

**EMPLOYEES' COPING STRATEGIES AND ADAPTABILITY
IN A MULTIPLE DOWNSIZING CONTEXT**

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Abstract

In a downsizing, employees have to cope with major changes. Their coping strategy influences their level of adaptability. Coping proceeds through sensemaking, and may be either reactive or proactive. This paper reports a study on employees' sensemaking of critical incidents in a multiple downsizing context. The organization studied, experienced two downsizings in one year. Its culture was based on Life time employment, and the downsizing was expected to cause a shift in attitude. Using the Extended investment model and the Job crafting model as optional coping strategies, data of critical incidents discussed in focus groups were analyzed. Results showed that incidents have a cumulative effect. Although survivors of the first downsizing were willing to adapt to the changes, the second downsizing undermined this. Further, both downsizings showed the dominant culture in employees' reactive attitude.

The authors discuss the influence of the dominant organizational culture on the psychological and behavioral consequences for the coping strategy and employee adaptability. The process of sensemaking showed some aspects of job crafting, but primarily aspects of the extended investment model. Theoretical and practical implications are discussed.

Keywords: coping strategy, adaptability, multiple downsizing, sensemaking, Critical Incident Technique

Introduction

Downsizings have become more apparent in the last decades and many individuals have had to cope with the consequences. Facing the organization's dynamics, employees are likely to make sense of the (shocking) events and to redefine their role

in the organization (Weick, 1993). Sensemaking processes can work as a mechanism to reduce insecurity. In a downsizing context, the individual's coping strategy guides the sensemaking process. Coping, therefore, reflects the individual's wellbeing during a downsizing. After a downsizing, survivors demonstrate a level of adaptability, depending on their coping strategy. That outcome is particularly relevant for the organization in light of its future success.

By studying employees' sensemaking processes in a multiple downsizing context, their coping strategies were defined. Subsequently, this led to insight in their potential and actual adaptability. The study was conducted in an organization that had always had a culture of stability and Life Time Employment before the downsizings. Through the Critical Incident Technique, crucial events in the sensemaking process were identified and studied. Two coping strategies, focused on control and escape, were operationalized in the extended investment model (cf. Van Dam, 2005) and the job crafting model (cf. Wrzesniewski & Dutton, 2001) and applied to the data resulting from focus groups.

Theoretical framework

Making sense of downsizings

Sensemaking is what it says: making sense of the world around us (Weick, 1995). Although it is an ongoing act (Nathan, 2004; Weick, 1995), there are occasions that require and evoke more sensemaking actions. For example, "*incongruous events that violate perceptual frameworks*" (Starbuck & Milliken, 1988), or "*shocks*" (Schroeder, Van de Ven, Scuddy & Polley, 1989), may require sustained attention, thereby evoking sensemaking actions (Weick, 1995). Furthermore, uncertainty and ambiguity are principal examples that often produce sensemaking actions (Weick, 1995). In an

organizational context, a downsizing is an incongruous event or a shock, that violates the framework of stability (Wolfe Morrison & Robinson, 1997). The effects of this violation on remaining employees, the so-called survivors, have been extensively studied (Allen, Freeman, Russell, Reizenstein & Rentz, 2001; Armstrong-Stassen, 2006; Brockner, 1988; Brockner, 1992; Grunberg, Moore & Greenberg, 2001; Kalimo, Taris & Schaufeli, 2003; Tourish, Paulsen, Hobman & Bordia, 2004). Most researchers agree on the negative effects of a downsizing for remaining employees that can be psychological as well as behavioral and physical. For example, workplace attitude and job satisfaction can be negatively affected by a downsizing (Kiefer, 2005; Lee & Teo, 2005; Luthans & Sommer, 1999), as well as workplace behavior and performance (Jalajas & Bommer, 1999; McElroy, Morrow & Rude, 2001; Spreitzer & Mishra, 2002). Finally, a downsizing can also decrease survivors' physical health and wellbeing (Grunberg et al., 2001; Kalimo et al., 2003; Parker, Chmiel & Wall, 1997). Whether certain effects occur, depends on the form and outcome of the sensemaking process. Factors playing a part in that process can be divided in three categories: individual, contextual or job related. Individual factors include commitment to the organization as a negatively correlated antecedent (Armstrong-Stassen, 2004), and demographic aspects like age or home environment as moderating variables (Brockner, Grover, Reed & DeWitt, 1992). Contextual factors include variables like (perceived) procedural justice and perceived organizational support (Brockner, 1992; Kernan & Hanges, 2002; Kickul, Lester & Finkl, 2003). Finally, job related factors that negatively influence the effects of a downsizing on survivors are job content or work load (Armstrong-Stassen, Wagar & Cataneo, 2004; Brockner, Wiesenfeld, Reed, Grover & Martin, 1993; Parker et al., 1997).

Coping strategies and adaptability

The individual's sensemaking process and outcomes are relevant to both the organization and the individual. First, the organization's interest lies in defining survivors' adaptability, i.e. how well its survivors get through the downsizing and how well they adapt to the uncertainty and new organizational structure and culture. Pulakos, Arad, Donovan and Plamondon (2000) have developed an eight-dimension taxonomy of adaptive performance. One dimension is particularly relevant in a downsizing context: dealing with uncertain and unpredictable work situations. Key aspects of performance in those situations are "*how easily workers adjust to and deal with the situation, how efficiently and smoothly they can shift their orientation or focus when necessary, and to what extent they take reasonable action, in spite of inherent uncertainty and ambiguity in the situation*" (Pulakos et al., 2000, p 613).

Second, from an individual's point of view, one's wellbeing during and after a downsizing is at stake. The broad range of possible effects and influencing factors has made it clear that the sensemaking in a downsizing is not a uniform process with the same antecedents, moderators and outcomes for everyone. Rather, it is guided by one's coping strategy (Armstrong-Stassen, 2006). In general, there are three main dimensions of coping strategies (Latack, 1986). First, coping can be *escape-oriented*, which means actions and cognitive reappraisals are avoidant in nature. Second, coping can be *control-oriented*, implying actions and cognitive reappraisals that are proactive, take-charge in tone. Third, coping can consist of *symptom management*, consisting of strategies that merely manage the symptoms of job stress. Armstrong-Stassen (2006) applied these coping strategies to a downsizing context and focused on the escape-oriented and control-oriented coping strategies, because a downsizing is a major stressor that is likely to require action instead of merely dealing with

symptoms. The current study followed Armstrong-Stassen's (2006) line of reasoning and focused on escape and control oriented coping, that also have specific implications for the adaptability. We have linked both coping strategies to theoretical models on organizational behavior.

