from Short-Term Sustainability to Long-Term Viability and Growth

As mentioned earlier, the additional sales tax revenue would allow the city leaders

to "dodge the bullet" by avoiding a short-term financial calamity. Thus, with the success

of this brilliant but hard-fought political/fiscal maneuver, the city leadership had now

created a sound framework for moving from short-term sustainability to long-term

viability and growth. Indeed, City Manager Zepeda later recounted the implications of the

newly approved sales tax upon the city's future sustainability and efficiency of its

operations and services in the following manner:

> And the opportunities in front of us now are those of more efficiency, more
>
> integration because of the merger of the CDC and the City, and some
>
> sustainability in the short-term, which is a five to nine-year period with respect to
>
> the sales tax plugging temporarily that structural deficit.

But, in a circumspect assessment of the future operational and service

implications of the added tax revenue, Police Chief Garcia cautiously predicted that

> although it passed, the monies don't come in until October 1, so they start
>
> collecting the money and we won't know probably until about January [2007]
>
> how much is actually going to start coming in. The bigger picture will be a year
>
> later. We will have to see what it is really like. But this proposition since it
>
> passed, all of the services should be restored and, therefore, all of the positions
>
> should be filled. [But] that is not going to happen right away.

At the same time, another interviewee affirmed the optimistic atmosphere at city hall

following the measure's passing, as did a number of other interview participants, in his

expression of happiness over their collective victory. Even though a "sense of relief"

was still permeating the organization at the time of his interview, this same participant

suggested that city workers must be mindful of their duty "to give them [the citizens]

what they are paying for."

In other words, his comment was intended to forewarn city leaders and workers to

avoid complacency because residents' expectations would be greater than before because

of the additional sales tax burden they now shared. On the other hand, his comment may

have also served as a cautionary reminder of the local newspaper's reporting in July 2006

that a city resident had, in fact, "filed paperwork with the city clerk saying he intends to

try to get the tax repealed through another vote." Without a doubt, in the minds of many

dissatisfied city residents who opposed the measure, the sales tax issue was far from

being resolved.

Leaders' Views of the Efficacy of the Change/Restructuring Efforts

Besides their various responses and reactions to the passage of Proposition D as

discussed above, the city bureaucratic leaders also shared some insightful perceptions of

the efficacy of the change/restructuring efforts. In fact, the executive management's

perceptions of the efficacy of the restructuring process were somewhat mixed, though

generally favorable. As shown in Table 1, the majority of the interview participants (seven

of the ten) made comments (paraphrased in Table 1 for purposes of brevity) during their

interviews that suggested they viewed the restructuring process as successful. Nonetheless,

three of those seven participants qualified their comments with caveats suggesting that the

restructuring work was essentially unfinished or incomplete. Specifically, those

interviewees said such things as: it was "still too early to tell the success," the process was

"a work in progress," and "the jury is still out."

Table 1. Leaders' perceptions of the change/restructuring process- City of Brightwood

Part.	P	M	N	U	Comments
#1		X			Successful but Department Understaffed
					Dedicated & Passionate Staff (Committed Groups)
					Majority of Staff Supportive
					More Getting Done & Better Programs Offered
#2		X		X	Too Early to Tell the Success
					Successful in Employee Development
					Falling Short- Inadequate Staffing
					Successful in Employee Feedback
#3				X	Possible Fallout from Loss of Personnel
					Don't Know Yet- Jury is Still Out
					Effective in Keeping Staff Informed
					Successful if Adequate Resources Materialize
					Met Immediate Objective- Held the Line
#4	X				Successful for the Moment
					Objective Met- Stay Alive Financially
					Successful Milestone- Passage of Proposition D
					Fewer People- Loss of Institutional Knowledge
					Wait & See if Gaps are Filled
#5	X			X	Process is Still Going On
					Streamlined Management & Management Processes
					Management Willing to Make Jobs Easier/Comfortable Assisted in Budgetary Shortfalls
					People Got Opportunities/Revitalized Successful in Keeping Everybody Informed
#6		X		X	A Work in Progress & Continues to Be Needed to Take More Time Before Moving On to Other Projects
					Need More Feet on the Street- More Bodies
					Required Lots of Hard Work, Perseverance & Sacrifice Long Overdue- Reinvigorated Individuals Majority View- We're So Much Better Now
#7	X				Absolutely Successful People Bought Into It/Accepted the Vision
					People Not Used to Driving to Our New Location

Part.	P	N	M	U	
#8			X	X	Not Successful Right Now-Still in Process They're Still Ironing Out a Lot of Technical Issues Not Well Thought Through
#9			X	X	Jury is Still Out Probably Not Effective
#10	X				Successfully Confronted the Fiscal Crisis Business Community Supported Proposition D Community Supported the Solution Created Better Model for Redevelopment Agency Comm. Changed for the Better-Completed Numerous Projects

Note:	P	Positive	M	Mixed
	N	Negative	U	Unfinished
	Part.	Participant		

Likewise, one half of all of the participants cited the severe shortage or loss of staff as a factor in their overall assessment of the efficacy of the restructuring efforts. Moreover, the three interview participants who refrained from stating that the restructuring process was successful also made comments suggesting that it was too early in the process to judge the efficacy of the restructuring efforts. Yet, despite their seeming ambivalence, two of those three participants did not view the restructuring process at the Redevelopment Agency as successful or effective, at that point in time.

In contrast, City Manager Zepeda conveyed an unequivocally positive perception of the efficacy of the city-wide change/restructuring efforts. Essentially, during his interview with me, Zepeda provided the following description of a change initiative that someday may be viewed as an unparalleled turning point in the city's history:

I think it has been successful for a couple of reasons…You have a blank canvas in terms of nine executive positions to fill and all of a sudden you are confronted with your fiscal crisis, and you confront that crisis head on. You're one of two cities in the State of California who are able to do that. None in the region attempted it, when we attempted it [the one cent sales tax]. And so I think those

changes were extremely positive and speak for themselves, I think. The idea that, you know, the mayor and council saw an opportunity to create a better model for development by integrating the Redevelopment Agency in the city after 35 years is an example of further success on the city's side...And I think from a project standpoint, the work done by people on the City's staff to finish a $20 million library, a $9 million fire station, $3 million worth of street improvements, you know, $4 million worth of [street] median landscaping...All those speak to a community that is changed for the better...So I think the changes that have occurred in [Brightwood] City or that we have undergone have been extremely positive and I say that humbly.

In conclusion, considering all of the above cited participant responses, those leaders' perceptions, in the aggregate, seem to support the notion that the change and restructuring efforts were viewed as successful, notwithstanding the fact that about half of those leaders felt that a definitive judgment, at the time of the interviews, was somewhat premature. Incidentally, these qualitative findings of the leaders' views of the efficacy of the change/restructuring efforts were noticeably similar to the findings from both of the grounded surveys which were described earlier in Chapter 3. In brief, both groups of survey respondents (comprised of subordinate employees reporting directly or indirectly to the interview respondents) were almost evenly split on the question of whether or not they felt that the departmental merger or restructuring process was/will be successful. In Survey I (comprised of 25 subordinate employees of the interview participants- excluding the city manager), 48% (or 12) of the respondents rated the departmental merger or restructuring process successful, whereas 36% (or 9) responded that it was too early to say and 12% (or 3) indicated they were unsure. In Survey II (comprised of 5 subordinate employees of the city manager), 60% (or 3) rated the departmental merger or restructuring process successful, while 40% (or 2) indicated that

it was too early to say. More data from the written surveys, as well as the qualitative interviews will be examined in greater detail in Chapter 6.

Reflecting on the Fiscal Crisis and the City's Future

As the city ventures forward amidst the fiscal uncertainty that seems to dominate government affairs these days, it would be useful, in this final section, to share some of the government leaders' comments about the reorganization process' impact on the city workforce, and the community. In short, these leaders' comments reveal their unique perceptions of the city government's recent intervention efforts, as well as their hopes and expectations for the future. For example, some of City Manager Zepeda's interview comments provide an insightful 'macro' perspective of the city's recent fiscal challenges and its promising future.

In particular, Zepeda summarized his view of the city's recent fiscal struggles in the following comments he made as part of his response to the question of what people are now saying about the change/restructuring process:

> I think there's a sense of relief that we fought the right fight in terms of fiscal sustainability; the city met it, the community bought into it, and ultimately, you know, it would become an example of a community that is resilient, an organization that's open...At this point, we bought ourselves some more time. We didn't solve the problem permanently, and you never do. But at least we were open enough to admit the problem. The council had enough courage to address the problem, and the community saw enough good or understood the problem enough to support the solution.

Moreover, in responding to the question of what people are now seeing in the organization that they would not have seen before, Zepeda presented an optimistic and authentic outlook for the city's future with the following comments:

> ...we're rebuilding the city. We're investing in the city. And that's evident through...our projects. And I think one of the best things that can be said about all

that, is that the mayor and council have done extremely well...So if we're gonna [sic] build a library, we're gonna [sic] build the best one we can. If we're gonna [sic] build a fire station, we're gonna [sic] build the best one we can. And we ought not [to] be concerned with doing things that are kind of a reach or mundane...So I think that is part and parcel to the new [Brightwood] City [in] that you bring on the best people, you have the best vision, and you try to do the best thing for the community. And whether you fail or succeed, what really matters is you're trying to do the best you can by the people you serve.

Likewise, in their responses to the same two questions recounted above, several selected interview participants shared their own unique 'micro' or departmental perspectives of the change/restructuring process. For instance, when responding to the question of what people were now saying about the restructuring process, these participants' comments, like the city manager's, were also optimistic and upbeat. The first interviewee made the following comment: "Well, right now people are feeling high because it [Proposition D] passed. And I think people are saying, you know, the future's in front of us—there are a lot of positive things that are going on." The second interview participant commented that people were now saying: "That it was long overdue. It has reinvigorated and re-motivated individuals...I think there are some things where we can continue to do better in. But I think the majority of people would say that this is better by far than where we were at, by far."

A third interviewee responded to the same question by saying:

I think those who have excelled would say it was the best thing since sliced bread. For those who have chosen not to get on the bandwagon, they would say that splitting the departments wasn't a good thing...I would say overwhelmingly, people would be more in support of the reorganization. Because I believe that even those who were negative to it or resistant to it have come out better and have learned more.

Lastly, a fourth interview participant responded with the following remark: "...today people are excited...I think everybody was motivated. Being long-time employees, you don't see much movement here. You don't see opportunities for advancement. Well, all of a sudden they're seeing these opportunities on the horizon...They're seeing movement, possibilities of movement."

When asked about what people would now see in the organization, those same interviewees responded with equally optimistic comments. For purposes of coherence, those participants' comments are presented as follows in the same chronological order as their earlier responses were cited above. Hence, in response to the second question, the first interview participant said: "I think you see a lot more—I'm not sure how to measure this, but I think people are happier. At least they see opportunity. They see a chance for continuing their career in [Brightwood] City, long term. They see a sense of stability." The second interviewee remarked: "We're doing a lot more now than we did in the past. I think they would say people have a fair and equal opportunity here to excel. I think they would say that there was a higher level of morale, that it was genuinely a good place to work."

In like manner, the third participant answered the question by asserting: "A lot more things [are] getting done. A lot more pro-activeness rather than re-activeness; more programs, better programs...I think a more caring group of people who now think outside of the box more than just this is the way we've always done it...I think a lot more committed groups; a lot more passionate groups." Finally, the fourth participant conveyed the following response:

> So they see that they are now getting what they need to do their job and they're
>
> not going to be reprimanded or considered whiney if they come in and they say,
>
> you know, I'm hot, I'm tired, we need this, we need that. I mean, whatever the
>
> problem, they realize that they can come forward [with] these things, and we will

accommodate them with what they need to make their job move smoother for them.

Summary of the Post-Financial Crisis Period and Leaders' Perceptions of the Change/Restructuring

This final section of the case focused on the situation in Brightwood after the fiscal crisis and the city leaders' response to the final passage of the controversial sales tax measure. The closing act of this drama—which I have titled "life after the financial crisis," begins days after the June 2006 elections and the voters' approval of Proposition D. The final act opens with the drama's protagonist, City Manager Zepeda, being interviewed by a local reporter and expressing his sincere gratitude to the voters and his upbeat optimism over the future benefits of the new tax increase (including stable, long-term employment). Next, Councilman Manning is shown talking to the same reporter and commending the voters' for accepting the increased tax burden and exhorting the council to be good stewards of the anticipated and much-needed tax revenues. Not long after those leaders' interviews, the city council immediately approves over thirty immediate hires to stabilize the workforce and teams up with the city manager in attracting new retail outlets, a shopping center expansion and other revenue-generating developments.

Furthermore, the final act also showcases conversations with a number of the city's department heads, as recorded during their interviews in this research project. Like the city manager, those department heads elaborate on their deep appreciation and amazement over the passage of this historic tax initiative, as well as the positive aspects of the restoration of important services, and the avoidance of job losses. Likewise, those department heads take their respective turns talking candidly about their views of the passage of Proposition D, the efficacy of the change/restructuring efforts, as well as their reflections on the city's fiscal crisis and its future.

Additionally, during their interviews, they each briefly delve into some of their authentic experiences with the restructuring and cost-cutting initiatives. They recall the

effects of those initiatives on themselves personally, their coworkers and the city workforce, as a whole, and the community, in general, as they struggled to maintain services. But, they also talk optimistically about their future hiring and service delivery plans, their work on exciting and inspirational revitalization projects, their ongoing efforts to attract new businesses and other revenue generating opportunities and, lastly, the greatly improved possibilities for employment stability for all city workers, and even professional growth and advancement for some of those workers.

