

## Table of Contents

Prologue.....	ii
Acknowledgments .....	iii
Executive Summary.....	1
Literature Review .....	3
Voluntary Severance Programs .....	9
Hypotheses .....	11
Research Methodology.....	13
Research Results and Analysis.....	15
Hypothesis 1 - Disengagement Emotions .....	16
Hypothesis 2 - Morale .....	19
Hypothesis 3 - Stress .....	21
Hypothesis 4 - Job Restructuring .....	23
Hypothesis 5 - Job Futures .....	25
Hypothesis 6 - Future VSI Downsizing .....	27
Hypothesis 7 - Guilt .....	29
Hypothesis 8 - Fairness .....	32
Issues and Observations in the Analysis of Data .....	34
Conclusions and Recommendations .....	36
Appendices .....	39
Appendix - References .....	39
Appendix - Research Instrument Design .....	42
Appendix - Research Instrument.....	44
Appendix - Survey Data Summary .....	48
Appendix - Statistical Analysis Information.....	49
Appendix - Research Instrument Comments .....	53
Appendix - Initial VSI Notification .....	55
Appendix - Organizational Goals for VSI .....	56

## Prologue

As part of the National Technological University (NTU) Master of Science in Management of Technology (MOT) degree program, students work on an individual research project. This project may focus on a specific work-related problem relevant to the individual's current or planned job responsibilities. The intent is to learn about research methodology in the management, social and behavioral sciences as well as in the subject matter which is the focus in their research. As a result, the researcher will be better equipped to judge the credibility of the voluminous amount of management related literature that will be brought to their attention during their careers, and will have experienced the difficulties and complexities involved in the transition from MOT theory to MOT practice. The research project results may also serve to clarify issues and inform organizations about solutions to real problems.

The review committee for this field research paper consists of the following individuals:

Department Chairman	Dr. Alden Bean Lehigh University Bethlehem, PA
Academic Vice President	Dr. Roy Mattson National Technological University Fort Collins, CO
Field Research Director	Dr. Ted Schlie Lehigh University Bethlehem, PA
Academic Advisor	Dr. Evan Vlachos Colorado State University Fort Collins, CO

## Acknowledgments

I have several people I wish to thank for their support and assistance during this project: Dr. Evan Vlachos served as my primary advisor and was very helpful throughout the work - from the original topic selection through analysis and into the final report. Sue Charles at the Hewlett-Packard Fort Collins site library supported me in my literature search and was indispensable. Gordon Bretzing at the Hewlett-Packard Fort Collins site personnel department was very helpful in reviewing my survey and providing me with employee lists for the survey. The NTU clerical and academic staff have been very supportive. I also wish to thank my division and corporation management for funding me in the pursuit of the MOT degree and this associated research. I thank my children, Amanda and Benjamin, for their understanding of my temporary absences. Lastly, but most important, I am indebted to my wife, Virginia, for her understanding throughout the program (and its long evenings and weekends).

Tim Mikkelsen  
Fort Collins, Colorado  
November 1993

## Executive Summary

There are many studies of downsizing. A specific area of interest within downsizing has been the impact on the survivors of downsizing. There has not, however, been a systematic analysis of the impact of voluntary severance programs on those people who remain with a company. The expectation is that the people who remain with a firm after a voluntary severance downsizing program react similarly to the survivors of layoffs. The approach used to establish the validity of this broad premise is to compare the reactions of people who remain with a company after a voluntary severance program with the reactions of layoff survivors as documented in previous research.

Previous work on layoff survivors has shown that layoff survivors feel disengagement emotions (anxiety, guilt, sadness, anger, relief, frustration, envy and fear). They also exhibit a drop in morale (as shown by an increase in disengagement from the organization) and an increase in stress. The expectation is that voluntary severance survivors will respond similarly in these areas of emotional response, disengagement and stress. This research shows that there is a significant correlation between the amount of downsizing in an organization and the emotions of the voluntary severance survivors. There is a weaker relationship between the amount of downsizing and morale by the voluntary severance survivors, but it is not a statistically significant correlation. There is no significant correlation between stress and the amount of downsizing. As a result, only the emotion level response is shown to be significantly similar between layoff and voluntary downsizing survivors.

Layoff survivor responses to a layoff are based on aspects of job restructuring, future job expectations and future layoff expectations. If a layoff survivor perceives that their job is restructured, they respond better to the layoff. If a layoff survivor feels there will be future downsizing or few career opportunities with the company, they respond less well to the layoff. It is expected that voluntary severance survivors will respond better if they feel their job has been restructured, if they feel they have a future with the company and that there will be no further downsizing. This research shows that there is a statistically significant relationship between the perception of job restructuring and morale of the voluntary severance survivors. There is a significant correlation between the perception of future opportunities and morale of the voluntary severance survivors. There is a weak relationship between the likelihood of future voluntary downsizing and morale by the

survivors, but it is not a statistically significant correlation. Of these responses that impact morale (i.e. disengagement), only job restructuring and future job opportunities are significantly similar between layoff and voluntary downsizing survivors.