First, we linked escape-oriented coping to Van Dam's (2005) *extended investment model* which is based on Farrell and Rusbult's (Farrell & Rusbult, 1981) investment model. Van Dam's (2005) extended investment model consists of three structural elements that ultimately determine the attitude an employee will form towards a change. The first element is attraction, primarily constituted of job rewards relative to job costs that result in job satisfaction and ultimately affective commitment. The second is dependence, which is made up of the alternatives to the job relative to investments in the job and their influence on continuance commitment. The third consists of the negative or positive outcome expectations of the change which are expected to have an immediate effect on the attitude towards job changes.

Second, the control-oriented coping strategy was linked to the *job crafting model* (cf. Wrzesniewski & Dutton, 2001). This model emphasizes the proactive role of the individual employee. Job crafting is defined as "*the actions employees take to shape, mold and redefine their job*" (p 180). This may mean a change in the actual tasks one performs, but it can also mean a change in relational boundaries (i.e. with whom one interacts at what level) or in cognitive task boundaries (i.e. how one views the work). The type of job crafting activity depends on a person's motivations to engage in the job crafting process. Motivations can be the need for control over job and work meaning, for a positive self-image and for human connection with others. Furthermore, Wrzesniewski and Dutton (2001) define two categories of moderating factors that affect the form of job crafting activity. Perceived opportunity is the first

moderating category and consists of the level and form of task interdependence and the level of monitoring, i.e. the level of control and freedom. The second moderating category is coupled to the work orientations of the employee. Three distinct relations of individuals to their work were defined (Wrzesniewski, McCauley, Rozin & Schwartz, 1997). Viewing work either as a job (focus on financial rewards), a career (focus on advancement) or a calling (focus on enjoyment) has different implications for the relationship between one's personal needs and job crafting behavior (Wrzesniewski & Dutton, 2001). Further, the distinct change in work results in either a change of the social environment at work or the actual design of the job. Ultimately, job crafting leads to a changed work identity or an altered meaning of the work. A final aspect of the job crafting model is the feedback loop. After finishing the process of job crafting a person will again evaluate the extent to which his personal needs are fulfilled in his work and may engage in more or other job crafting activities to further shape his work meaning or work identity (Wrzesniewski & Dutton, 2001).

The extended investment model and job crafting model are different on several key elements, also related to the two coping strategies. Most important is the difference in how employees are assessed. According to the job crafting model an employee is a pro-active person. This is in line with the take-charge mentality emphasized in the control-oriented coping strategy. In line with the escape-oriented coping strategy on the other hand, the extended investment model views employee's attitude as reactive to cues from the organization. A second difference between the two models is the perceived changeability of work; in a process of job crafting work can be changed by the individual, in the extended investment model the individual can not make changes in the work itself. This leads to a third difference which is related to

the goals of the two models. Job crafting aims at action undertaken by an employee, while the extended investment model aims at constituting an attitude.

Individual's coping strategy influences the outcome of one's sensemaking of a downsizing. That outcome is relevant for the organization, because it demonstrates employees' adaptability. The different goals of the extended investment model and the job crafting model have different implications for employee adaptability. On the one hand, escape-oriented coping (as operationalized in the extended investment model) will not result in much adaptation to the new situation but rather in denial or, if one does face the new situation, in increased turnover (intention). Control oriented coping on the other hand, operationalized in the job crafting model, is a better predictor of adaptive behavior, with more effort put in learning to control the new situation.

Current study

Context and research questions

As the literature review has shown, there is a lot of research on the effects of downsizing on survivors. This study has attributed to downsizing research on several elements. First, most downsizing studies describe only one downsizing. Studies on the effects of multiple downsizing on survivors are rare and show ambiguous results. Armstrong-Stassen (1997), for example, studied managers' coping with multiple downsizing, though with a very small sample size, and found no significant difference between single and multiple downsizing contact. Gilson, Hurd and Wagar (2004) on the other hand performed a study in which they compared groups that had been confronted with none, one or two downsizings in a period of five years and concluded that negative consequences are repeated when employees are confronted with multiple

downsizing. In short, knowledge on the effects of multiple downsizing was limited. This study was conducted in a multiple downsizing context so as to increase that knowledge.

Second, most downsizing studies are conducted *after* the downsizing has occurred, thereby neglecting the ongoing aspect of sensemaking (Nathan, 2004; Weick, 1995) and the influence of hindsight bias (Mark & Mellor, 1991). This study, on the other hand, was conducted between two downsizings. The first downsizing had already occurred, and the second was about to be officially communicated (see figure 1). The current study therefore provides insight in the retrospective act of sensemaking, but also in the prospective sensemaking of future events.

Third, no previous studies have taken organizational culture into account as a possible coping constraint or resource. However, the organizational culture is generally perceived as a driver of organizational performance (Detert, Schroeder & Mauriel, 2000). Therefore, the current study has taken the organizational culture into account. It was conducted in an organization with a very strong culture of Life time employment and stability. It was expected that this non dynamic culture would play an important part in employees' coping strategy or adaptability.

In summary, this study has attributed to downsizing research by studying the following questions:

1) How do employees in a non dynamic organization make sense of the events in a multiple downsizing context?

a) How do the job crafting model and extended investment model fit to that process of sensemaking?

2) To what extent do survivors in this context adapt to the uncertainty, the changes and the new situation?

3) *What is the effect of the coping strategy with regard to future incidents?*

Organization background

This study was conducted in a Dutch subsidiary of a Japanese producer of photographic material such as films and paper. The Dutch company was founded 20 years ago and at the time of the downsizing consisted of three production plants, a research lab and staff office. The average tenure in the Dutch organization was 13 years which is in line with the common Japanese organizational culture of life time employment, meaning that people are employed early after graduation and remain employed until their retirement. Due to rapid developments in the market of digital photography in the last five years, analogue film sales had been dropping and a downsizing appeared inevitable in April 2005. As a result about 12% of the employees (across the organization) were made redundant, though some of them were able to get another job within the organization. After this first downsizing, to which we will refer as '*Slide*', the organization tried to rebuild survivors' trust and motivation by a more open communication policy. Management would inform employees during a decision process instead of merely informing them about the ultimate decision. Management perceived and communicated Slide as a once-only event, but four months later the Japanese parent company announced another study into the profitability of one of the plants (i.e. the analogue film production department), which ultimately led to a second downsizing, in this study to be referred to as '*Scope*'. This study was performed a few weeks before the second downsizing was officially communicated. Employees were aware of the coming events, but did not know the consequences in terms of involved departments or numbers of redundancies yet.