At the same time, a few of the department heads temper their enthusiasm, however, with conditional comments that reveal a sort of sobering, conditional optimism characteristic of "battle-tested" bureaucratic combatants who have experienced the disappointment and frustration of a nearly complete "melt-down" of their organization's financial system. Thus, in their closing remarks, those actors use qualifying phrases such as "the jury is still out" and "it's still too early to tell" when describing their ambivalent views of the change/restructuring efforts. Nevertheless, it is the city manager who, in his impassioned responses to the researchers' questions, eloquently frames the city's dramatic and, some times precarious, three year journey to fiscal sustainability and solvency. And, he not only captures the dreams and aspirations of the city's leaders, workforce and residents but he ends the dramatic story with his own elegant description of a city with unlimited potential for magnificent growth and unparalleled beauty.

CHAPTER V

FINDINGS, CASE II: THE CITY OF PLAYA VISTA

The Story of Organizational Change and Major Restructuring and Downsizing in the City

of Playa Vista

The city of Playa Vista is one of the oldest of the five largest cities in Southern

California. It was incorporated in 1850 and has a population of over one million people

who are distributed throughout an area of over 300 square miles. It is a metropolitan area

with an ethnic composition of 48% White, 27% Hispanic, 15% Asian/Other, and 7%

African-American which is comparable to the other four largest cities in Southern

California. It is a predominantly urban community with a population with a median age

of 34.3 years and a median household income of nearly $48,000 (recently ranked by

Forbes Magazine as the fifth wealthiest in the United States). In 2000, 10.6 percent of the

city's families lived below the poverty level and the city's crime rate in 2005 ranked firth

in the county.

From 1931 until January 2006, Playa Vista operated under the 'Council-Manager'

or 'City Manager' form of government as described in Chapter 4. In short, Playa Vista,

like Brightwood City, was governed by an elected executive and policy-making branch (a

mayor and city council) and a government bureaucracy run by a city manager. As such,

in this government schema, the mayor and council established policy and the city

manager oversaw the city departments providing essential services and programs.

However, in 2006, the city's form of government changed to a 'Strong Mayor' system as

a result of a city-wide vote in November 2004. The enacting legislation, Proposition F,

approved by a simple majority of 51.4% of the voters, provided for a trial period starting

on January 1, 2006 and ending on December 31, 2010.

Under this new form of government, the mayor is, in effect, the elected executive

officer of the city, while the city council serves as its legislative body. Likewise, under

this new structure with separate executive and legislative branches, the mayor is no

longer a member of the City Council and oversees the daily operations of the city including the power to hire and fire city personnel and prepare the city budget. In addition, this voter-mandated governance change created a council president post to preside over council meetings and an independent budget analyst position with support staff to review and advise the council on the mayor's proposed budgets. The switch to this new form of governance also conferred upon the council the ability to override mayoral vetoes with five votes from its eight members. In November 2010, the citizens will again vote on whether or not to retain the 'Strong Mayor' form of government.

Life Before the Looming Budget Deficit, Corruption Trials and Pension Debacle

This first section, "Life Before the Looming Budget Deficit, Political Corruption Trials, and Pension Debacle," provides an overview of: the growing budget deficit, implementation of interventions to reduce costs, changes in leadership amid scandal and the pension debacle, and voter approval of a strong mayor form of government.

Implementing Initial Intervention Strategies to Reduce Costs: Anticipating Unprecedented Budget and Resource Pressure

Other than warnings of possible layoffs, potential service cuts and new fees, and some actual reduced spending on maintenance (i.e., replacement of firefighting and police equipment resulting from cuts in state funding during the recession years of 1992 and 1993), the City of Playa Vista had a long history of apparent fiscal stability. But, during 2003 and 2004, the city was again faced with threats to its fiscal stability (like most other California cities and counties) due to significant budget cuts proposed by the Governor resulting from an unprecedented state budget deficit amounting to nearly $24 billion in 2002. Those continuing threats from proposed state funding cuts (ranging from $75 million over two years—2003 to 2004—and nearly $15 million in 2005), and a projected $24 million budget deficit in the city's 2004-2005 budget resulted in the following remedial actions by the city manager at that time, Martin Ungerman: (1) a hiring freeze in January 2003; (2) slashing $10.7 million in services in early 2004 (i.e.,

park maintenance reductions and delayed library books and computer purchases); (3) laying off 3 department directors and 3 deputy directors and consolidating several departments in April 2004; and (4) cutting 176 positions through attrition and imposing a 5% cut in departmental spending in June 2004. Unlike Brightwood City's incremental approach in Chapter 4, Playa Vista City's accelerated approach to initiating immediate change through type three change interventions (e.g., drastic cuts in departmental budgets, staffing levels, and public services) underscores the enormous magnitude of the city's projected deficits.

As the first of those city manager-driven actions were taking place in 2003, the Chiefs of the Police and Fire Departments were simultaneously implementing departmental reorganizations (also referred to in Chapter IV as type one change intervention strategies). Essentially, these departmental reorganizations or restructurings were done, in general, to contribute to the city's overall efforts to reduce costs in anticipation of unprecedented budget and resource pressure and, specifically, to achieve greater efficiencies and cost savings. As a result, the Police Department completed its reorganization and staff redeployment by August 2003 and, shortly thereafter, the Fire Department finished its reorganization in December 2003.

Furthermore, in late June 2004, after months of lengthy hearings on the city's ever-worsening financial outlook, the city council approved the new city manager's following budgetary recommendations: (1) cutting funds for social service programs serving youth, seniors and the disabled; (2) reducing hours at pools, libraries and recreation centers; (3) closing six community service centers; (4) cutting more than 100 positions through attrition; and (5) imposing new fees totaling over $9 million in new revenue for use of swimming pools, fire prevention inspections, licensing bouncers at bars and a processing fee for all business licenses. In addition, the following month, the City Manager, Leroy Embers, mandated a new city-wide hiring freeze and directed that vacant positions be filled by employees displaced by recent closures and cuts. Despite

these initial type one and type three intervention strategies, the City of Playa Vista would be forced, as will soon be discussed, to implement other additional intervention strategies and further cost reductions in order to keep pace with the growing fiscal crisis.

Changes in the City's Leadership: Councilmen Indicted, City Auditor Resigns, and City Manager Retires Unexpectedly

In August 2003, three city councilmen—Raul Iniquez, Mark Zucker and Carver Lane—were indicted for their alleged involvement in a corruption scheme involving bribery in connection with various salacious activities. These serious allegations followed a lengthy FBI undercover investigation that included a previous raid of the three council offices by FBI agents and Playa Vista police and involved downloading computer files and seizing other undisclosed items. Law enforcement officials said, at that time, that the search was based on conversations intercepted from earlier surveillance involving wire taps and listening devices in the three city council offices. The local newspaper reported that authorities were "pursuing charges of wire fraud, bribery, extortion and racketeering under the statue known as RICO—or Racketeer Influenced and Corrupt Organizations."

Several months later, around January 2004, as Playa Vista City Hall was still reeling from the council office raids and the council indictments, city officials disclosed to Wall Street a range of errors and omissions about its escalating, unfunded pension system debt and retiree health care benefits in its 2002 and 2003 audits. These serious violations of the antifraud provisions of the federal securities laws in connection with the city's offer and sale of over $260 million in municipal bonds in 2002 and $2.3 billion in 2003 were followed days later by the sudden resignation of the long-time City Auditor, Ernie Rauner. In the weeks that followed in February 2004, the FBI, Securities and Exchange Commission and the U.S. Attorney launched joint investigations into the city's finances. As the investigations gained momentum, they fueled the launching of what two years later would result in further criminal and civil proceedings against the five top city pension system officials who were believed to have engaged in a fraud scheme for

personal, professional and financial gain. Two months later in April 2004, City Manager Martin Ungerman retired amid the pension fund scandal and corruption indictments; he was replaced by his Assistant City Manager, Leroy Embers. Naturally, the erupting pension fund scandal and those sudden and unexpected leadership changes began to quickly stimulate mounting concerns over Playa Vista's growing leadership crisis which was approaching unprecedented historical proportions.

Leaders' Views of the Initial Intervention Strategies and Leadership Changes

As has been noted, the unusual convergence in 2003 and 2004 of the ominous budget deficit, the political corruption scandal, and the shocking pension debacle produced significant and transformative changes in the city's workforce and political landscape not experienced, heretofore, at the city. In particular, some significant structural changes in the workforce can be seen in the cases of the Fire and Police Department reorganizations (end of 2003) and the rerouting of collection services at the Environmental Services Department (mid 2004). For instance, one interview participant (the new Fire Chief and former Assistant Chief), when describing some of the important aspects of the department's restructuring in 2003, recalled that

> we restructured [Playa Vista] Fire and Rescue into two sections during that
> reorg[anization], and that's what created the support services half of the
> organization and operational portion of the organization…that's what came out of
> the reorg[anization] and restructuring and moving positions. We became a pretty
> efficient and lean organization under that process. And where we took uniforms
> out of say, the communications division, we reallocated them to where we thought
> we had a weak point which was our training division. Typically when budgets get
> tight, training is the first thing you cut. We're also going through a renewal with
> our organizational hiring—a lot of new people, promoting a lot of young people.
> And we felt training probably was the Achilles Heal, if you will, in our
> operations. So we shifted the uniform positions over into the training sections to

try and beef that area up; and that was a strong focus for the chief.

In the same way, another interview participant (the Police Chief who was new to the city at the time of the department's 2003 reorganization) echoed a similar theme of significant change through substantive reallocation of resources, when he recounted the following perspective of his own departmental reorganization:

> In coming here, taking a look at the Police Department [and] how it runs [and] understanding the major issues—underfunded, under-staffed and under-equipped (and has been that way probably for 10 years). And then coming up with a strategic plan that you can sell to the council, you can sell to the officers—that replaces personnel, gives us modern equipment, and the training that we need in the organization—[because it] was important to be able to do [that]. And we've worked through that plan, showing the council how we can do it without additional revenues from the city…We've sold that, which was significant to the city.

Similarly, when discussing the 2004 implementation of the major rerouting of collection of garbage and recycling services for the Environmental Services Department, a third interviewee (the department director with 19 years of city service) reported

> In a nut shell…we remapped the entire city…and changed all of the collection routes…we were able to reduce the number of trucks that were needed to provide trash collection services and the number of people that would [be] need[ed] to provide that service…we moved those freed up resources and we put them over in our recycling efforts…And so we represented the first year that we would save…to be exact, $680,000 in the general fund…as a result of these efficiencies that we would gain…and we were able to accomplish all that we represented… and it's because of the people. I mean they're the ones who did it…and now it's saving the general fund over a million dollars a year…So, I mean initially [from my] personal standpoint, I was worried. I didn't know how it was gonna work. It

definitely had a great impact on the organization...But this whole department came together to make it happen and make it successful and it's been successful!

In addition to those important intervention strategies mentioned above, the disturbing events of 2003 and 2004 also directly influenced, as mentioned earlier, various transformative changes in the city's political landscape and leadership. Moreover, those changes had a profound effect on the views and personal sensibilities of many of the city's bureaucratic leaders. For example, in recalling his personal reactions to the scandals that rocked city hall, the Police Chief mused that

> about nine months into being here, they indicted three of the council people...the City Manager who hired me quit. They indicted six of the employees in the city government, the financial managers; [Ernie Rauner], one of the people, quit. And of course one of those people that got indicted works for me...[it] was a real shake-up in the organization...The people that I was used to working with and going to, the Mayor walking out and quitting really slowed everything down in the city; there was no continuity of management. We needed to work through that, and I think we were very lucky to have Mr. [Leroy Embers] step up to the plate, but that was only short-term for six months. [But] we worked through those issues.

In contrast, another interview participant, a department director with 24 years of city service, related the following personal thoughts about the scandals' transformative effects on the city's bureaucracy and the perceptions, in general, about city workers:

> I can remember back to January of 2004, very clearly...the beginning of when things started to, to unravel. When they said that, you know, they had made errors and omissions in our disclosure statement and it, it's just a series of events that happened after that...I had no involvement in any of them, but I knew a lot of people that did and I read about them, and you can't help but be impacted by it. You work in an organization as many years as I have, and it's been such a

positive experience, and then all of a sudden turned into where you didn't want to go places and tell people where you worked any more. You know it used to be— Oh, I work for the city! And now, well, you know…you're kind of hemming and hawing because you don't want to hear what people will have to say about your pension or your this, or your that. And so, that was such a huge difference for me!

To sum up, the leaders' views above support the notion that the continuing budget deficits and the expanding pension debacle had profound impacts upon the city's workforce, its bureaucratic leadership and even its political leadership. In some ways, those disturbing events were seen by some of the bureaucratic leaders as transformative in a positive and constructive sense; and in other ways, those disruptive events were viewed as transformative in a negative and destructive sense. Nevertheless, as these unsettling events continued to unfold, as will be seen in the following sections, so would the progression of intervention strategies and leadership changes.

Voters Express Desire for a Change: Majority Approves the Strong Mayor Form of Government

In the midst of the growing financial problems, the corruption and pension scandals, and the public's increasing frustration and concern over those serious issues, several civic, business and academic leaders began to discuss alternatives for restructuring government. In a private meeting convened in his city hall office in mid March 2004 (on the eve of City Manager Ungerman's retirement), Mayor Don Morris joined several of those leaders in revisiting the notion of changing the city's governance structure to a strong mayor form of government. However, this was not the first time in the city's history that the strong mayor form of government had been promoted as a plausible alternative to the city manager form of government. In fact, the notion was unsuccessfully proposed to the city's voters for the first time in 1973 during a term of the city's legendary mayor, Paul Warren. The reform initiative surfaced again in the 1980s and 1990s when former mayors Madeleine O'Brien and Sandra Greene attempted

unsuccessfully to launch similar initiatives during their terms. Likewise, during his first mayoral campaign in 2000, Don Morris talked about presenting a strong mayor proposal to the City Council if he was elected; and though he won the election, the proposal did not materialize at that time.

Though the political environment was not accepting of the strong mayor reform initiative during those earlier efforts and discussions, Mayor Morris and the other supporters of the movement believed that the time was finally right for its passage at the polls. Hence, buoyed by heightened public interest and growing demands upon the scandal-plagued City Council for accountability and solutions to the city's vexing financial crisis, the mayor announced his intention, at a press conference in late March 2004, to put the strong mayor proposal on the November ballot. As a result, after successful passage through the council's Rules, Finance and Intergovernmental Relations Committee, the initiative was approved by the City Council in late June 2004 for placement on the November 2004 election ballot. Finally, in early November 2004, the strong mayor measure, Proposition F, was approved by a simple majority of 51.4% of the city's voters. In short, with the voters' approval of this significant reform initiative, this historical shift of power started on a five-year trial period on January 1, 2006 and would end on December 31, 2010 unless finally approved and affirmed by a second public vote in November 2010.

Summary of the Budget Deficit, Corruption Scandal and Pension Debacle and the Leaders'/Citizens' Response

This section of the case, covering the period from January 2003 through November 2004, focused on the situation in Playa Vista prior to and during the city's mounting budget deficit, corruption scandal, the unfolding pension fund debacle, and the voters' approval of the strong mayor form of government. The first part of this section told the story of the origins of the city's budget deficit and the government leaders' initial response to the growing fiscal crisis (i.e., hiring freezes, budgetary and service cuts, new

fees, departmental reorganizations, etc.). This initial part of the section also recounted: (a) the indictments of three city councilmen; (b) the launching of federal investigations into several city officials' alleged fraudulent actions connected to the city's unfunded pension system debt; and (c) the unexpected departures of the City Auditor and City Manager in the midst of highly publicized scandals. In addition, the first part of this section presented the views of several bureaucratic leaders regarding the serious impacts of those intervention strategies and resultant leadership changes upon the city's workforce.

The first part of this section also recounted the story of the public's increasing concern over the serious issues confronting the city's fiscal and political stability and the timely resurgence of a reform initiative promoting the shift to a strong mayor form of government. Lastly, this part of this section also recited the details of the: (a) evolution of the notion of the strong mayor government structure; (b) successful marshalling of community support for the reform initiative; and (c) voters approval and passage of the measure at the polls.

Life During the Fiscal Crisis, Corruption Convictions and the Expansion of the Pension Underfunding Proceedings

The second part of the chapter, which I have titled "Life During the Fiscal Crisis, Corruption Convictions and Expansion of the Pension Underfunding Proceedings" examines the corruption convictions and elections of new political leaders, massive departures of top bureaucratic leaders, and dissolution of the city manager form of government.

More Leadership Changes Amid Scandals and Dissolution of the City Manager Form of Government

As the strong mayor reform initiative gained momentum in the final months leading up to the November 2004 election, so did the spate of sudden and unexpected leadership changes. In a shocking turn of events, Councilman Lane (one of the indicted councilmen accused of corruption) died suddenly and unexpectedly from internal

bleeding of the liver. That tragic event was followed, in January 2005, by the election of Councilman Lane's chief of staff, Teddy Yeoman, who replaced the deceased councilman in that vacated council seat. Moreover, the following month, the council appointed Jason Torgeson to replace departed City Auditor Rauner. And then, in one of the most surprising of all of the high profile leadership departures, Mayor Morris announced his resignation in April 2005 saying he "lacked the leadership to fix the city's problems."

Further, in the midst of the escalating pension fund investigation, in May 2005, the former acting city auditor was placed on administrative leave and a deputy city manager, the city treasurer and the human resources director were all forced to resign. That same month, the District Attorney filed felony conflict-of-interest charges against those same city officials (with the exception of the deputy city manager) and two pension board members. Also, during the following month: (a) the City Attorney filed a lawsuit alleging "economic conflicts" against six current and former pension fund trustees for their involvement in the underfunding of the city's pension system; and (b) Councilmen Iniquez and Zucker were convicted and resigned for corruption in the political scandal mentioned earlier. Thereafter, the flow of leadership departures began to intensify at nearly all leadership levels within the political and bureaucratic structures. For instance, over the next six to seven months: (1) the long-time Community & Economic Development Director resigned citing concerns regarding city officials' continual whittling down of department funding and critical services; (2) a deputy city manager sued by the City Attorney for shaping plans to underfund the pension system retired after 30 years of city service; (3) at least 130 management employees (including 40 assistant deputy directors) left city government by the end of 2005 due to the questionable viability of their management jobs; and (4) City Manager Embers resigned and departed from city government on the eve of the elimination of his position by the installation of the strong mayor form of government in January 2006.

On the other hand, with those significant leadership departures, there also came new leadership opportunities. For example, in November 2005, the citizens elected a new mayor, John Sampson and the city council elected Councilman Sam Paulson the first Council President to serve under the incoming strong mayor government. Additionally, the next month, in preparation for the inception of the strong mayor government, the council appointed: (a) Rhonda Fargo, retired Navy admiral and CEO of a major nonprofit organization, to serve as the transitional city manager until assuming the new Chief Operating Officer position (to which she was hand-picked by incoming Strong Mayor, John Sampson); and (b) Angela Thompson, deputy city manager at a large city in a nearby state, to fill the newly created Independent Budget Analyst post. With the massive departures of top leadership, the dissolution of the city manager form of government, and these appointments, the council appeared ready to usher in a new era of Strong Mayor governance in 2006.

More Intervention Strategies and the Continued Erosion of the City's Finances

While the seemingly ceaseless political and bureaucratic leadership turnover continued to unfold, it became increasingly apparent that additional change interventions would be needed to address the city's rapidly eroding financial situation. The first instance of this occurred in March 2005 when City Manager Embers revealed yet another very serious budget shortfall of $26.5 million and renewed his previous calls for continuing the city-wide hiring freeze, cutting departmental spending by 5%, and delaying park maintenance and repairs. Consequently, the City Council obliged him and approved his plan to balance the city's operating budget before the end of that fiscal year with those added type three interventions. Similarly, two months later in mid May 2005, after repeated threats of possible layoffs by the city manager, the City Council approved four union contracts that included significant concessions agreed to by the unions' leadership (e.g., a two year wage freeze and increased contributions to the deficit-ridden pension system).

In like manner, at the end of May 2005, Mayor Morris announced that the Environmental Services Department's rerouting of pick up routes for garbage and recycling trash saved the city's general fund over $671,000 since the change began a year earlier and would save an estimated $10 million during the next decade (as discussed earlier in this section). City officials also credited this system redesign or process improvement effort (also referred to in Chapter 4 as a type two change intervention strategy) with: (1) reducing harmful environmental impacts resulting from a cut in "collection truck miles traveled by 900 a day;" (2) adding 50,000 homes to its yard waste recycling program; and (3) avoiding staff layoffs by reassigning truck drivers to new routes. Then, at the end of June 2005 (after two months of bitter discussion and impassioned public debate), the City Council approved the city manager's proposed budget for fiscal year 2006. In essence, though the council weighed in with a few revisions of its own (i.e., reductions in proposed staff and service cuts, no layoffs, and fee increases), the austere budget called for significant cuts in library hours and workforce headcount (approximately 295 employees), as well as pool and community service center closures.

Lastly, in an effort in October 2005 to encourage the council to proactively tamp the growing budget deficit and keep the city's budget balanced, City Manager Embers reported an immediate $10.1 million budget deficit and forecasted a $19 million deficit by the end of the fiscal year. In his final budgetary update (prior to terminating his service with the city just before the onset of the strong mayor government), Embers also asked most department heads to identify ways to cut 3% from their spending plans which would be given to the council for approval the following month. In many ways, despite the implementation of these additional type two and type three change interventions in 2005, the constantly changing and embattled city leadership continued to struggle in its efforts to reverse the continued erosion of the city's finances. In fact, the futility of their efforts seemed to be even more vexing when it was reported in the local newspaper that $7.6

million of the immediate $10.1 million deficit was from costs tied to the federal investigations into the city's finances. Indeed, with no quick end in sight to the federal investigations, nor the "continuing legal and accounting fees tied to the pension fund deficit," or the chronic shortages in the city's multi-million dollar general fund budget, there was little likelihood that the city's financial situation would soon improve.

Leaders' Views of the Strong Mayor Government, Ongoing Interventions and Leadership Changes

As mentioned earlier, the upheaval at city hall (e.g., adoption of the strong mayor government, escalating pension fund investigations, and councilmen convictions), and the continued erosion of the city's finances brought forth a series of unprecedented organizational interventions and leadership changes. Like the earlier interventions and leadership transformations of 2003 and 2004, the ongoing events in 2005 continued to affect the city's bureaucratic leadership in different yet similar ways. For instance, one interview participant (a deputy department director with 18 years of city service), when asked about his personal experience with some of those significant organizational and leadership changes, remarked that

> several of the leaders [in the] city manager's office, were either retiring or resigning or, you know, promoting to other positions in other organizations. So we had this huge turnover of very senior management staff. The city manager had already indicated that he was going to be leaving once the strong mayor form of government had begun and so there was a lot of turnover...there have been lots of changes, and a lot of them have been caused by just retirement, kind of natural attrition of some of the senior folks that have been around for a long time...And so going from a city manager form of government to a strong mayor form of government, it left a lot of questions out there. There were a lot of unknowns.

Another interview participant (a department director with more than 22 years of city service), while describing the shift to the strong mayor government as one of the

significant organizational changes at the city, simply said

> it's a shift because before you had the city manager form of government and you could take it before council and get things approved. Now you're going through the mayor. So it's changed, and so the government is totally different than what we had before.

Another interviewee (a department director with 18 years service) was equally straight-forward about the organizational implications of the switch to the strong mayor form of government when he disclosed that

> it was in November [2005] that new upper management were then appointed and were taking over the day-to-day operation[s] of the city...that's really when it hit home...that we were really going to change the way we do business in the city— [and] the way we were structured.

In contrast, another interview participant, when discussing the adoption of the strong mayor government and its potentially demoralizing effect on the workforce, candidly revealed that

> we knew it was coming. Because when the notion started and we started hearing...this business leader and that business leader is really advancing the thought of the strong mayor form of government, we thought, oh my gosh, the way the voters feel right now, they would vote on anything!...it was just like whatever it took to fix what's going on with the city, let's do that!...But luckily, they did put in a year transition period...But what happened is, because of the scandals and in the middle of the year, the mayor resigned, we were without a mayor...[it] ended up in reality being like a month to transition...And we were not ready. And so, you take all of the stress that was going on in general in this organization and you add to it the fact that we're still just now sorting out, in August, some of the things that we should have sorted out last year during this transition period...So it was to me an extremely impactful piece!...[because this

was] an organization that was already incredibly dysfunctional, because of all the

loss of talent, because of all the loss of players, because of all the hammering in

the press. And everybody is like—I want to stay below the radar screen because if

you come up, you might be investigated for something.

Likewise, another interviewee (a fairly new department director with 18 years of

city service) also talked about some of the detrimental effects experienced in the

workplace as a result of the anticipated implementation of the strong mayor government.

She insightfully stated:

Well that also brought change because people did not know what was going to

happen. I think what we read in the paper and heard about is that there would be

layoffs. There would be a 10% cut in the budget across the board. So for us, in

particular, when we're already at bare bone minimum, to lose another 10% would

essentially mean we would lose our receptionists…that would be a huge chunk!

So that unknown and the uncertainty you know, causes a lot of stress for

employees…trying to keep everybody focused on the vision and just hanging in

there and working together as a team; and not worrying about what change will

bring and sort of embracing it.

On the whole, the bureaucratic leaders' perspectives above show that the city's

evolving problems continued to trouble the beleaguered workforce. Additionally, those

expressed views demonstrate that many of the city's bureaucratic leaders truly believed

that the ongoing interventions and leadership changes in 2005 had undoubtedly impacted

the morale of the remaining leaders and rank-and-file workers. Consequently, many

serious organizational and leadership challenges lay ahead as the city's incoming political

and bureaucratic leadership began to implement the strong mayor government in early

January 2006.

Summary of the Fiscal Crisis, Corruption Convictions and the Expanding Pension

Underfunding Proceedings

This section of the case focused on Playa Vista's growing fiscal crisis, and the political and bureaucratic upheaval created by the expansion of the legal proceedings surrounding the corruption and pension system scandals. This second part of the section, traversing the period from January 2005 through December 2005, delved into the intensified flow of leadership departures due to various reasons including the death of a councilman, the convictions and resignations of two other councilmen, the resignations of a second-term mayor and a short-term city manager, and massive resignations and retirements of government managers. Beside those significant leadership departures, several important leadership replacements also transpired—the election of a new mayor, new councilman and the first Council President (to serve in the strong mayor government), as well as the appointment of a transitional city manager and the first Independent Budget Analyst (also to serve in the strong mayor government).

Finally, the second part of this section related the account of the continued erosion of the city's financial position and the political and bureaucratic leaders' supplementary response which included more of the same types of change interventions as mentioned above. The secondary part of this section also delineated the candid views of several government leaders about the long-considered shift to a strong mayor form of government. Lastly, this part of the section also examined those and other leaders' views of the troubling impacts that the ongoing interventions and leadership changes had upon themselves and their workers.

Life During the Extreme Government Make-Over, Financial Melt-Down and Deepening

Pension System Quagmire

The third part of the chapter entitled "Life During the Extreme Government Make-Over, Financial Melt Down and Deepening Pension System Quagmire" recounts the: inception of the strong mayor form of government, formation of a new organizational structure and leadership team, implementation of increasingly stringent intervention strategies, escalating pension fund troubles and legal proceedings, and the new mayor's

reform agenda and fiscal recovery plan.

Inception of the Strong Mayor Form of Government: Forming New Organizational Structures and Leadership Team

Essentially, besides the elimination of the city manager position and the bureaucratic apparatus that supported the city manager, the approval and subsequent implementation of the strong mayor system caused fundamental changes and significantly altered the city's governance and top leadership structure. Thus, along with the city manager position, thirteen other top leadership jobs were eliminated along with approximately twenty-seven other mid-level leadership jobs reporting directly into those top leadership positions. Equally important, those significant changes in the governance structure and top leadership compelled the newly-elected, incoming mayor to completely reorganize the departmental structure and form a new executive leadership team with new players to manage the new structure and ultimately support the strong mayor government. In other words, the new strong mayor (who was officially opposed to the strong mayor initiative during the mayoral campaign) was ironically forced to launch an extreme make-over of the city government.