Research strategy

The current study was aimed at defining not only the effects of the downsizings, but also at clarifying the sensemaking process. Therefore, the Critical Incident Technique (CIT) was used. This was in accordance with comparable studies on sensemaking (Isabella, 1990) and general literature on methodology (Patton, 1990). In general, CIT is used to gather observations of human behavior and to explain which events are critical in a sense that they have a significant (positive or negative) impact on work performance or satisfaction (Flanagan, 1954; Goldhaber & Rogers, 1979; Zwijze-Koning & De Jong, 2006). With CIT, factual reports result in a set of descriptive behaviors (Flanagan, 1954). It has been used in many areas of research, but one study is particularly relevant in this context: Edvardsson and Stranddvik (2000) used CIT in a consumer relationship management perspective and found that consumer-organization relationships do not end due to single events, but that an effect on the relationship level is derived from the cumulative effect of incidents over time. In a multiple downsizing context, this finding is particularly relevant, because it can be imagined that the cumulative effect is also applicable to the employee-organization relationship.

In this study, using CIT resulted in studying the effects of single events on the process in general, as well as revealing underlying assumptions and sensemaking acts.

Research procedure

The study was conducted in two phases (cf. Isabella, 1990). In the first phase, we identified the critical events through interviews with formal and informal key stakeholders. We conducted five individual interviews and one group interview. Participants were selected because of their managerial position, their knowledge of

the organization and its employees, or their participative role in the downsizing process. In the analysis of the interviews, we defined the events that were mentioned by all participants as most critical. These were, in chronological order, (1) Announcement of first downsizing 'Slide', (2) Notification of redundant employees of Slide, and (3) Announcement of new study into profitability (ultimately leading to announcement of second downsizing 'Scope'). Furthermore, these interviews showed that the cumulative effect was apparent in a multiple downsizing context. The impact of a process was formed by the impact of several critical incidents, but some critical incidents had a disproportionate effect on the overall evaluation. Figure 1 shows a timeline of the events and the timing of the study.

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Based on the results of the interviews, we used focus group research to further study the Critical Incidents. Focus group research is very suitable to reveal the vulnerabilities and anxieties of group members, as well as to capture group processes (Hyde, Howlett, Brady & Drennan, 2005). Six focus groups were conducted with employees from different parts of the organization (n=36). All groups consisted of four to eight participants and were homogeneous, with employees of the same work level, work content or department. Participants were asked to contribute to the research either by their manager or directly by the researcher. Participation was on a voluntary basis. Confidentiality was guaranteed.

In the focus group sessions participants were asked to discuss the three key events, the two downsizing processes and their view on short- and long-term future. During the sessions, chronology or the discussion manual were not necessarily used.

Rather, participants' concerns were the main guideline, because it was expected that the topics of most concern would also have had the most impact on the employees. Detailed information on those topics would therefore provide the best insight into employees' sensemaking process.

Analysis

To be able to answer the research questions, thorough analysis of the focus group data was required. The grounded theory approach proved useful. This consists of a constant comparison of data and theory, resulting in a refinement of coding categories until it is useful to both practice and theory (Glaser & Strauss, 1967; Isabella, 1990). Therefore, coding was done in three phases. The first phase started with a scheme based on the discussion manual. This consisted of categories of the events and processes in a chronological order and subcategories of the description and evaluation of the event and the change it caused in the employee's attitude or behavior.

After the first coding phase, data showed a division in attribution levels of cause and consequence. Therefore, a refinement was made, coding the data in three levels of attribution. The macro level category contained data about developments or actions outside the organization; the meso level category about the organization in general; and the micro level category contained data about the participant and his immediate surroundings. Table 1 provides a detailed overview of the categories' contents.

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Although the second coding phase further clarified the data, it did not identify participants' coping strategies. At this point of analysis, it appeared difficult to identify the key elements of both the extended investment model and the job crafting model. Therefore, and considering the data as grounded theory requires, the elements of both models were operationalized using five moderating and two effect variables of downsizing (cf. Brockner, 1988; Nadler & Tushman, 1980). According to general organization science, work consists of four component parts: the nature of the work, the individuals who perform the work and both the formal and the informal arrangements the organization makes to accomplish its objectives. Furthermore, an organization performs in a context, the environmental conditions (Nadler & Tushman, 1980). Brockner (1988) used the four components and the environmental conditions to define a model of downsizing effects. He stated that the psychological and behavioral effects of a downsizing are moderated by the four component parts and the environmental conditions. Although this study was not aimed at defining a model of moderators and effect, the variables were useful in identifying the key elements of and differences between the job crafting and extended investment model. Table 2 provides a detailed overview of the categories, their elements, and the implications for the two models of coping.

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First, the aspects of environmental conditions remained the same as the macro level category in the second coding phase. If the environment would be considered an important cause of the downsizings or their outcomes, this would indicate a coping strategy operationalized in the extended investment model, because of the relative

distance between the individual or his work and the environment. Furthermore, the unchangeable character of environmental conditions would be in line with the reactivity of the extended investment model as well.

Second, the nature of work is a moderator according to Brockner (1988). However, it was not reflected in the data and was therefore not included in the analysis.

Third, the formal organizational arrangements include the range of structures, processes, methods and procedures that are explicitly and formally developed, consistent with organizational strategy, to help individuals in their work (Nadler & Tushman, 1980). Brockner (1988) emphasized the procedures and arrangements an organization provides for redundant employees during and after a downsizing. If these arrangements are received well by survivors, they are likely to experience the downsizing less negatively. Another aspect of this moderating variable is formal communication. In all components discussed here, communication plays a vital part, because perceptions and evaluations are (partly) formed by communication. In the current study, formal communication was added as distinct sensemaking aspect, because of the change in communication policy after the first downsizing. Furthermore, the significance of communication in both the evaluation of key events as proposed by CIT (Zwijze-Koning & De Jong, 2006) and the data themselves, justified the addition of formal communication as a moderating aspect. These formal organizational arrangements can not be changed easily by an individual employee. Therefore, if one considers the formal organization an important aspect of the sensemaking process on which one can not exert influence, the extended investment model would account for the coping process of the survivors. Viewing it from a job crafting perspective, the formal organization would not be considered an important

aspect, as job crafting focuses on individual motivations and needs instead of on the organizational level.