With this in mind, from late November 2005 through early April 2006, new mayor, John Sampson, appointed ten individuals to fill most of the top leadership positions in his incoming administration. On the other hand, in January 2006, the mayor officially requested the resignations of over 200 management employees of which he later said he would accept one-third of those resignations. Furthermore, by early April 2006 the major reorganization had slightly increased the city's organizational structure from a total of twenty-four departments to twenty five departments. However, the city manager's job and the other thirteen eliminated leadership positions had been replaced by the ten new top leadership appointees (who filled newly established positions such as Chief Operating Officer or COO, Assistant COO, Deputy COO and various director positions). With the implementation of these key structural changes and his top ten

leaders in place, the new strong mayor was now apparently positioned to deliver on his reported promises to fix the broken city government and get the city "back on track."

At the same time that the new strong mayor was putting the above changes and new players into place, other very noticeable ebbs and flows were also occurring in the leadership ranks at city hall. First, two new city councilmen were selected in a special election in early January 2006 and were pushed to quickly assume their new duties on behalf of their district constituents. In fact, in filling those vacant council positions (resulting from the earlier mentioned convictions and resignations of Councilmen Iniquez and Zucker), the new councilmen had only five months left on their predecessors' remaining council terms before they had to face re-election in early June 2006. Basically, as the local newspaper put it, at that time, "the honeymoon for the new council members will be short." Despite their short honeymoons, both councilmen were re-elected and were allowed to continue their fledgling work with the new mayor and the rest of the council in addressing the plethora of serious issues confronting the city.

Secondly, in the midst of the new mayor's leadership hires and the addition of the two new councilmen, the stream of government leaders' departures continued to intensify in an unabated manner. As a result, from January 2006 to October 2006, there were seven more departures of veteran government leaders in key positions including five directors, the Fire Chief and one recently appointed Deputy COO (formerly a Deputy City Manager in the previous city manager government). On the whole, with the exception of the Fire Chief's retirement, those key leadership turnovers resulted primarily from resignations due to acceptance of comparable or higher level jobs at other municipal governments. Although, one of those departing directors acknowledged, in a local newspaper article covering the mass exodus of city managers in mid January 2006, that she was recruited by the City of Los Angeles and that other government agencies were "aware of the situation in [Playa Vista] and eager to snag workers tired of dealing with it [the turmoil at City Hall]." Similarly, in a newspaper article in early June 2006, the Fire Chief attributed

his retirement to certain factors including his ongoing concern over the city's dangerous lack of preparedness for major fire events due to the lack of critical resources and staffing (which he felt were not being addressed by the city's political leadership), and an uncertain future due to the city's financial problems.

While the above cited leadership transitions took place, the evolving strong mayor form of government also began to undergo close examination and substantive clarification and change as a result of: (1) the new strong mayor's efforts to exercise some of the executive powers and authority vested in the strong mayor under the voter-approved initiative; and (2) the city council's objections to some of the mayor's efforts and their questioning of the legal boundaries of the strong mayor's newly acquired executive powers. The first moderate example of the tension between the council and the mayor (under the strong mayor government) occurred in early June 2006 during the fiscal 2007 budget approval process. Though the process was marked by some complaints about the substance of some aspects of the mayor's first proposed budget (especially the numerous adjustments to his proposed spending plan) and it required compromises on both sides, the council approved it as recommended by a vote of 6-1. Nonetheless, the very mildly contentious tenor of those budgetary discussions portended more tensions and power struggles yet to come as the mayor and council continued to test the legal boundaries of the strong mayor's authority. In any event, this first test of the strong mayor's authority led to the council's unanimous approval in mid July 2006 of Mayor Sampson's proposal to give him, as the local newspaper reported, "the authority to make limited budgetary and personnel changes without first seeking the council's approval."

Basically, by this decision, the council agreed to give Sampson the "procedural change so he could effectively implement measures to save money and increase efficiency." In return, however, the council reserved its authority, as vested in the strong mayor measure, "to approve any budgetary changes while the mayor oversees the city's day-to-day operations." Nevertheless, the next test of the strong mayor's spending

authority came in mid October 2006 when a dispute arose over the mayor's cutting of a children's swimming program and shifting funds from a social service agency serving the homeless after the council had approved his original spending plan (which did not include those cuts). Unlike the above mentioned amicable resolution, this issue was not resolved and, remained unresolved as of the conclusion of this research project at the end of October 2006.

New Mayor Addresses the Continuing Financial and Pension Troubles: Escalating Intervention Strategies and Legal Proceedings

As the new mayor was implementing the wide-spread structural and staffing changes discussed above, he also set his sights on the city's continuing financial and pension-related troubles. Having run a campaign based on government reform and returning the city back to its former days of preeminence, he called for (in his first State of the City Address in January 2006) several things including: pension board member resignations, changes in the city's financial practices, 10% departmental staffing cuts, and voter approval of outsourcing of some city services. After several months, while those proposals were being mulled over at city hall and elsewhere, the mayor put forth a number of formal plans which he outlined in his fiscal recovery plan for the Fiscal Year 2007 Annual Budget (April 2006). Included among those formalized proposals were: (a) paying down unfunded pension liabilities and retiree health care costs; (b) funding deferred maintenance projects, possible staffing cuts; (c) continuing a city-wide structural reorganization; (d) employing business process reengineering (to reduce costs and create managerial efficiency); and (e) three ballot measures (e.g., voter approval of future pension increases, $108 million infusion into the retirement system, and managed competition for city services).

Two months later, the mayor closed two city warehouses, authorized a dramatic increase in the number of electronic purchases by the city, consolidated the city's purchasing and contracting functions into a new department, and cut 17 contracting jobs.

In taking these first steps to address the city's fiscal problems, the mayor predicted that these cuts and streamlining activities would save the city nearly $9 million through fiscal year 2007. However, it should be noted that the 17 affected employees were shifted to other positions in the city; thereby avoiding layoffs.

Over the next four months, the mayor continued to step up his efforts to reduce costs and increase efficiencies by promoting two ballot propositions (Propositions B and C) that would amend the city charter to give voters a say over pension increases for city employees and open the possibility for privatization of some city work. He also proposed cutting 36 jobs (including one deputy director) and fleet reductions at the Environmental Services Department along with reorganizing that department from 6 to 3 divisions. As a result of these type one, two and three change interventions that he initiated during his first ten months in office, the mayor appeared to be on his way to addressing the city's financial crisis. Unfortunately, the coming months (in fact, the next year and beyond) would not be kind to the city's fiscal situation and, as a result, a financial melt-down would ensue. In fact, the chronic melt-down would lead to an escalation of intervention strategies that would continue into the coming months, years, and beyond.

Ironically, at the same time as the fiscal melt-down progressed, the same kind of drawn-out, dismal outlook was emerging for the city's troubled pension system. Basically, during the same ten month period of his taking office, the mayor and, undoubtedly, most of the city bore witness to: (1) the U.S. Attorney charging five pension system administrators with 20 counts of wire and mail fraud; (2) an outside risk management firm issuing a critical report documenting misconduct and, in some cases, legal violations involving the former mayor, four current council members, two former council members, two former city managers, and a former city attorney; and (3) the release of a revised audit of the city's 2003 fiscal status revealing increases in the city's pension deficit to $1.7 billion and retiree health care liabilities to $1.3 billion, as well as individual errors causing a $456 million overstatement of city assets. Hence, it came as

no surprise when the mayor announced he would adopt the outside firm's recommendations addressing the systemic failures throughout the city's financial structure and estimated that it would cost $45 million and take 30 months to implement.

Leaders' Views of the Efficacy of the Change/Restructuring Efforts

In retrospect, as they reflected upon the major change and restructuring initiatives that the city had undergone over the past few years, the interview participants shared candid perspectives of the efficacy of those efforts. Indeed, these leaders' perceptions of the efficacy of the restructuring process were a mixed bag but generally favorable for reasons similar to those stated by the Brightwood leaders. As shown in Table 2, more than half of the interview participants (six of the eleven) made statements that suggested they viewed the restructuring process as successful. Yet, the majority of them (eight) conditioned their comments with characterizations indicating that the restructuring process was unfinished. Essentially, like the Brightwood leaders, the Playa Vista interviewees who felt the process was not finished said such things as: we are "in the midst of it," it is "still ongoing," let's "wait and see," it's "a work in progress" and "the jury is still out."

Table 2. Leaders' perceptions of the change/restructuring process- City of Playa Vista

Part.	P	M	N	U	Comments
#1				X	In the midst of it-kind of hard to say
					It has the potential to be successful
					Went through this before-got hit in each budget cycle
					When restructured-who will be left to keep the doors open
#2	X				You just meet a natural resistance
					Not a quick change process-3rd year of 5 year process
					More efficient department
					More work with fewer people
					Providing more public safety services with fewer people
#3	X				Hoped for more participation-not involved in mtgs./decision-making
					Absolutely Successful-necessary
#4	X			X	In the midst of it-haven't implemented the process yet
					Try to create the framework-giving us the opportunity to get ready

Part.	P	N	M	U		Comments
#5	X				X	Not giving us enough time to evaluate it Needed better explanation of the process Still ongoing Definitely successful-Can see the benefits now Should have included Directors in the process earlier
#6	X				X	I think we're going to make it It's good that we're going through the process Have organizational fo previously lacking information previously lacking Include directors early on
#7	X				X	Could have involved staff early on Not yet successful-I think it will be I'm very hopeful Brought some order to things-they have a direction
#8					X	Work in progress-going through it now Wait and see-jury is still out It can be done Not involved in thinking/creating it Withholding judgment
#9					X	Should have staff participate in the process earlier A lot of folks have a negative attitude out there towards it Haven't gone through it yet-begin BPR next month
#10					X	Haven't had a restructuring yet Jury is still out Lack of financial rewards Don't know if successful yet
#11		X				Didn't have time to do a major communications effort Could have done better communication effort Failure is not an option

Note	P	Positive	M	Mixed
	N	Negative	U	Unfinished
	Part.	Participant		

Additionally, of the eight participants who felt that the restructuring was unfinished, there were four interviewees who declined to indicate, either way, if the restructuring was successful or unsuccessful. This noncommittal stance represents a difference from the more optimistic Brightwood storyline. Despite this, two of those leaders expressed some optimism about the restructuring process with comments like "it

has the potential to be successful" and "it can be done." On the other hand, the other two leaders, who offered neither a positive nor negative assessment of the success or failure of the restructuring, conveyed some criticism of the process with such observations as "a lot of folks have a negative attitude out there towards it" and assessments asserting that "a lack of financial rewards" might be needed to ensure success.

In brief, considering all of the above cited/referenced commentary and characterizations, the leaders' perceptions suggest that the restructuring process, on the whole, was successful despite the widely-shared concerns that it was still a work in progress. Interestingly enough, these qualitative findings were somewhat similar (with some exceptions) to the findings from the subordinate employees' grounded surveys. In short, the survey respondents (subordinate employees reporting directly or indirectly to the interview respondents) were split on the question of whether or not they felt that the departmental restructuring process was/will be successful. In Survey III (comprised of 21 subordinate employees of the interview participants- excluding the chief operating officer), 38% (or 8) of the respondents said that it was too early to tell, whereas 33% (or 7) indicated the departmental restructuring process successful, and 19% (or 4) rated the process unsuccessful. Clearly, the latter negative rating reveals a small but somewhat meaningful deviation between the survey and interview respondents' perceptions of the efficacy of the restructuring process. More data from the written survey and the qualitative interviews will be reviewed in more detail in Chapter VI.

Summary of the Extreme Make-Over of the City Government

This final section of the case, covering the period from January 2006 through October 2006, focused on Playa Vista's rapid transition to the strong mayor form of government and the dynamics that accompanied the formation of the new organizational structure and leadership team. This third part of the section explored the significant changes brought about by the shift to a new governance structure and political paradigm that included the creation of a new government structure, the recruitment and placement

of a new executive leadership team, and election and arrival of two new councilmen. Along with those significant leadership changes, the stream of veteran government leadership departures intensified; thereby, increasing the concerns of city employees and managers about the uncertainty of their city government careers.

Lastly, this final section of the case told the story of the new mayor's diligent, initial efforts to address the financial melt-down and the expanding pension troubles. The section delved into the decisive steps to implement type one, two and three change interventions in efforts to cut costs and balance the city's deficit-ridden budget. The section also recounted the mayor and his new administration's efforts to deal with the many financial problems and legal proceedings arising from the deepening pension system quagmire. Finally, this last section examined the leaders' and subordinate employees' views of the efficacy of the restructuring process which, ultimately, raises the question of how all of these initiatives will help, in the end, to improve upon the increasingly dismal future outlook for the city.

CHAPTER VI

CROSS-CASE ANALYSIS AND DISCUSSION OF THE FINDINGS

This final chapter begins with a brief overview of the problem, purpose and methods of the study. Then the major findings will be summarized; the research questions articulated in Chapter I will be used to organize both a summary of the two cases and a look across the two cases. Next, the implications that the study has for theorizing about organizational change, restructuring and downsizing will be discussed and the methodology will be reflected upon and critiqued. Finally, recommendations for practice and further research will be identified.

Brief Review of the Problem, Purpose and Methods of the Study

As was discussed in Chapter I, over the past twenty-five years, corporate mergers, government consolidations, workforce downsizings and plant closures have increased dramatically; as a consequence, millions of workers around the nation have lost their jobs. As the quantitative and qualitative evidence concerning major organizational change efforts and the undesirable consequences of organizational downsizing and restructuring has steadily grown, so has the interest amongst scholars and organizational leaders to better understand the complexities of the studied phenomenon and the effective leadership and management of those efforts. The literature indicates that leaders can influence organizational change, downsizing and restructuring by attending to and modifying effective leadership strategies and approaches. Much of this literature, however, is theoretical and speculative, and the empirical work that does exist has focused mostly on business.

Thus, the overarching purpose of this qualitative study was to understand how leaders in two local government organizations perceived their methods for revitalizing their organizations and motivating those who remained in the organization after major change, restructuring and/or downsizing had occurred during a recent four year period.

The study explored the intervention strategies, communication methods and leadership approaches employed by those leaders in formal and informal revitalization and motivation efforts. The goal was to develop insights and a possible framework for identifying approaches that were used in the study and might be used by other leaders attempting to revitalize their organizations and motivate their employees during and after implementing organizational change, restructuring and downsizing initiatives.

Brief Review of the Research Methods

This dissertation research used mostly qualitative methods to study leaders' perceptions of their efforts to revitalize and motivate their subordinates after major change and restructuring at two local government organizations that were part of the study. These sites were selected after numerous unsuccessful attempts were made to gain access to research sites in the private sector aerospace industry. An additional review revealed that the shift in type of site was in many ways fortuitous because of the dearth of studies of economically driven change initiatives in public sector organizations. The two public sector sites that were selected for study were experiencing and had experienced significant fiscally driven change efforts over the four year period covered by the study.

Individual interviews were conducted with twenty-one participants; ten participants at one site and eleven participants at a second site. In addition to interviews, extensive analysis of government documents, websites, newsletters, newspaper accounts and grounded surveys of subordinate employees were utilized to corroborate and/or triangulate the interview data gathered from each site.

Data analysis and the presentation of the findings involved the use of two analytical approaches which Polkinghorne (1995) refers to as *narrative analysis* and *the analysis of narrative*. The narrative analysis strategy was utilized in Chapter IV and Chapter V to analyze the data; this analysis approach involved reconfiguring the data into "emplotted narratives" to tell the stories of what occurred at the studied sites. The next section of this chapter employs the analysis of narratives strategy to bring forth answers

to the research questions. This strategy involves more traditional coding and categorization approaches that organize the information gathered into emergent themes that appeared across the cases. In essence, Chapters IV and V produced implicit answers to the research questions; the following section provides explicit answers to the research questions.

Review of the Major Findings in Terms of the Research Questions

The organization for this section is around the research questions that were articulated in ChapterI and answered implicitly in Chapters IV and V. Here, the implicit answers will be made explicit.

Case I: The City of Brightwood

*Research question #1.*This is the first research question:

What are the strategies, methods and leadership approaches mid & upper level managers use to revitalize their organizations and motivate those who remain in the organization after major change, restructuring and/or downsizing and how do those managers describe those strategies and methods?

In terms of research question one, most members of the City of Brightwood's government leadership team talked about using varied strategies, methods and leadership approaches to revitalize and motivate their remaining or surviving employees during the fiscal crisis and the organizational change interventions discussed in Chapter IV. A typology of the strategies and approaches was developed based on the recurring themes that emerged from the interviews in both cases. This typology for the Brightwood case can be found in Table 3.

In terms of research question one, Table 3 reveals that four of the ten interviewed leaders in case number one indicated that they used all seven of the listed strategies or approaches in their motivational work with their subordinates. Likewise, five of the remaining six leaders also described their engagement in actions or affecting behaviors that were consistent with at least four of the seven strategies listed in Table 3.

City of Brightwood *Table 3.* Strategies, methods & approaches used to motivate employees during restructuring										
Strategy, Method or Approach	L1	L2	L3	L4	L5	L6	L7	L8	L9	Top Leader
Articulating Positive Future Vision	X	X	X	X		X	X			X
Projecting Positive Attitude	X	X	X	X		X	X	X		X
Keeping Employees Informed	X	X	X	X		X	X	X		X
Soliciting Employee Input & Feedback	X	X		X	X	X		X		X
Provide Employees New Job/Career Opportunities	X	X	X		X	X			X	X
Creating Safe/Risk Taking Environment	X	X		X	X	X			X	X
Modeling Behavior/Leading by Example	X	X			X	X	X	X		X

An example of a comment that was coded under the "creating a vision to help direct the change effort" category (Kotter, 1996) is a comment by the Brightwood City Manager:

> You have to give them a sense of comfort that you know what you're doing, that you are a steady hand at the helm and....to get out of this situation, we're going to do these things internally. We're going to have these plans, we're going to communicate this way, and then we're going to get the council to make X decision or have these decisions to consider...And what we try to do is create a confident organization, a purposeful organization that understood the problem, articulated it...we provide recommended solutions, and then ultimately get the elected officials to understand them and then...[get] the community to ultimately buy in and then solve the problem. And that builds trust in management, and that

buy in and then solve the problem. And that builds trust in management, and that builds trust in elected officials, and then ultimately, by performing, we build trust in the community.

Another key change leader in Brightwood, the Police Chief, also articulated, in very simple terms, a visionary, departmental goal of having "the best department in the country" with all of the attendant characteristics befitting a top-ranked, award-winning police department.

At times the positive vision that got articulated in Brightwood was of better times to come after the crisis has passed. One person, for example, told his subordinates: "This is not the way it is always going to be. When the sales tax passes, we will be able to fill some positions. So you guys aren't going to have to endure the hell you are going through right now indefinitely."

Another strategy that was employed by most of the interviewed leaders was projecting a positive attitude. One person stated,

> They looked at my attitude and my appearance and they saw that I accepted it [the organizational change]. 'If he thinks it is great, well I think it is great too'…Leaders need to show leadership and that is one way—by accepting changes and explaining and going forward.

In addition, the Fire Chief also talked about the importance of a positive attitude or, in his words, a "can do attitude" and linked this idea to another item on the Table 3 list, creating a safe, risk-taking environment. He stated:

> We improved the morale. [We] deflated some of the anger. [We] provided some direction and a sense of a can-do attitude…it opened up the lines of communication. It created some debate. And I think it also allowed for some criticism of the current way of doing things and some creativity as it relates to new ways of doing things…I think it is important because [if] it creates an atmosphere or an environment where people can feel safe and feel that their

contributions…or their suggestions are heard and that they are awarded, or recognized for their contribution.

The latter perspective is similar to the City Manager's reflections on the importance of creating a safe environment and risk taking. He recollected that

I always believe that if people fear a manager, dread a manager, don't like a manager, they can't believe in the manager. And so what I try to do is make sure that the people feel safe with me, that they know they can come and tell me good things and bad things…my interests are trying to get to the right solution, try to make sure that people feel safe to take risk[s], make mistakes, and that nothing bad is gonna happen to them the first or second time.

And the Police Chief also echoed an approach to creating a safe place that is very similar to the notions of the City Manager and his colleagues, the Fire Chief and the City Manager, when he claimed:

I have an open door policy. They can come up here and visit anytime. They can speak freely without the fear of reprisal, which wasn't the case before. So I think it is not something that I did, or the change that I created. I just created the environment for that.

Table 3 also indicates that all but two of the interviewees acknowledged the critical importance of information sharing. For example, the City Manager, as discussed in Chapter IV, recognized the importance of "creating communication mechanisms" (i.e. newsletters, frequent meetings, expanded intranet, updated web page, etc.). The Fire Chief asserted that an "unprecedented" meeting with his firefighters and their family members on a Saturday was a very effective approach that he would do again. Another veteran member of the executive leadership team similarly contended that "passing on information was critical" to "subordinate staff, most of [which] were thirsty for information" and "were stressed out about their own futures, their families' futures."

Finally, several members of the leadership team reported on their role in leading

by example and modeling new behaviors. An example of modeling new and expected behaviors was made by one participant who stated that "I found myself conscientiously making sure that I was doing things that were consistent with where we wanted to go with this organization." Examples of leading by example were found in simple comments made by the Police and Fire Chiefs that contained such phrases as "lead by example" and "set the example." Moreover, an example of a hybrid leadership approach or orientation that combines the notions of leading by example and modeling expected behaviors was shared by the City Manager. He said that "I give people the benefit of the doubt—I treat them the way I wanna be treated. [And] that if there are changes that need to be made, that I'm pleasant, that I work through it and [I] am able to wake up in the morning and say I did the right thing." Lastly, as discussed in Chapter IV, very tangible examples of leading by example were evidenced in the City Manager's acceptance of a 10% pay cut and the commitments by the Police and Fire Chiefs to take the same pay cut if Proposition D did not pass.

Other strategies and approaches (e.g., soliciting employee input and feedback and providing employees new job and career opportunities) were previously discussed in Chapter IV; the first topic also will be alluded to in the discussion of the second research question.

Research question #2. The second research question reads as follows:

What are the mid and upper level managers' perceptions and ex post facto assessments about the efficacy of their approaches and what data and assessment mechanisms were used in these assessments?

The Brightwood leaders' perceptions and ex post facto assessments about the efficacy of the restructuring process were discussed in detail in Chapter IV and enumerated in Table 1 at the end of the fourth chapter. Table 1 suggests that the leaders' perceptions of the efficacy of the restructuring process were somewhat mixed, though generally favorable. One problem was that definitive judgments, at that time, were

considered somewhat premature by many of the interviewed leaders given the recency of

the actual implementation of the restructuring/change interventions at the time the

interviews occurred.

Even those who offered the too-soon-to-tell caveat, however, rated their efforts

effective, or, in some cases, very effective. Indeed, as shown in Table 4, four of the

participants (40%) indicated that they were effective in those efforts, while six (60%) said

they were very effective.

<u>City of Brightwood</u>

Table 4.			Leaders' perceptions of their efficacy in motivating/revitalizing				
	Very Effective		Effective		Ineffective		Too Soon to Tell
Leader 1			X				
Leader 2			X				
Leader 3	X						
Leader 4	X						
Leader 5	X						
Leader 6	X						
Leader 7	X						
Leader 8	X						
Leader 9			X				
Top Leader			X				

The assessment strategies that were identified were largely informal. To be sure,

Table 5 indicates that two of the Brightwood leaders mentioned various sort of surveys,

but these surveys were generic and not focused on or explicitly motivated by an attempt

to assess change efforts. In fact, three of the members of the leadership team noted that

no measurement tools were applied and one, in particular, stated "that's where we're lacking. I don't think that we really had an opportunity to…really evaluate what took place…and I think those kinds of things are important."

	City of Brightwood					
Table 5.	Assessments used to measure efficacy in motivating/revitalizing					
	Formal		Informal		Non-Existent	Types Used
Leader 1	X		X			Employee Feedback, Dept. Surveys, Forums
Leader 2					X	
Leader 3			X			Dept. Heads Mtgs. (Discuss)
Leader 4			X			Dept. Heads Mtgs. (Discuss)
Leader 5					X	
Leader 6			X			Dept. Heads Mtgs. (Discuss)
Leader 7	X		X			Employee Feedback and Survey
Leader 8			X			Meetings, Conversations
Leader 9					X	
Top Leader			X			Dept. Heads Mtgs. (Discuss)

Table 5 also indicates that most leaders indicated that assessments were informal rather than formal; five of the interviewees indicated that the informal assessments only occurred in department heads meetings where presumably the departmental leaders discussed many issues including their efforts to implement the various organizational interventions within their departments and the responses to these efforts.

Research question #3. The third research question asked:

Can the mid and upper level managers' descriptions of the strategies, methods and approaches be linked to one or more leadership approaches or orientations in the literature?

As mentioned in the discussion of research question #1, the various strategies, methods and approaches people used to revitalize and motivate their employees were consistent with the literature. Table 6 explicitly links this information with particular leadership theories and theorists.

Table 6.

Summary of the Literature

Strategy, Method or Approach	Related Literature
Articulating Positive Future Vision	Kotter (1996), D'Aprix (1996), Quinn (1996), Applebaum *et al.* (1997 & 1998), Kouzes and Posner (2002), Marks (2003)
Projecting Positive Attitude	Applebaum *et al.* (1997), Kouzes and Posner (2002), Marks (2003)
Keeping Employees Informed	Gore (1997), Applebaum *et al.* (1997 &1998), Jones (1998), Borins (2002), Marks (2003)
Providing Employees New Job-Career Opportunities	Lippitt and Lippitt (1984), Buch and Aldridge (1990), Cameron *et al.* (1991), Brockner (1992), Mishra and Spreitzer (1998), Conger and Benjamin (1999), Armenakis *et al.* (1999), Lewin and Johnston (2000), Bennis (2003), Houkes *et al.* (2003), Woodward and Hendry (2004), Perry *et al.* (2006)
Soliciting Employee Input and Feedback	Kotter (1996), Applebaum *et al.* (1997 & 1998), Borins (2002), Noer (2002), Marks (2003)
Creating Safe/Risk-Taking Environment	Rosen (1986), Bergquist (1993), Quinn (1996), Kotter (1996), Kouzes & Posner (2002), Marks (2003)
Modeling Behavior and Leading By Example	Noer (1993), Carr *et al.* (1996), Applebaum et al. (1998), Alkhafaji (2001), Kouzes & Posner (2002), Marks (2003)

Research question #4. This is the fourth research question:

To what extent are the research participants' perceptions congruent? Are managers' perceptions similar or different than those of their subordinates?