Fourth, the organization is also built on informal organizational aspects. Although these are usually implicit and unwritten, they do influence an individual's behavior in an organization (Nadler & Tushman, 1980). Brockner (1988) focuses on the norms, values and interpersonal relationships in general, and past experiences with downsizing procedures of the organization in particular. He stated that the informal behavior of an organization in a previous downsizing affects the attitude and behavior of survivors of a next downsizing. The aspects of the informal organizational arrangements are easier to change or shape by the individual than the more formal aspects. Emphasis on these informal aspects, and in particular on peer interaction, indicates a job crafting strategy of coping with the changes. The focus on social processes and the interactive aspect of sensemaking can then serve in a process of discovering one's needs or making the preferred changes. If, on the other hand, the informal organizational aspects are not valued much or if the individual's role in the shaping of these arrangements is not recognized, the extended investment model will be participants' applied coping strategy. The emphasis will then be on leadership behavior as an unchangeable cue through which the individual forms his opinion or attitude about the events.

Fifth, the individuals in the organization are important components of that organization, according to Nadler and Tushman (1980). Brockner (1988) pointed out the proven influence of self-esteem. Individuals with low self-esteem are likely to suffer more worries in a downsizing context than high self-esteem individuals (Brockner, Grover, O'Malley, Reed & Glynn, 1993). Aspects of the individuals in an organization can be important in both the job crafting and extended investment model,

depending on the content. If the data show a tendency toward the individual aspects as a mere explanation for employees' reactions, the extended investment model will be applicable. Factual information like one's knowledge and skills, and one's background factors will then be more important. More subjective information like one's preferences and needs or one's perceptions and expectations, will likely indicate the applicability of the job crafting model. In that case, data should show individual aspects as a motivational aspect or a means to change one's work or work identity.

Finally, the downsizings were likely to have psychological and/or behavioral effects on the survivors. Psychological effects can range from individual stress-related emotions like anxiety or anger and depression to more organizational or job level long-term effects, like a change in job satisfaction, affective commitment, perceived organizational or supervisor support or trust in the organization. Behavioral effects that were included reflect a range from work floor behavior, like performance and organization citizenship behavior, to destructive behavior like theft, sabotage or aggression, short-term absenteeism like illness or 'truancy', and voluntary turnover (intention). Dependent of the coping strategies, some or all of the psychological and behavioral effects may occur after a downsizing. For example, while job crafting aims at undertaking action, the extended investment model aims at constituting an attitude. Therefore, if behavioral effects are reported it indicates a coping process described by the job crafting model. The only exception is an increased turnover (intention), as this is a signal of escape oriented coping (Armstrong-Stassen, 2006). Psychological effects can indicate both approaches; more negative effects indicate a coping process described by the extended investment model, because this model focuses on a reactive evaluation of cues given by the organization and a downsizing will not likely be considered a positive cue. More positive effects indicate a coping process described

by the job crafting model, because an employee will try to change his or her negative attitude or view of work in order to fulfill his or her needs, or will not even develop a negative attitude due to the own (perceived) responsibility and role in the downsizing process.

The third coding phase was detailed enough to define employees' sensemaking process, coping strategies and level of adaptability.

Results

In general, the three selected critical incidents (Announcement day Slide, Notification day Slide, Announcement new profitability study) defined in the interviews were also defined as critical in the focus groups. Furthermore, a cumulative effect of incidents was found as well as a disproportionate effect of one incident on the evaluation of the overall process.

This section will discuss, in chronological order, the main results of the critical incidents, the overall downsizing processes, and participants' views on short-term and long-term future. We will focus on the coping strategies and level of adaptability. Table 3 provides an overview of representative excerpts from the data for all categories.

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Before downsizings

A few months before the announcement of the first downsizing, employees viewed the deteriorating environmental conditions as the main threat to the organization. Employees acknowledged the sharp drop of analogue film sales, due to the rise of

digital photography. They realized measures would have to be taken, but the uncertainty about possible consequences did not greatly concern them. Employees' attitudes were best described as awaiting management's actions without taking any individual responsibility or actions. Only one of the 36 participants claimed to have acted in a proactive way; he decided to change from analogue film production to digital plate production which he considered a product category with more prospects. This was accepted, but wasn't copied by others as they believed management would take care of them and the organization. In general, the extended investment model covered employees' reactive attitude at this stage, not perceiving individual action or responsibility as a solution.

First downsizing: Slide

Slide began with its formal announcement in April and officially ended after the notification of redundant employees in May. Between these incidents, six weeks passed in which the employees demonstrated their coping strategy with the first critical incident and the prospect of uncertain future events or developments. Although the first downsizing was officially completed when the survivors and victims were 'selected', just then the actual coping and adapting process came into effect. Results showed mainly short-term, immediate effects of both critical incidents and a more long-term effect of the whole downsizing process. Both the results of the critical incidents and the downsizing process will be discussed below.

CI 1: Announcement of Slide

The effects of the formal announcement of the downsizing were mainly short-term psychological effects. Although measures had been expected, the actual consequences

still caused a lot of consternation with the employees. Seeing the ‘hard numbers’ and realizing the downsizing would affect all departments within the organization and not just analogue film production, was confronting for employees and caused psychological effects like anxiety for their positions. Despite the anxiety, trust in management’s good arrangements for (to be) redundant employees and trust in the once-only character of the measures were still present. Despite the anxiety, too, behavior wasn’t immediately affected by the announcement. ‘*No chit-chatting, back to work*’, like some participants recalled, was a common remark.

Sensemaking of this incident proceeded mainly through positive evaluation of the ‘*careful and thought-out*’ formal communication, as well as through previous informal communication patterns that influenced the foreseeability.