As mentioned in the brief review of the research methods above and discussed in greater detail in Chapter III, grounded surveys of the participating leaders' subordinate employees were used in both cases to triangulate the interview data gathered at the

Brightwood case site. Five of the questions from the survey are useful in answering

Research Question # 4. These questions and the data they generated are as follows:

1. *Did your boss make efforts to encourage and/or incentivize you to stay on with the organization during the merger or restructuring actions described earlier?*

    Yes- 68% (17 Total Responses)
    No- 28% (7 Total Responses)
    Cannot Recall- 4% (1 Response)

2. *If you answered yes to #1 above, please check and/or fill-in all of the methods or approaches your boss used to motivate employees to stay on with the organization during the departmental merger or restructuring:*

Group Meetings/Forums/Discussions	*63.2% (12 Responses)*
Email/Website Announcements & Communications	*15.8% (3 Responses)*
Morale/Team Building Activities	*15.8% (3 Responses)*
More Training or Cross-Training	*15.8% (3 Responses)*
Reassurances/Positive Attitude/Future Vision	*68.4% (13 Responses)*
Monetary Incentives & Alternative Schedules	*36.8% (7 Responses)*
Other (please specify)	*21.1% (4 Responses)*

3. *Of the motivational methods or approaches identified in question #2 above, which do you personally feel were the most effective?*

Group Meetings	*40.0% (6 Responses)*
Positive Attitude	*13.3% (2 Responses)*
Retention Pay & Monetary Incentives	*13.3% (2 Responses)*
Forums	*6.7% (1 Response)*
Discussions	*6.7% (1 Response)*
Reassurance	*6.7% (1 Response)*
Future Vision	*6.7% (1 Response)*
Morale/Team Building	*6.7% (1 Response)*

4. *Please rate your boss' overall efforts to motivate you and other employees (including his/her communication methods and motivational approaches) during the departmental merger or restructuring:*

No Methods Used	*12% (3 Responses)*
Not Very Effective	*12% (3 Responses)*
Somewhat Effective	*24% (6 Responses)*
Moderately Effective	*36% (9 Responses)*
Highly Effective	*16% (4 Responses)*

5. *Please rate your boss' effectiveness in leading the department during the departmental merger or restructuring (i.e. communicating the vision, seeking employee buy in, motivating and team building, modeling core values and behaviors, etc.):*

Not Very Effective	*8% (2 Responses)*
Somewhat Effective	*24% (6 Responses)*
Moderately Effective	*44% (11 Responses)*
Highly Effective	*20% (5 Responses)*
No Opinion	*4% (1 Response)*

6. *Do you feel that the departmental merger or restructuring process/will be successful?*

Yes- 48% (12 Responses)
No- 4% (1 Response)
Too Early To Say- 36% (9 Responses)
Unsure- 12% (3 Responses)

On the whole, the employees' survey responses in all five questions above corroborated the interview data that was discussed in Chapter IV and research questions #1 and #2 above. In essence, the majority of the employee respondents acknowledged that: (1) most of the members of the leadership team made efforts to encourage and/or incentivize employees to stay during restructuring; (2) group meetings, reassurances/positive attitude/future vision, and monetary incentives and alternative schedules were the most frequently identified methods or approaches used to motivate employees by the interviewed leaders; (3) group meetings were identified as the most effective approach to motivate employees to stay; and (4) their boss' overall efforts to motivate employees during restructuring were either moderately or highly effective.

The last rating was only barely a majority (i.e., 52 percent), and 12% of employees rated their boss' overall efforts to motivate employees during restructuring not very effective. In addition, 12% of subordinates said their boss used no motivation methods; nearly two thirds of them (64%) rated their boss' effectiveness in leading the department during the restructuring from moderately effective to highly effective; and 8% of the respondent said their boss' effectiveness in leading the department during the restructuring was not effective.

To sum up, these data demonstrate a reasonably fair degree of congruence between the interview and survey participants when comparing the leaders' perceptions in Tables 1 and 4 with the survey findings. In essence, there seems to be general agreement that the leaders encouraged their employees to stay, and they were effective in motivating their employees and leading their departments during the restructuring.

Case II: The City of Playa Vista

Response to research question #1. The focus now turns to what the data from the second case say about the research questions. As has already been noted in the previous section, the first research question is:

What are the strategies, methods and leadership approaches mid & upper level managers use to revitalize their organizations and motivate those who remain in the organization after major change, restructuring and/or downsizing and how do those managers describe those strategies and methods?

As was the case with the Brightwood leadership team, most members of the City of Playa Vista's leadership team talked about using various strategies, methods and leadership approaches to revitalize and motivate their remaining employees. These were discussed in detail in Chapter V; the strategy data are summarized here in Table 7.

Table 7 indicates that, although none of the eleven leaders interviewed for Case 1 used all seven of the strategies identified by looking across the two cases and reviewing the literature, one used six, two used five and two others used four of the strategies.

City of Playa Vista										
Table 7. Strategies, methods & approaches used to motivate employees during restructuring										
Strategy, Method or Approach	L1	L2	L3	L4	L5	L6	L7	L8	L9	Top Leader
Articulating Positive Future Vision	X			X		X				
Projecting Positive Attitude	X		X	X	X	X	X		X	
Keeping Employees Informed	X	X	X	X	X	X	X	X	X	X
Soliciting Employee Input & Feedback	X	X	X	X	X	X			X	
Provide Employees New Job/ Career Opportunities		X								
Creating Safe/Risk-Taking Environment				X		X				
Modeling Behavior/Leading by Example	X		X		X	X		X		

All of the interviewees indicated that the strategy of keeping employees informed was very important in their attempts to stabilize morale, employee engagement and participation in the change initiatives. For instance, one leadership member stated, "I think it's really that open communication line. I think that's been what's making us effective both in communicating our situation and hearing where we need to go." Another person recalled, "They just want to see you out there. They want to see you talking to them. They want to be able to ask questions. Even if you don't have the answers, they just want that opportunity to ask the questions."

Additionally, most of the leadership team members acknowledged that the approach of projecting a positive attitude was also important in seeking and getting employees' buy-in and ensuring that employees remained calm during the major change process. For example, one person reflected on her role during the early stages of the

change initiative in her department. She stated, "So it's learning to go with the flow and be patient…embracing the change, learning to go with it. You have two choices. You can either interpret each and every action that is something negative or something positive. I chose to make it positive." Another leader reported that, "I kept all my meetings positive. We had themes and we had things that [were] celebrated and made people feel valued and made people feel comfortable and let them forget about some of the rigors of their work for a short period of time."

Most of the leaders also noted that the method of soliciting employee input and feedback were vital, for a number of reasons, including the formulation of solutions and promoting a better understanding of the reasons for the change initiative. For instance, one participant recounted that, "We brought the very best minds of the department…Sat them down in the room and all agreed on what the problems were, what the solutions were, and then the issues that we needed to address to solve the problem." Another person explained that, "In trying to create the right framework, and trying to create the right frame of mind, I'm the one that led the discussions after we kicked it off…and listened to the departments…and trying not to excite the workforce but to at least create an understanding of why we're doing it, what the process is, giving them a heads up."

Several of the leaders talked about the significance of modeling new behavior and leading by example in their attempts to inspire and challenge their employees and themselves to rise to the occasion and seek higher levels of performance and achievement. One of those leaders stated, "I try to do all those things to inspire others; to model the behavior that I would like to see in others. Try to maintain a positive attitude [and] care for people; help them grow [and] challenge them to excel." Similarly, a fellow department director said:

> It's just more of making sure that the organization…and the deputy directors understand that change is gonna happen. We either take advantage of the opportunity and let's change some things now. And to the point where you send

the message…if you really don't like it, maybe you should look for another

job…because it's not gonna get any easier…I'm saying that you need to be

adaptable to change. You need to push yourselves and your counterparts so that

we are able to do the best job we can.

Response to research question #2. Once again, the second research question

asked the following:

What are the mid and upper level managers' perceptions and ex post facto

assessments about the efficacy of their approaches and what data and assessment

mechanisms were used in these assessments?

The research participant's perceptions and ex post facto assessments regarding the

efficacy of the restructuring process were previously discussed in Chapter V and were

summarized in that chapter in Table 2. Similar to the findings in Case 1, Table 2

suggested that more than half of the leaders viewed the efficacy of the restructuring

process in a favorable way in spite of the fact that conclusive judgments, at the time of

the interviews, were also considered premature by most of the interviewed leaders. This

was because most of the city departments had not yet begun their departmental

restructuring processes using the prescribed method of business process reengineering.

As a result, most of the participants indicated that their departmental change/restructuring

processes were, in most cases, not yet implemented. Nevertheless, since most of them

had led their organizations before and during the major restructuring created by the

inception of the strong mayor government (for approximately eight to nine months), their

perceptions of the efficacy of their departmental change/restructuring processes should be

given serious consideration.

As was the situation in the previous case, Playa Vista leaders generally indicated

that they were effective in their use of varied approaches and strategies to motivate their

employees and revitalize their organizations. As shown in Table 8, six of the participants

(55%) said they were effective, two of the participants (18%) indicated they were

somewhat effective, and three (27%) felt it was too soon to tell.

City of Playa Vista

Table 8. Leaders' perceptions of their efficacy in motivating/revitalizing

	Very Effective	Effective	Somewhat Effective	Ineffective	Too Soon to Tell
Leader 1			X		X
Leader 2		X			
Leader 3		X			
Leader 4		X			
Leader 5			X		
Leader 6		X			
Leader 7					
Leader 8		X			X
Leader 9					X
Leader 10		X			
Top Leader					

Leaders who believed their efforts were effective used phrases such as "we're effective in that people feel like they've been heard" (referring to her leadership in preparing her department for implementation of departmental restructuring) and "I think its working. We still manage to smile, like and respect each other" (referring to use of coping strategies in dealing with growing workloads). Those leadership team members who said their efforts were somewhat effective used characterizations such as "they have been effective but they could be better" and "absolutely effective in revitalizing the division" when talking about the need for continuous communication skills development during change efforts and effectuating a smooth departmental transition in a previous reorganization.

The lack of references to any systematically collected data should seem familiar to anyone who has read the previous case. In Playa Vista, as in Brightwood, the tools to assess these leaders' efficacy in motivating and revitalizing their subordinates were mostly non-existent or informal (with the exception of two leaders who made references to some generalized employee feedback surveys which could not be produced). Specifically, the information in Table 9 shows that informal discussions, management meetings and bi-annual strategic planning meetings comprised the informal types of assessment mechanisms. Though a few of the leaders acknowledged the value of such mechanisms, for the most part, interviewees admitted that there was neither the time, an articulate plan nor staff available for implementing an assessment of their city's change effort and their leadership of it.

Table 9.	City of Playa Vista — Assessments used to measure efficacy in motivating/revitalizing				
	Formal		Informal		Non-Existent	Types Used
Leader 1			X			Informal discussions
Leader 2	X					Surveys, Retreats, mtgs.
Leader 3			X			Management mtgs.
Leader 4						
Leader 5					X	
Leader 6			X			Strategic Plng. Mtgs every 6 mos.
Leader 7					X	
Leader 8						
Leader 9					X	
Leader 10	X					Employee Survey
Top Leader					X	

Response to research question #3. Once again, the third research question asked the following:

> Can the mid and upper level managers' descriptions of the formal strategies,
>
> methods and approaches be linked to one or more leadership approaches or
>
> orientations in the literature?

Table 6 in the previous case links the strategies that at least some of the leaders in this city engaged in with particular leadership theories and theorists. Readers are encouraged to review this table in the context of the Playa Vista case, as well.

Response to research question #4. Here, again, is Research Question # 4:

> To what extent are the research participants' perceptions congruent? Are
>
> managers' perceptions similar or different than those of their subordinates?

Once again, the grounded survey responses of the participating leaders' subordinates were used here to triangulate the interview data obtained at the Playa Vista case site and can be used to address Question # 4. In particular, five of the questions from the survey tool focused on the employees' perceptions of their leaders'/managers' approaches and methods in motivating and revitalizing them and others. Those questions and the responses to them are listed below:

1. *Did your organizational leaders make efforts to encourage and/or incentivize you to stay on with the organization during the merger or restructuring actions described earlier?*

   Yes- 38.1% (8 Total Responses)
   No- 57.1% (12 Total Responses)
   Cannot Recall- 4.8% (1 Response)

2. *If you answered yes to #1 above, please check and/or fill-in all of the methods or approaches your organizational leaders used to motivate employees to stay on with the organization during the departmental merger or restructuring:*

   Group Meetings/Forums/Discussions   *100% (6 Responses)*
   Email/Website Announcements & Communications 66.7% (4 Responses)
   Morale/Team Building Activities   *83.3% (5 Responses)*

More Training or Cross-Training   *16.7% (1 Response)*
Reassurances/Positive Attitude/Future Vision   *116.7% (7 Responses)*
Other (please specify)   *16.7% (1 Response)*

3. *Of the motivational methods or approaches identified in question #2 above, which do you personally feel were the most effective?*

   Group Meetings   *18.2% (2 Responses)*
   Positive Attitude   *27.3% (3 Responses)*
   Discussions   *9.7% (1 Response)*
   Reassurances   *27.3% (3 Response)*
   Future Vision   *18.2% (2 Response)*

4. *Please rate your organizational leaders' overall efforts to motivate you and other employees (including his/her communication methods and motivational approaches) during the departmental merger or restructuring:*

   No Methods Used   *22.7% (5 Responses)*
   Not Very Effective   *31.8% (7 Responses)*
   Somewhat Effective   *4.5% (1 Response)*
   Moderately Effective   *22.7% (5 Responses)*
   Highly Effective   *18.2% (4 Responses)*

5. *Please rate your organizational leaders' effectiveness in leading the department during the departmental merger or restructuring (i.e. communicating the vision, seeking employee buy in, motivating and team building, modeling core values and behaviors, etc.):*

   Not Very Effective   *42.9% (9 Responses)*
   Somewhat Effective   *4.8% (1 Response)*
   Moderately Effective   *19% (4 Responses)*
   Highly Effective   *28.6% (6 Responses)*
   No Opinion   *4.8% (1 Response)*

6. *Do you feel that the departmental merger or restructuring process/will be successful?*

   Yes- 33.3% (7 Responses)
   No-19% (4 Responses)
   Too Early To Say- 38.1% (8 Responses)
   Unsure- 9.5% 2 Responses)

On the whole, the employees' survey responses in all five questions above revealed some interesting variances between the perceptions of the subordinate

employees and the perceptions of their managers that were revealed in the interview data that was discussed in Chapter IV and research questions #1 and #2 above. Essentially, the employee respondents acknowledged that: (1); meetings/forums/discussions, morale/team building activities, and reassurances/positive attitude/future vision were the most frequently identified methods or approaches used to motivate employees by the interviewed leaders; and (2) positive attitude was identified as the most effective approach to motivate employees to stay. On the other hand, the respondents indicated that: (3) more than half of the members of the leadership team made no efforts to encourage and/or incentivize employees to stay during restructuring; (4) 40.9% of them rated their organizational leaders' overall efforts to motivate employees during restructuring from moderately effective to highly effective; (5) 31.8 % of them rated their organizational leaders' overall efforts to motivate employees during restructuring not very effective; (6) 22.7% of the respondents said their organizational leaders used no motivational methods; (7) less than one half of them (47.6%) rated their organizational leaders' effectiveness in leading the department during the restructuring from moderately effective to highly effective; and (8) 42.9% of them rated their organizational leaders' effectiveness in leading the department during the restructuring not effective.