Period 1: Between announcement (CI 1) and notification (CI 2)

Although the announcement did not immediately show an effect on the employees, it did require coping with the uncertainty about the actual redundancies until the second critical incident, six weeks later. Employees’ coping strategy was characterized by an awaiting attitude, i.e. denial of individual responsibility or opportunities to influence the outcomes. Not only did employees consider themselves dependent on the organization’s management and formal arrangements, they also showed a decline in job performance. Management’s formal and informal communication about procedures and consequences, that were mainly ‘*focused on legal aspects*’¹, supported the view that individuals could not exert influence on the decision process. Despite

¹ Two legal principles were applied. Last in, First out (employee with shortest tenure would be made redundant) and Exchangeability (similar jobs, not necessarily in the same department, would be exchangeable and LiFo would be applied on those similar jobs)

the awaiting attitude, employees experienced an increasing level of insecurity and anxiety about individual consequences. A main concern for employees were pragmatic consequences of being made redundant, (e.g., '*Can I still afford my mortgage when I'm unemployed?*'). Strikingly, employees didn't show any concerns about their job or the future if they were to survive the downsizing. Furthermore, they displayed a way of '*self-protection*' by distancing themselves emotionally from the organization. This could also explain the deterioration of group relations and work atmosphere through the speculation about and accusation of possible victims in general or certain colleagues in particular. Finally, individual differences like level of proximity (in terms of product category and likelihood of becoming a victim), as well as one's home environment provided an explanation for the experienced anxiety.

In conclusion, instead of proactively exerting influence on the decision process or already considering their job content and context if they were to survive the downsizing, employees mainly showed reactivity. Therefore, the extended investment model describes the coping strategy used in the period between the Slide's two critical incidents. Moreover, the adapting process had not been initiated yet, probably due to the uncertainty of the outcomes.

CI 2: Notification day Slide

The second critical incident discussed in the focus groups was the so-called 'Notification day', when all employees were notified whether they were made redundant or not. It identified the victims and survivors and marked a split in the organization. During the focus groups, participants focused on a mere description of the formal procedures that day. Some discussion arose about the way management had arranged the procedures. Although survivors realized that '*an organization can*

never deliver the message right', some of them questioned the formal procedure during Notification day. The one-to-one conversations were very time-consuming and many people had to wait long before they were individually informed. Furthermore, procedural justice was a topic of discussion. Participants were ambiguous about the rigidity in applying the legal principles and compliance with individual qualities; some viewed the process as merely applying rules, others were of the opinion that management's personal preferences had been of influence. Finally, not many effects of that incident were mentioned, and the effects were mainly psychological. Survivors felt relieved, but also compassionate with victims. The perceived certainty was valued very much and improved survivors' job satisfaction.

Although these results (i.e. reactivity, no individual influence) suggest the fit of the extended investment model, the long-term effects were more important in determining the coping strategy and the resulting adaptability process.

Period 2: First weeks after Notification day (CI 2)

Although management communicated Notification day as the *'end of Slide and start of the new organization'*, survivors considered the first weeks after the event as part of the downsizing. Coping with the changes was focused on escape rather than control. The organizational culture of life time employment was no longer valid anymore. Viewing Notification day in retrospective and with knowledge of the future events, survivors perceived it as the *'start of a new period characterized by more changes'* in the organizational structure and culture. Survivors acknowledged the inevitable changes and trust in the organization's future decreased. However, they did not display a take-charge mentality to control the changes and to play a part in the construction of the new organization in general or the content of their own job in

particular. The only significant behavioral effect was an increase in survivors' turnover intentions, which is in line with the extended investment model. Also in line with the extended investment model is the influence of social interaction. Sensemaking proceeded through social interaction, but it was not a sign of people actively reflecting their personal needs or expectations to others and defining reality together. Rather, survivors depended on victims' perceptions of the organization and career opportunities so as to define their own attitude. Finally, survivors' adaptability to the 'new organization' was very low in this first period after the downsizing. They tried to continue their job as they had been used to before the downsizing, instead of proactively seeking opportunities in their work to increase job satisfaction or commitment.

Slide: first downsizing process

The whole downsizing process was discussed in the focus groups as well. Results showed that Slide was considered not only a sum of the critical incidents, but was also an overall process with different aspects playing a part. In terms of coping strategies, this first downsizing is best described by an escape-oriented coping strategy, i.e. the extended investment model. This is demonstrated both by survivors' focus on external causes like the environment and the individualizing society, and by their dependence on higher organizational levels (i.e. supervisors and management) in the sensemaking and coping process. The discussion about the influence or '*guilt*' of management versus external causes was therefore one of the few discussion topics. Both management's formal and informal behavior during and after the downsizing was questioned by some participants, who perceived a lack of support ('*we are just a number*'). Some others, though, viewed this differently and didn't blame management

for the measures in general or their behavior towards the survivors in particular. They perceived the environment as main rationale for Slide.

Besides the focus on external causes and reactivity, the structural elements of the extended investment model can also be applied very well to employees' coping process. First, job value was assessed. One of the discussion topics was the change in job satisfaction; some participants experienced a decline in satisfaction due to a perceived greater pressure to perform, with more work to do and with fewer resources. Others did not view a change in job satisfaction; their job *'was and remained satisfying'*. But even though not all participants agreed on the decrease of job satisfaction, they did agree that employees' view on work had changed due to Slide; affective commitment to the organization changed, resulting in a more *'rational and realistic'* view toward the organization. The idea of life time employment had *'abruptly disappeared'* and, though trust in the organization's future still remained, the unconditional support for the organization decreased. Therefore, the element *'attraction'* was negatively affected by Slide. Second, survivors' dependence on their work changed: they *'discovered'* alternatives and were confronted with the investments they had done, like long tenure, good labor conditions, and a home and social environment construed around their work environment. *'Being able to go to work by bike'* appeared very important for survivors and influenced the relative weight of the investments. Increased turnover intentions therefore did not result in actual voluntary turnover. Finally, the outcome expectations changed during Slide, but in the end were positive for the survivors, because they *'survived'* the downsizing and because management emphasized the *'once-only character'* of the downsizing. The outcome expectations were partially influenced by background factors like age, home environment, and expectations about financial compensation.

In conclusion, the reactive attitude, dependence on external cues, and the absence of action are typical aspects of the extended investment model. This coping strategy prevented survivors from adapting to the uncertainty or the new situation. By not introspectively looking for responsibility or opportunities, survivors were not able to proactively change or control the new situation. Therefore, they remained in a negative attitude towards the changes. However, after Slide survivors wanted to '*get back to business*', '*confidently move on again*' and '*rebuild the organization*'. This suggests a form of adaptability and willingness to learn how to cope with the changes. Perhaps, if it had indeed been a once-only event, survivors would have shown an adapting process characterized by job crafting. Therefore, the second downsizing, *Scope*, may have had an impact on the first in retroaction. The remark that Slide was a '*first step, followed by more changes*', would possibly not have been made if the second downsizing had not been announced only four months after the first.

Second downsizing: Scope

Results showed that the first downsizing was carried out with much care and attention for the formal communication. However, survivors' feedback emphasized the need for more process information instead of merely communicating decisions. Therefore, management changed its communication strategy into a more open and continuously informing strategy. In September, this new strategy led to an announcement that they would conduct a new study into the department's profitability, because analogue film sales had again decreased more than expected. The announcement implied a second downsizing and a closure of the analogue film department.

CI 3: Announcement new profitability study

This third critical incident appeared to be the most critical of all three, though respondents did not extensively discuss it. All participants agreed that the unexpectedness of the announcement caused anxiety, uncertainty and a great shock. Formal communication and informal leadership behavior were considered the most important aspects in the sensemaking process. Mainly the timing, so shortly after the first downsizing and the contrast with the first downsizing in terms of communication, presentation and organizational support afterwards, caused the negative effects of this incident. Trust in management sharply decreased. Employees felt deceived and viewed management's actions as amateurish. These were signs of a plunge in perceived organizational support. Despite the eminent psychological effects, behavioral effects were not mentioned often. The only destructive behavior mentioned were verbal curses toward management. '*Business as usual*' seemed to remain employees' motto; performance did not suffer from the incident.

After announcement (CI 3)

Despite survivors' willingness to move on after Slide, and adapt to the new situation, the third Critical Incident greatly affected their attitude toward the future. Employees perceived both the Dutch subsidiary and the parent company as the main decision-makers on whom they could not exert any influence and who would not take into account the individual employee. Therefore, any job crafting activities that could have been undertaken after Slide were perceived a '*waste of energy*' after the announcement in September. Feelings of resignation can also explain the absence of any behavioral effects. Self-reported performance was sufficient, no destructive behavior, temporary absence or increased turnover was mentioned by participants.

Employees just *'waited to see what would happen; there was nothing [they] could do about it'*.

Like with Slide, coping with the uncertainty of Scope could be described by the extended investment model. Some aspects were different. Employees still felt dependent of management for their sensemaking, but formal communication was not appreciated as much anymore. Informal leadership behavior and communication or influence patterns seemed to be more important than communication about the status of the study. For example, a manager of the analogue film production line was transferred to a digital product line. Employees perceived this as the informal message that Scope was inevitable and that the analogue film department would be shut down. Furthermore, this negatively affected perceived organizational support (*'A captain should leave his ship last'*)

In conclusion, the reactive attitude supports the fit of the extended investment model as coping strategy for the aftermath of the third critical incident. Employees' view on short-term as well as long-term future supported this.

Future

Short-term future incidents

At the time of the focus group meetings, the consequences of Scope would be communicated within two weeks. Employees were waiting for the announcement and were anxious to know the impact of the second downsizing. They were not interested in process information, but just wanted to hear the actual consequences. The expectation of another downsizing did not evoke any psychological or behavioral effects, besides anxiety. According to the participants, the experience with Slide

would not decrease potential future effects. It did decrease the insecurity toward the announcement.

Long-term future

Finally, participants were asked about their view on long-term future, both their own and the organization's. This view was, like all events in the past year, described by a reactive attitude. Employees in general were not inclined to show a take-charge mentality, related to the job crafting approach, because they could not imagine that it would make a difference in their job satisfaction or their actual job content. Employees expected a further decline of trust and affective commitment to the organization. After two downsizings, employees expected to experience persisting uncertainty, to which they would respond with a higher voluntary turnover. Despite all the changes and the decline in trust and affective commitment, employees expected to remain dependent on the organization's arrangements. There were exceptions: one of the participants stated that that year's events had changed employees' mindset, because '[they] *had been confronted with the need to think about [their] future, and couldn't rely on the organization anymore*'. In general, employees' future coping strategy would likely be described by the extended investment model. Consistent with the escape-oriented coping, employee adaptability to the new organization would be expected to be low, unless the organization would tell employees how to change and would show them the benefits. This was also supported by employees' view on career opportunities within the organization. Some discussion arose about whether chances for growth and promotion would decline or stay the same, but all participants agreed on management's responsibility to take care of employees' future opportunities. Furthermore, the dependence on the environmental developments guided employees'

prospective sensemaking. For example, further developments in the photographic industry would ultimately lead to *'a closure of the entire organization; within 15 years they can make this a residential area'*. Finally, individual background factors appeared important, yet unchangeable: employees' age would force them to make choices about their future, and their home environment would also determine the impact of future developments.

In conclusion, prospective sensemaking proceeded on the basis of earlier experiences and was guided by coping strategies employees had used before. The prospect of uncertainty did not evoke attempts to change future events or developments. The extended investment model thus describes employees' expected coping strategy.

Discussion

Main conclusions

This study was aimed at clarifying employees' sensemaking process in a multiple downsizing context, so as to achieve insight in individual's coping strategy and the consequences for one's adaptability. Detailed analysis of the focus group data showed ample evidence for Van Dam's (2005) extended investment model as coping strategy before, during and after the two downsizings. First, as was discussed in the results, all structural elements of the extended investment model (attraction, dependence and outcome expectations) were used by employees to determine their attitude toward the changes. Second, employees showed a predominantly reactive attitude toward the changes and based their evaluation of the critical incidents and downsizing processes on higher level cues. Finally, work was viewed as unchangeable by the individual, and consequently no action was undertaken to control or change the situation.

In accordance with the escape-oriented coping strategy, survivors' adaptability to uncertain situations appeared to be low. The uncertainty during the first and second downsizing processes didn't evoke taking effective action, as is required for a higher level of adaptability (Pulakos et al., 2000).

Influence context on coping and adaptability

The research questions in this study considered organizational culture as a possible coping resource or constraint. Results have shown that this was correct. The organization studied, had been used to a culture defined by stability, ideas about work as a production activity, and control, coordination and responsibility centralized at a higher organizational level. Appropriate behavior was thus described as stable, non-innovative and relying on management to take responsibility. Shared values that underline low individual responsibility and innovativeness in general reduce the chance that employees are inclined to engage in an adaptability process (Detert et al., 2000). The non dynamic context changed due to the downsizings and results showed that survivors of the first downsizing were willing to adapt to the new situation. However, the second downsizing undermined this process, because values were communicated like the parent company's control and responsibility. Therefore, employees did not perceive individual responsibility and action as grounds of a successful organization and focused their coping on escape rather than control. Results have thus showed that organizational culture can affect employee adaptability.