To sum up, these data reveal a low degree of congruence between the interview and survey participants when comparing the leaders' perceptions in Tables 2 and 8 with the survey findings. Essentially, there appears to be a fair degree of disagreement that the leaders encouraged their employees to stay and that they were not as effective in motivating their employees and leading their departments during the restructuring.

Discussion of Both Cases in Relation to the Four Research Questions

Strategies, methods and leadership approaches

I will conclude this summary of the case study findings by looking across the two cases and noting similarities and differences with respect to each case's answer to a particular research question. With respect to Research Question # 1 about the strategies,

methods, and leadership approaches used by leaders forced to respond to change, there are far more similarities than differences. In both cases, leaders used a range of strategies, but the same list of strategies, methods, and leadership approaches can be applied to each case. The only real difference is that in the second case, individual leaders tended to use fewer strategies, methods and approaches than in the first case. Collectively, however, all of the strategies on the list supported by the literature were employed by at least some individuals in each site.

Ex post facto assessments of efficacy and the basis for these assessments

There was also little variation across the two cases in terms of what each case said about the second question that was focused on assessing the efficacy of the strategies employed and on the methods used to make assessments. In both cases, leaders generally considered their approaches successful. To be sure, there were more leaders who adopted a wait-and-see attitude in the second case than in the first, but this could be attributed to the fact that the second city had just embarked on a major process of business process reengineering.

Unfortunately, there was also agreement about one other point: In neither case was there much in the way of formal assessment procedures. A few people mentioned such things as employee surveys, but in both cases these seemed to be generic rather than specifically focused on the change effort and the tactics leaders employed to mitigate against its potentially negative consequences.

Linkages between the strategies and methods used and leadership approaches recommended in the literature

As was noted in the summaries of both cases presented in this chapter, the strategies, methods, and leadership approaches that were employed in both cases were quite consistent with what was discussed in the literature. Table 6, which is included in the first case summary in this chapter, articulates specific linkages between the practices employed, on the one hand, and particular leadership theories and theorists, on the other.

Congruence between research participants' perceptions and the perceptions of their subordinates

As might be expected there was some discrepancy between the leaders' mostly positive views (gleaned from interview data) and the views of their subordinates (accessed through the study's grounded survey) about how effective the leaders strategies were in managing the change processes and mitigating their negative effects. In actuality, however, the discrepancy appeared mostly in one case, the case of Playa Vista.

The response to one survey question captures this discrepancy fairly well. While most of the leaders were generally positive about what was happening, this is how the Playa Vista subordinates responded to the question, *Do you feel that the departmental restructuring process was/will be successful?* Only one third of the respondents said yes, 19 percent said no, 38 percent said too early to say and 9.5 percent said unsure. Although a few of the leaders also indicated that it was too early to judge the success of the change initiative, none provided a negative response to comparable interview questions and most, in fact, viewed their efforts and the efforts of their colleagues as either effective or very effective.

Implications for Further Research

This study examined what leaders in two cities located in one section of the country did during periods of great economic stress to keep the government functioning and keep the morale of government employees as high as possible. In both of the cities terminating employees was largely avoided during the period studied by the use of a variety of other strategies or because both cities had a number of employees who were eligible to retire or could got jobs in other cities. It is not clear, however, whether terminations can be avoided in the future if the economic downturn continues.

Since it is not likely that the economy and, consequently, city budgets will rebound quickly, it would be helpful to study what has happened in other cities in other parts of the country and to compare the results of those studies with the two case studies

that have been reported in this dissertation. It also would make sense to conduct a follow-up study of the two cases that were reported here to see if the situations change significantly over time and new types of strategies that respond to changes are needed in the future.

What is not clear, however, is whether some sort of theory about downsizing in the public sector can be developed and, ideally, tested in anything resembling a scientific way. I say this because of the idiosyncratic nature of even the two cases that were studied here. There were certainly some similarities between the situations in the two cities and city officials' responses in each of the contexts, but the differences are at least as important as the similarities in understanding what happened in each context. One wonders what would be lost if researchers moved to the abstract theory level and obliterated both geographic and temporal variations. Even if a theorist attempted to incorporate contextual variation into his or her theory, one wonders if a theory—which, by definition, simplifies things—could do justice even to the contextual variation found in the two cases reported here.

One could certainly construct a theory about downsizing in public-sector organizations, of course. It is possible, however, that such a theory would conceal far more than it reveals. It is possible, in other words, that other researchers should be content with generating rich thick description (Geertz, 1973) of economic stress on public sector leaders and employees.

Implications for Policy and Practice

Even if formal theory is not—or should not—be constructed, the findings of this and similar studies can still be used heuristically by policymakers and government leaders to guide their interactions with and policymaking for employees who have to confront the possibility of losing their jobs or the fact that some of their colleagues had lost their jobs. Among the strategies that were described here were aggressive (and persistent) attempts to raise additional revenue as an alternative to dramatic downsizing;

restructuring so that city government was more efficient; reducing or eliminating public services; closing facilities or reducing the hours of service at those facilities; increasing fees for services or creating new fees for services, etc.

None of these strategies are panaceas, of course, and many had costs associated with them. Voluntary retirements or employee resignations so employees can take jobs elsewhere in or out of government, for example, may rid a city bureaucracy of tired, over-the-hill employees. The strategy also may result in the loss of the best and the brightest (e.g., employees who can easily get a job elsewhere) and, if the exodus is substantial, a loss of organizational memory.

Thus, the major implication of this dissertation for policymakers and governmental leaders is to proceed with caution and to think carefully about the actions they take. The two cases that are the centerpiece of this dissertation provide food for thought; they do not prescribe courses of action.

Conclusion

As I write the conclusion of this chapter—and the dissertation, as a whole—I cannot help but think about the long, hard journey I have been on. Dissertation research and writing always takes time and effort, of course, but the journey to completion of this dissertation was especially arduous. Initially, I attempted to study the phenomenon of downsizing in the aerospace industry, but, despite many contacts in the industry, I could not get access. I shifted my focus, in part because I also had contacts in the city governments I ended up studying. Even with my contacts, access was not easy to come by and I was not permitted to implement a significant part of my design—the subordinate triangulation survey—in one of the cities.

Making sense of what happened in each city entailed pursing innumerable twists and turns and seeing how each twist or turn in the story impacted the other twists and turns. I became so deeply involved in the details that it was difficult to write accounts of what had happened that were simple enough for a reader to understand yet complex

enough to reconstruct what had happened adequately. Even writing the accounts of what had happened in each city that hopefully come close to meeting the two criteria mentioned in the prior sentence, however, I was still so immersed in the details of my two stories that I could not, initially, even recall my research questions and, even when I became reacquainted with them, I had difficulty moving out the morass of the details of each story to answer the questions or, initially, to even know if the stories provided answers. In time—too much time, it sometimes seemed—the link between what I wanted to know initially and what I had learned by pursuing the twists and turns of two complex contexts became obvious to me. Even then, however, I had to engage in the tricky business of making the relationships obvious to a reader.

If I have succeeded at all, it is as much a testament to a readers' patience as it is to any ability or hard work on my part. Because, in the end, the questions I have asked do not have simple answers. One must always understand tentative answers in the contexts from which they came and both an understanding of the strategies that were employed in other contexts *and* a knowledge of the contexts, themselves, must be factored into decisions that are made in other places and times.

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Appendix B

Introductory and Study Permission Letter   Case #1

Letter of Introduction and Request for Participation in Study- Case #1

January 3, 2006

Jane Doe (pseudonym)
City Manager

Dear Ms Doe:

     I am a doctoral student at the University of San Diego conducting a dissertation research study entitled "Revitalization, Reinvigoration and Motivation of Survivors in Changed, Restructured and Downsized Organizations: A Study of Leadership Challenges in Post-Modern Organizations." The purpose of this study is to conduct empirical research on managers' perceptions of the efficacy of their efforts in revitalizing their organizations and motivating those who remain in the organization after change, restructuring or downsizing have occurred. In addition, I anticipate that this study will serve as a framework for developing information on best practices in the effective revitalization and motivation of surviving workforces in change, restructured or downsized organizations. Since this research is a vital component of my fulfillment of a doctoral degree in Leadership Studies from the School of Education at the University of San Diego (USD), I am writing to request your assistance.

     As recently discussed, I believe your organization would make an excellent environment in which to investigate the issues alluded to above. Therefore, I am requesting permission to conduct research in your company. If permission is granted, I plan to interview members of the leadership team and conduct an anonymous survey of their subordinate employees. My primary data source will be from interviews. Key leadership team members to be interviewed will include: Human Resources Director or Deputy Director; Engineering Director; Planning Director or Principal Planner; Community Services Director or Recreation Superintendent; Finance Director or Deputy Director; Public Works Director or Superintendent; Police Chief or Battalion Chief; Fire Chief or Battalion Chief; City Librarian or Principal Librarian; or other key leaders as identified through interviews. These interviews would last no longer than one hour each and will be arranged so as not to interfere with interviewees current work responsibilities. On occasion, there may be a need to contact an interviewee to clarify a point that is less than clear, but these follow-up contacts will be in the form of brief telephone calls or email messages.

     In all instances, participation in interviews will be voluntary and each participant will be required to sign a consent form (see enclosed Consent Form) before the interview takes place. I will also review pertinent documents (i.e., organizational newsletters, organization-wide communications, etc.) that are made available to me and conduct an anonymous survey of subordinate employees. By way of information, please know that this research study will also require approval by the Institutional Review Board of the University of San Diego.

     At this time, I respectfully request from you formal written permission to conduct research at _____ (see enclosed Letter of Acceptance). Once this letter has been received, I will follow-up with a telephone call within one week to confirm receipt and also arrange interview appointments convenient to the participants' schedules. If you have any questions or concerns, please do not hesitate to contact me (619 223-6684 or ronbaza@sbcglobal.net), or my chairperson, Dr. Robert Donmoyer (619 260-7445 or donmoyer@sandiego.edu).

     I thank you in advance for allowing me to conduct my research at _____. The insights that this research should produce will hopefully assist others and myself in further understanding effective leadership practices that enhance efforts to revitalize and motivate employees affected by organizational change, restructuring or downsizing.

Sincerely,

Ronald Baza
3731 Wildwood Road
San Diego, CA 92107

Appendix C

Introductory and Study Permission Letter Case #2

Letter of Introduction and Request for Participation in Study-Case #2

January 3, 2006

Jane Doe (pseudonym)
Chief Operating Officer

Dear Ms Doe:

   I am a doctoral student at the University of San Diego conducting a dissertation research study entitled "Revitalization, Reinvigoration and Motivation of Survivors in Changed, Restructured and Downsized Organizations: A Study of Leadership Challenges in Post-Modern Organizations." The purpose of this study is to conduct empirical research on managers' perceptions of the efficacy of their efforts in revitalizing their organizations and motivating those who remain in the organization after change, restructuring or downsizing have occurred. In addition, I anticipate that this study will serve as a framework for developing information on best practices in the effective revitalization and motivation of surviving workforces in change, restructured or downsized organizations. Since this research is a vital component of my fulfillment of a doctoral degree in Leadership Studies from the School of Education at the University of San Diego (USD), I am writing to request your assistance.

   As recently discussed with _____, I believe your organization would make an excellent environment in which to investigate the issues alluded to above. Therefore, I am requesting permission to conduct research in your company. If permission is granted, I plan to interview members of the leadership team and conduct an anonymous survey of their subordinate employees. My primary data source will be from interviews. Key leadership team members to be interviewed will include: Human Resources Director or Deputy Director; Engineering Director or Deputy Director; Finance Director or Deputy Director; Public Works Director or Deputy Director; Police Chief or Deputy Police Chief; Fire Chief or Deputy Fire Chief; City Librarian or Deputy Director; or other key leaders as identified through interviews. These interviews would last no longer than one hour each and will be arranged so as not to interfere with interviewees current work responsibilities. On occasion, there may be a need to contact an interviewee to clarify a point that is less than clear, but these follow-up contacts will be in the form of brief telephone calls or email messages.

   In all instances, participation in interviews will be voluntary and each participant will be required to sign a consent form (see enclosed Consent Form) before the interview takes place. I will also review pertinent documents (i.e., organizational newsletters, organization-wide communications, etc.) that are made available to me and conduct an anonymous survey of subordinate employees. By way of information, please know that this research study will also require approval by the Institutional Review Board of the University of San Diego.

   At this time, I respectfully request from you formal written permission to conduct research at _____ (see enclosed Letter of Acceptance). Once this letter has been received, I will follow-up with a telephone call within one week to confirm receipt and also arrange interview appointments convenient to the participants' schedules. If you have any questions or concerns, please do not hesitate to contact me (619 223-6684 or ronbaza@sbcglobal.net), or my chairperson, Dr. Robert Donmoyer (619 260-7445 or donmoyer@sandiego.edu).