Furthermore, this study was conducted in a multiple downsizing context. In line with Edvardsson and Strandvik (2000), a cumulative effect of incidents was apparent. Results showed a tendency toward adaptability after the first downsizing. However, this was undermined when the second downsizing was announced. Thus,

the conclusion that single downsizing organizations are able to recover from the negative effects, but that multiple downsizing survivors are not able to overcome those repeat negative consequences (Gilson et al., 2004), is also apparent in this study. Apparently it is difficult for employees (and organizations, for that matter) to rapidly and continuously adapt to new situations when they are not used to change and uncertainty.

Theoretical implications

Many studies on downsizing have provided insight in the broad range of possible effects (e.g. Armstrong-Stassen, 2004; Brockner, 1992), but only few have linked downsizings to Latack's (1986) different coping strategies (one exception is Armstrong-Stassen, 2006). This study has not only addressed the issue of coping strategies in a downsizing context, but has also linked them to two theoretical models. Results have shown that the extended investment model (Van Dam, 2005) and job crafting model (Wrzesniewski & Dutton, 2001) are well applicable to downsizing contexts. Thus, using the structural elements of both models has proven to provide detailed insight in individual's coping processes in a downsizing. Furthermore, the differences between the models have also provided insight in the consequences of coping strategies for employee adaptability.

The moment and method of measurement have further attributed to the insight in employee coping with and adapting to a downsizing. Instead of measuring after a downsizing, this study was conducted during a downsizing process. Sensemaking is an ongoing act (Weick, 1995), and this study has provided much insight in that aspect of sensemaking. Those sensemaking processes, both in retrospect (of the first downsizing) and in prospect (of the second) have further

clarified the process of coping with and adapting to changes. Moreover, the Critical Incident Technique also contributed to that insight. CIT was the appropriate method to define the effects of single events as well as to survey individual's sensemaking process. CIT therefore contributed to the conclusion that the accumulation of events and the contrast between events or procedures has a greater impact on employees than a single event, though one single event can be the last straw.

In conclusion, this study has greatly attributed to the theoretical knowledge on (multiple) downsizing and coping and adaptability processes. Not only did we study coping strategies from a different angle than many other downsizing studies, we also clarified the relationship between coping strategies and the potential and actual adaptability processes. Finally, the timing of performing during a multiple downsizing process has attributed to the understanding of individual sensemaking and coping processes during a downsizing.

Limitations and future research

While this study has attributed to knowledge on multiple downsizing, it may be expected that some limitations exist. Future research would therefore be needed to further explore the results from this study.

First, this research was performed in one organization only, with a very specific culture and context. This has provided detailed insight in employee's coping and adaptability in that organizational setting, but results may not be representative for employees in other organizations. As general organization science (e.g. Nadler & Tushman, 1980) has shown, the organization is built on several components like the structure and culture. Organizations with different key components could therefore result in different coping strategies or levels of adaptability. Future research should

thus be aimed at further exploring those constructs in different organizational settings. Quantitative research methods could be used to this goal. A model of adaptability to uncertain situations could be developed by testing and exploring different determinants, antecedents and consequences in several kinds of organizations. The current study can serve as a first starting point for such a conceptual model.

Second, this study was conducted only at one moment in time. Results from this study have shown that events can affect each other in retrospect (i.e. the first downsizing would have been evaluated differently if the second hadn't followed or had been executed differently), and it would be interesting to see how coping and adaptability processes develop over time. Thus, despite the attribution of this study to the field of multiple downsizing research, longitudinal research on the effects of multiple downsizing would be recommended.

Management implications

The current study also contains implications for successful change management. Adaptability is an important aspect of present-day organizations (Pulakos et al., 2000, 2002). While previous research has focused on individual determinants of adaptability (e.g. Zaccaro & Banks, 2004), this study has shown the influence of the organizational culture for individual adaptability. In a downsizing process, an organization should therefore consider its culture as an important aspect of the change process. Although higher levels of adaptability are important nowadays, organizations can not expect a sudden change when their culture is not focused on adaptability. Organizations should therefore guide their change process carefully. Communication, though not always appreciated at the moment of action, can and should play an important part in this process by carefully and continuously informing employees about the organization's

status, goals and developments. This study has shown that careful communication contributes greatly to a positive evaluation of an, in effect, negative incident.

A final implication of this study is that downsizing should never be underestimated. However logical it may seem, employees will never respond to it with indifference and it will always change an organization. It is up to both the organizations and employees to make this change a success.

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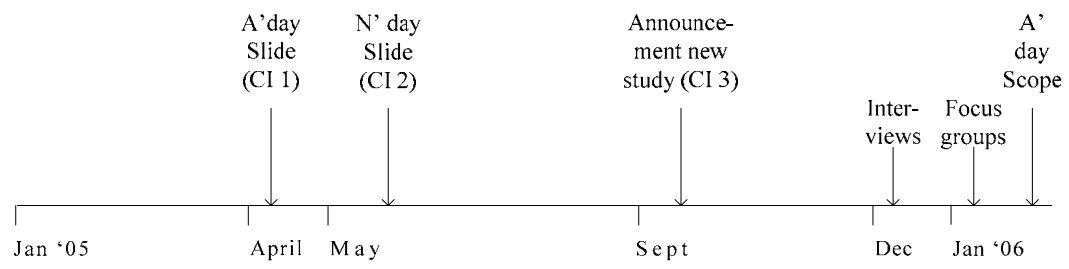


Figure 1. Timeline Critical Incidents and moment of measurement

Table 1. Categories second coding phase

Category	Aspects
<i>Macro</i>	Parent company Developments photography market Society in general
<i>Meso</i>	Dutch organization Participant's production department Key stakeholders not directly involved with participant (e.g. Board of Directors)
<i>Micro</i>	Participant Direct colleagues Supervisor

Table 2. Categories third coding phase and implications for coping strategies

Category	Aspects	Relevance and implications for	
		<i>Extended investment model</i>	<i>Job crafting model</i>
<i>Environmental conditions</i>	Parent company	Unchangeable	Unchangeable
	Developments market	Important cause / logic explanation	Not important, too far from individual
	Society in general		
<i>Formal organizational arrangements</i>	Organization design	Difficult to change	Difficult to change
	Job design	Relevant: higher organizational level, provides cues	Higher organizational level, not relevant for individual's needs
	Work environment		
	Human resource management system		
<i>Informal organizational arrangements</i>	Leadership behavior	Focus on leadership	Focus on individual's role in forming arrangements
	Intergroup relations	No acknowledgement of individual's (active) part in forming arrangements	Very relevant: changeable and interaction with peers as sensemaking instrument
	Intragroup relations		
	Informal arrangements	Not very relevant	
	Communication and influence patterns		

Table 2 (Continued)

Category	Aspects	Relevance and implications for	
		<i>Extended investment model</i>	<i>Job crafting model</i>
<i>Individuals</i>	Knowledge and skills	Explanation for effects	Motivation for change
	Preferences and needs	Focus on factual data (knowledge, background factors)	Focus on subjective data (preferences, perceptions)
	Perceptions and expectations		
	Background		
	Self-esteem		
<i>Psychological effect</i>	Negative stress-related emotions	Focus on negative effects	Focus on positive effects
	Depression	Cause / responsibility of higher	Cause / responsibility of individual
	Job satisfaction	organizational level (external	(internal attribution)
	Commitment	attribution)	
	Trust		
	Perceived Organizational / Supervisor Support		
<i>Behavioral effect</i>	Performance	Turnover (intention) only behavioral	No turnover (intention) as behavioral
	Destructive behavior	effect	effect
	Short-term absence		Focus on performance
	Turnover (intention)		

Table 3. Excerpts from data for Critical Incidents and time periods

Elements of coping process and effects	Events in chronological order			
	<i>Before downsizings</i>	<i>CI 1: Announcement day Slide</i>	<i>CI 2: Notification day Slide</i>	<i>Downsizing 1 (Slide)</i>
<i>Environmental conditions</i>	We all know how things went with digital photography	My job involves the developments in the market...that announcement is just a confirmation of what we already knew	X	When we saw the reasons: analogue film disappears because of the digital camera...of course, everybody understands. It made great sense
<i>Formal organization</i>	We had already had 100 days without any production...that was so boring	It was presented with great confidence, very clear...you just knew 'if I'm made redundant, that will happen and it will stop there'	We were placed in a big room and had to come in one by one. We had to wait very long that day	It is fair, actually [<i>Lifo</i>]...but they didn't take individual quality into account...some people worked so hard for this organization but were made redundant because they didn't work here long enough
<i>Informal organization</i>	I asked them twice about digital photography, but [<i>management</i>] denied it...If I can see it, someone else can too, right?	It's fairest to involve the whole organization...it fit my sense of 'group feeling'	It all depended on your manager, how he had described 'exchangeability' in the job profiles	I think they selected people on beforehand. When you see that some didn't get a promotion before Slide...at least, that is how you interpret it in retrospect
<i>Individual</i>	X	It didn't concern me personally, because I'm not involved in [<i>that technique</i>]	There were two groups: one that had worked here shortly and one that had worked here for 20 years...it was most difficult for them	I didn't experience it as an emotional downsizing. Maybe because I thought 'I've worked here so long, I'll get a nice sum of money which will help me get through some years when I find another job'

Table 3. (Continued)

Elements of coping process and effects	Events in chronological order			
	<i>Before downsizings</i>	<i>CI 1: Announcement day Slide</i>	<i>CI 2: Notification day Slide</i>	<i>Downsizing 1 (Slide)</i>
<i>Psychological effect</i>	We just knew something had to be done. We just didn't know what would happen	It was shocking, because we were confronted with the numbers and the facts...you were anxious, because of the exchangeability	That day, we had the emotional peak. You knew that we'd continue for some while, although you don't get a guarantee for 10 years	Cynicism has increased My job didn't change, but my view on the organization did...You came here with the idea of LTE and 'boom, gone' Now I know, it's just a job It's a pity: you've worked on it with heart and soul, and suddenly it's as if it's worthless
<i>Behavioral effect</i>	I decided in January 2005 to quit my job in the analogue film department and start somewhere else. My first intention was to find something internally	We talked about it for half an hour and went back to business	X	Back to business...only the workload increased It has been a turning point, I just try to make the most of it and to enjoy going to work I just do my job and nothing more...just what I feel like

Table 3. (Continued)

Elements of coping process and effects	Events in chronological order			
	<i>CI 3: Announcement new profitability study</i>	<i>Second downsizing (Scope)</i>	<i>Short-term future events</i>	<i>Long-term future</i>
<i>Environmental conditions</i>	X	<p>I think this downsizing will be mainly the [parent company's] message</p> <p>How will they deal with this downsizing? Lifo regulations have changed since Slide</p>	It's just a current curve until [parent company] tells us to close	<p>How long will that Board of Directors of [parent company] continue this?</p> <p>Developments continue. Within 10 years [digital product] will be gone as well</p> <p>When even a company like [name] can't provide long-term employment, then that will probably be the general trend for the future</p>
<i>Formal organization</i>	Something had to be done, but it's more the way they did it...that was just a major failure	I think it depends on how the entire organization will be restructured	Are we waiting to hear the status over and over again? No. We just want to know what we'll hear next Tuesday [A'day Scope]	I don't know what it will mean for our career opportunities; promotions and those things to keep you inspired. That will also be gone
<i>Informal organization</i>	They should have communicated their new communication policy first, before announcing this. Then it would have been clear	The problem is there [in analogue film department], still. That does play a part	X	Last week our manager told us that there would probably also be trouble in [the digital production department] as well

Table 3 (Continued)

Elements of coping process and effects	Events in chronological order			
	<i>CI 3: Announcement new profitability study</i>	<i>Second downsizing (Scope)</i>	<i>Short-term future events</i>	<i>Long-term future</i>
<i>Psychological effect</i>	<p>It starts all over again...the anxiety</p> <p>There was no more understanding for management, no more trust</p>	<p>Maybe it's strategic...we've been fooled</p> <p>Still, there is the fear of being next</p>	X	<p>My job is still nice, and it will stay nice</p> <p>I just hope they will take decision for me. I find it very hard to take the decision to leave. I've had 15 great years here.</p>
<i>Behavioral effect</i>	Business as usual...it was just the timing that was bad	<p>I'll just wait till they give me my Social Plan</p> <p>Just wait and see...there's nothing I can do about it</p>	If it goes down [<i>on A'day</i>], I don't want any other job within the organization anymore	<p>I accept it the way it is now, but if something happens, I'm out. The day will come that I leave.</p> <p>If something crosses my path, I will use it</p> <p>The work will be the same, but will people still be motivated by bonuses?</p>