   I thank you in advance for allowing me to conduct my research at _____. The insights that this research should produce will hopefully assist others and myself in further understanding effective leadership practices that enhance efforts to revitalize and motivate employees affected by organizational change, restructuring or downsizing.

Sincerely,

Ronald Baza
3731 Wildwood Road
San Diego, CA 92107

Appendix E

Informed Consent Form

Informed Consent Form

Ronald Baza, a Doctoral student in the Leadership Studies Program in the School of Education at the University of San Diego, is conducting a study about revitalization and motivation of survivors in changed and restructured organizations. This research is part of a dissertation in partial fulfillment for a doctoral degree at USD. Below are the procedures and conditions under which participants in the study agree to:

- The purpose of this research is to understand managers' perceptions of the effectiveness of their efforts in revitalizing their organizations and motivating those who remain in the organization after change and restructuring has occurred.
- You will be given the opportunity to ask questions regarding this research and the researcher will answer all questions to your satisfaction prior to your agreement to participate in this study.
- The duration of each interview will be approximately one hour. The interview will be audio taped and later transcribed (by the researcher and/or a professional transcriber). Although only one interview is anticipated, the researcher may conduct a follow-up session (via email or telephone) to allow for pursuing possible follow-up questions, clarifications or researcher omissions. You will have the opportunity to review and edit your transcription prior to the end of the research.
- Tapes, transcriptions and research artifacts will be kept in a locked cabinet and/or on a password-protected computer. Data will be destroyed five years after the dissertation has been completed and approved.
- No risks are anticipated other than those encountered in daily professional life. Efforts will be undertaken to keep the identities of participants confidential. For example, pseudonyms will be used for organization members who are interviewed as part of this study (i.e., tapes, transcriptions and research artifacts). However, those familiar with your organization's recent change/restructuring efforts may still be able to identify participants. Thus, confidentiality cannot be guaranteed even though every effort will be made to provide it.
- Benefits for participating in this study might include the beneficial effects from reflecting on and sharing your experience and perspective about the change/restructuring process and the revitalization of the organization and motivation of survivors in the changed/restructured organization. Also, you will be contributing knowledge to our understanding of this topic.
- Participation in the study is completely voluntary and you can withdraw at any time with no penalty. Data collected prior to your withdrawal will not be used unless you agree in writing to let these data be used.
- If you have questions or concerns at any point, you are encouraged to contact Ronald Baza (619 223-6684 or ronbaza@sbcglobal.net) or his chairperson, Dr. Robert Donmoyer (619 260-7445 or donmoyer@sandiego.edu).
- The information collected will be used in Ronald Baza's dissertation and presentations and, possibly, in other additional publications or presentations emerging from this study.
- There is no agreement, written or verbal, beyond that which is expressed on this consent form.

I, the undersigned, have read and understood this form, and consent to the research it describes to me.

_____   _____
Signature of Participant   Date

_____
Printed Name of Participant

_____   _____
Signature of Witness   Date

Appendix F

Interview Guide (Managers)

Interview Guide

(A) Organization Context/Background

- Please describe each of the entries that you recorded on the Significant Organizational Change Milestones Chart that was provided to you prior to this interview. How did the events on the organizational change milestones chart personally affect you?

(B) Process Information
- How was the change/restructuring/downsizing process introduced to the organization (FY 05/06, FY 04/05, FY 03/04)? Who introduced the change/restructuring/downsizing process? What methods of communication were used to introduce the change/restructuring/downsizing? If no formal methods of communication were used, then what methods could have been used?
- Can you describe step-by-step the process your organization went through in implementing the change/restructuring/downsizing process (FY 05/06, FY 04/05, FY 03/04)? If no formal process was utilized, then what process(es) could have been utilized?
- What documents or data/information did the organization provide to support this process (FY 05/06, FY 04/05, FY 03/04)? What practices or procedures were developed to guide management in this process? If no documents/data or practices/procedures were produced or developed, than what documents/data or practices/procedures could have been produced or developed?
- What roles did key members of the leadership team perform or assume during the process (FY 05/06, FY 04/05, FY 03/04)? What roles did other important participants perform or assume during the process? Are there any other individuals that were important in the process? If no one performed/assumed a leadership role, then what key leaders or other important participants could have performed/assumed a role?
- What strategies, methods or approaches were utilized by the leadership team to revitalize the organization and motivate those who remained in the organization after the change/restructuring/downsizing (FY 05/06, FY 04/05, FY 03/04)? Did other important participants play a role in implementing those leadership strategies or approaches? If no strategies, methods or approaches were utilized, then what strategies, methods or approaches could have been utilized to revitalize the organization and motivate the survivors?
- Who drove the process (FY 05/06, FY 04/05, FY 03/04)? What was your involvement in driving the process at your level? What did other directors, managers or non-management staff do to drive the process? If no one drove the process, then who could have driven the process?

(C) Experiential Information
- Please tell me about your personal experience with the change/restructuring/downsizing process (FY 05/06, FY 04/05, FY 03/04)?
- What specific strategies, methods or approaches did you participate in or initiate in order to revitalize your organization and motivate your subordinate employees who remained in your organization after the change/restructuring/downsizing (FY 05/06, FY 04/05, FY 03/04)?
- Please describe how you implemented those strategies, methods or approaches and tell me what you did during those implementations (FY 05/06, FY 04/05, FY 03/04)?
- How effective were these strategies and approaches in your implementation of the change/restructuring/downsizing process within your own organization (FY 05/06, FY 04/05, FY 03/04)? What strategies were ineffective? How do you know a strategy was successful or unsuccessful?
- What were some of the obstacles you encountered in implementing those strategies, methods or approaches in your organization (FY 05/06, FY 04/05, FY 03/04)? What did you do to overcome those obstacles?
- Did you utilize the assistance or support of other important participants in implementing those strategies, methods or approaches (FY 05/06, FY 04/05, FY 03/04)? What exactly was their role?
- Please describe the organizational and individual outcomes or reactions that resulted from your implementing those strategies, methods or approaches (FY 05/06, FY 04/05, FY 03/04)? In what way did these outcomes or reactions influence the change/restructuring/downsizing process in your organization? How did these outcomes or reactions influence your behavior or actions as a leader?
- What are some of the strategies, methods or approaches that you would like to have participated in or initiated (FY 05/06, FY 04/05, FY 03/04) that you may not have had an opportunity to participate in? Do you feel that those approaches could have influenced the process differently? How?
- Please describe how you or others have assessed those strategies, methods or approaches (FY 05/06, FY 04/05, FY 03/04)? Were there any informal assessment or feedback mechanisms used? What formal and informal assessment data are available?
- Please describe the factors that were key to your decision to remain in the organization after the change/restructuring/downsizing?

(D) General Questions/Information
- Do you feel the change/restructuring/downsizing process was successful (FY 05/06, FY 04/05, FY 03/04)? In what ways do you feel the change/restructuring/downsizing process met the organization's objectives? Fell short?
- What factors do you feel were important to the change/restructuring/downsizing process' success or failure (FY 05/06, FY 04/05, FY 03/04)?
- What factors do you feel were key to the decision of some of your subordinates to remain in the organization after the change/restructuring/downsizing?

- What are some things that people would now say about the change/restructuring/downsizing process (FY 05/06, FY 04/05, FY 03/04)?
- What are some things that people would now see in the organization that they would not have seen before?
- What are things you would hear people say about the organization as a result of the change/restructuring/downsizing process that they would not have said before?

(E) Leadership Information

- What is your perspective of leadership? How do you define leadership?
- What are the characteristics of effective leadership? How would you describe your leadership style?
- How was your experience in the recent change/restructuring/downsizing process influenced by your role as a leader or as a person in a position of authority?
- Do you feel you were an effective leader in revitalizing your organization and motivating your subordinate employees after the change/restructuring/downsizing? Why or why not?
- What suggestions would you have for leaders at other organizations as they attempt to revitalize their organization and motivate their subordinate employees after change/restructuring/downsizing?
- What factors do you feel were key to the decision of some of your leadership peers to remain in the organization after the change/restructuring/downsizing?

(F) Closing Questions

- Are there any individuals that you recommend I interview who would be a valuable resource?
- Are there any individuals that I should interview who would have a different view of the change/restructuring/downsizing process than what you have described?

Appendix G

Interview Guide (Executive Officers)

Interview Guide

(A) Organization Context/Background

- Please tell me about each of the entries/events that you recorded on the Significant Organizational Change Milestones Chart. How did each of these organizational change milestone events personally affect you and your organization?

(E) Process Information
- How was/is the change/restructuring process introduced/being introduced to the organization (FY 05/06, FY 04/05, FY 03/04)? Who introduced/will introduce the change/restructuring process? What methods of communication were used/will be used to introduce the change/restructuring process? If no formal/informal methods of communication were used, then what formal/informal methods, if any, will be used in the future to introduce/implement the change/restructuring process? **OR** What formal/informal methods, if any, will be used in the future to introduce/implement the change/restructuring process?
- Can you walk me through the process your organization went through/is going through in implementing the change/restructuring process (FY 05/06, FY 04/05, FY 03/04)? If no formal process was/is being utilized, then what type of formal process, if any, will be used in your future implementation plans?
- What documents or data were/is being provided to the organization to support this process (FY 05/06, FY 04/05, FY 03/04)? What practices or procedures were developed to guide management in implementing this process? If no data or practices were produced or developed, than what, if any, data or practices will be produced or developed to support the process or guide management in implementing the process?
- What role did/are you perform(ing) during the change/restructuring process? What roles did/are other key members of the executive leadership team perform(ing) during the process (FY 05/06, FY 04/05, FY 03/04)? What roles did/are other important participants perform(ing) during the process? Are there any other individuals that were/will be important in the process?
- Who drove/is driving the change/restructuring process (FY 05/06, FY 04/05, FY 03/04)? What was/is your involvement in driving the process at your level? What did/are other executive leadership team members, department directors or deputy directors do/doing to drive the process?
- What strategies, methods or approaches were/are being utilized by the executive leadership team to revitalize the organization and motivate those who remain(ed) in the organization after the change/restructuring process (FY 05/06, FY 04/05, FY 03/04)? Did/are any other important participants play/playing a role in implementing any revitalization or motivation strategies or approaches? If no such strategies, methods or approaches were/are being utilized, then what, if any, strategies, methods or approaches will be used in the future to revitalize the organization and motivate the survivors?

(F) Personal Experiential Information
- Please tell me about your personal experience with the change/restructuring process (FY 05/06, FY 04/05, FY 03/04)? How has it personally affected you? How has it affected members of your executive leadership team?
- What specific strategies, methods or approaches did/are/will you personally participate(ing) in or initiate(ing) in order to revitalize and motivate members of your executive leadership team who remain(ed) in your organization after the change/restructuring (FY 05/06, FY 04/05, FY 03/04)?
- Please describe how you implemented/are implementing/will implement those strategies, methods or approaches (revitalize/motivate) and tell me what you did/are doing/will do during those implementations (FY 05/06, FY 04/05, FY 03/04)?
- How effective were/are these strategies and approaches (revitalize/motivate) in your implementation of the change/restructuring process within the organization (FY 05/06, FY 04/05, FY 03/04)? What strategies were/are ineffective? How do you know a strategy was successful or unsuccessful?
- What were some of the obstacles you personally encountered in implementing those strategies, methods or approaches (revitalize/motivate) in your organization (FY 05/06, FY 04/05, FY 03/04)? What did you do to overcome those obstacles?
- Did you utilize the assistance or support of other important participants in implementing those strategies, methods or approaches (FY 05/06, FY 04/05, FY 03/04)? What exactly was their role?
- Please describe the organizational/individual outcomes or reactions that resulted from your implementing those strategies, methods or approaches (revitalize/motivate) (FY 05/06, FY 04/05, FY 03/04)? In what way did these outcomes or reactions influence the change/restructuring process in your organization? How did these outcomes or reactions influence your behavior or actions as a leader?
- What are some of the strategies, methods or approaches (revitalize/motivate) that you would like to have participated in or initiated (FY 05/06, FY 04/05, FY 03/04) that you may not have had an opportunity to participate in? Do you feel that those approaches could have/could influence(d) the process differently? How?
- Please describe how you or others have assessed those strategies, methods or approaches (revitalize/motivate)(FY 05/06, FY 04/05, FY 03/04)? Were there any formal/informal assessment or feedback mechanisms used? What, if any, formal/ informal assessment data are available?
- Please describe the factors that are/will be key to your decision to remain in the organization after the change/restructuring?

(G) General Questions/Information
- Do you feel the change/restructuring process was/is/will be successful (FY 05/06, FY 04/05, FY 03/04)? In what ways do you feel the change/restructuring process

met/is meeting/will meet the organization's objectives? Fell/is falling/will fall short?

- What factors do you feel were/are/will be important to the change/restructuring process' success or failure (FY 05/06, FY 04/05, FY 03/04)?
- What factors do you feel were/are/will be key to the decision of some of your subordinates to remain in the organization after the change/restructuring?
- What are some things that people now say about the change/restructuring process (FY 05/06, FY 04/05, FY 03/04)?
- What are some things that people now see in the organization that they would not have seen before?
- What are things you would hear people now say about the organization as a result of the change/restructuring process that they would not have said before?

(F) Leadership Information

- What is your perspective of leadership? How do you define leadership?
- What are the characteristics of effective leadership? How would you describe your leadership style?
- How was/is/will your experience in the change/restructuring process influenced/being influenced/be influenced by your role as the top leader in the organization?
- Do you feel you were/are/will be an effective leader in revitalizing your organization and motivating your subordinate employees after the change/restructuring? Why or why not?
- What suggestions would you have for leaders at other organizations as they attempt to revitalize their organizations and motivate their employees after change/restructuring?
- What factors do you feel are/will be key to the decision of some of your executive leadership team to remain in the organization after the change/restructuring?

(G) Closing Questions
- Are there any individuals that you recommend I interview or talk with who would be a valuable resource in this research project?
- Are there any individuals that I should interview who would have a different view of the change/restructuring process than what you have described?