Although only half of these hypotheses (three out of six) are supported at a level of statistical significance by this research, the general results show that in many ways people in voluntary downsizing situations do respond as layoff survivors. However, there are a few key differences between voluntary and layoff programs. In a layoff program, survivors often feel guilt. The very nature of voluntary severance programs would imply that guilt does not occur, because those leaving are doing so of their own accord. The survey data did indeed show a low level of guilt associated with the voluntary downsizing. Another key difference between voluntary and layoff downsizing is the selection criteria for who leaves the firm. In a layoff, management makes this selection. In voluntary downsizing, the individual employee decides whether or not to leave. In a layoff, there is a poor reaction by survivors if they feel the selection criteria for layoffs is unfair. There is no direct corollary in a voluntary downsizing program, because the people who leave make the choice. However, in voluntary downsizing, the company does make a choice about who is offered voluntary severance. The expectation is that voluntary severance survivors will respond poorly if the criteria for who is offered voluntary severance is perceived as unfair. There is a significant correlation between this perception of fairness and morale of the survivors.

The research supports the broad expectation that people left in a company after a voluntary severance program react in many ways as survivors of layoffs. Managers involved in downsizing an organization should recognize that even a voluntary program causes the survivors to deal with change and transition. This result is not a condemnation of voluntary severance programs. Voluntary programs have been and continue to be a useful part of a company's set of mechanisms to deal with the changing needs of the business environment. Simply, more attention needs to be given to the transition aspects of survivors of voluntary severance programs.

## Literature Review

Many terms describe a common business phenomenon: downsizing, layoff, right-sizing, restructuring, work-force reductions, et cetera. The essence of these terms is that an employee leaves an organization. The literature search resulted in a number of articles from management journals, articles from personnel journals and academic papers. Over the last 15 years, this has been a topic of growing interest to both the management science research community and to corporate America as indicated by the volume of literature available.

The growing interest in downsizing is not just a current or passing fad in the workplace. Businesses and organizations of all types and sizes are downsizing. Various downsizing programs in the United States have cut 3.4 million jobs from the Fortune 500 list of firms as of July 1992 [Lee 92]. IBM and Apple have recently announced major downsizing programs on the heels of previous downsizing at both firms. In spite of the visibility given downsizing at U.S. firms, this is not an American phenomenon - it is also occurring in Europe and Japan. And as much as people like to think that downsizing is a one time event, indications are that once some organizations use downsizing, its use will continue.

There are three basic approaches [Tomasko 91, Lawrence 91 and Daste 92] to downsizing: preventionist, people pushers and parachute packers. Preventionists are characterized as trying to minimize layoffs. They are more likely to be manufacturing than service firms. They tend to down-size when there is a drop in the volume of work or orders. People pushers try to push people out of surplus jobs. They tend to be service companies. The main reason given for their downsizing is technological change. Parachute packers are the firms that want to become lean and mean. They can be any type of company. The main reason for their downsizing is the desire to use the work-force more effectively. A common approach is the reduction of management - especially middle management. The tactics of each are shown in the following table:

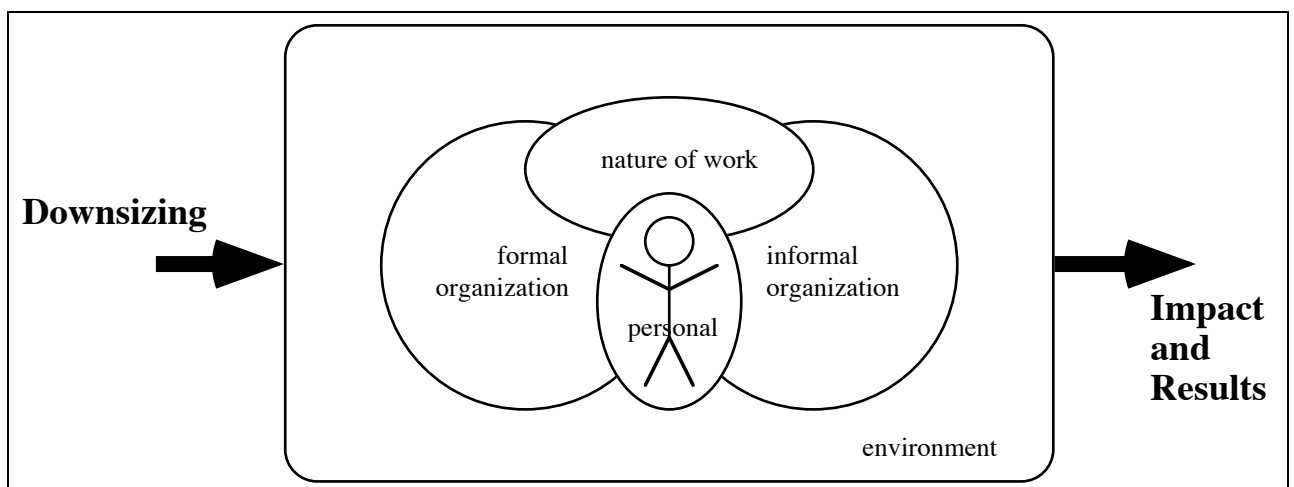
<b>Preventionist</b>	<b>People Pusher</b>	<b>Parachute Packer</b>
<ul style="list-style-type: none"><li>• limited firing</li><li>• pay cuts</li><li>• pay freezes</li><li>• job sharing</li></ul>	<ul style="list-style-type: none"><li>• firing</li><li>• early retirement</li><li>• voluntary severance</li><li>• transfers</li></ul>	<ul style="list-style-type: none"><li>• layoffs with extra benefits</li></ul>

**Table 1: Downsizing approaches and tactics**

The actual downsizing process varies greatly between companies and sometimes within a company. The key players involved in the downsizing process are: (1) The target employee of the downsizing; (2) The management or administration of the company; (3) The human resources or personnel organization involved in the process; and (4) The surviving employees within the company. A general aspect of downsizing is that survivors tend to be ignored in the overall downsizing process - before, during and after. Better firms tend to have a documented, communicated downsizing process with extensive amounts of information available to the employees. Most firms, however, tend to focus their efforts and attention on the target of the layoff, emphasizing training and counseling.

### The Impact on the Survivor

There are many different models dealing with the survivors of downsizing. Perhaps one of the best [Brockner 86] ties the impact of downsizing to a set of major factors: (1) The nature of the employee's work (such as stress level, satisfaction, job match); (2) The formal organization including the reporting structure, management, et cetera.; (3) The informal organization including company culture; (4) The personal characteristics of the employee; and (5) The work environment (such as industry, geography, community). This is shown in the following figure:



**Figure 1: Downsizing impact factors**

How do survivors react to a layoff? One study found that 70% of downsizing survivors were afraid of losing their job. And 46% of survivors in this study felt more pressure to prove themselves within the work environment [Houston 92]. The layoff survivors exhibited a variety of undesirable behaviors and work results (as described in many of the references):

- low morale
- less productive in work output
- a higher level of management distrust
- much more cautious about taking risks
- more errors or oversights
- tend to look out for themselves more
- more infighting and politics (a reduction in teamwork)
- more aggressive behavior (showing that the survivor can deliver)
- expect and accept a lower level of quality from themselves and others
- expectation that quality, health, safety, affirmative action, etc. are not important
- try for transfers to divisions that are perceived as being healthier
- work more overtime (not always with additional results)

A key factor is that the survivors often go through the equivalent of a mourning process. During this process, the survivor may experience a range of emotions [Moskal 92, Houston 92, Nowlin 88] listed in the following table.

stage	emotion	cause of emotion
1	anxiety	about job insecurity
2	guilt	over colleagues leaving while they stay on
3	sadness	over the loss of colleagues
4	anger	over aspects of the downsizing process
5	relief	over not being fired or improvement in job
6	frustration	over injustice regarding downsizing
7	envy	for those who have left the environment
8	fear	about the uncertainty of the future

**Table 2: Emotions associated with downsizing**

Even though the emotions are presented in a linear fashion, survivors may feel some, none or all of the emotions in relatively arbitrary sequences.

Another way to look at this 'mourning' is through a phases of change model [Bridges 88]: With the first phase comes the shock, anger or numbness about the change. The second



phase is a yearning for the old ways or a search for meaning. The third phase is characterized by disorganization. The fourth phase is when there is re-organization and renewal. Often the sense of loss or change associated with the second phase of yearning encompasses 6 areas [Bridges 88]: attachments, turf, structure, future, meaning and control:

loss of attachments	friends and acquaintances are gone
loss of turf	there are changes in physical location or responsibility
loss of structure	the structure of the work environment is gone or chaotic
loss of future	expectations about the work future have changed
loss of meaning	personal investment in the job and organization are suspect
loss of control	the person doesn't feel in control of their environment

**Table 3: Loss associated with downsizing**

How the survivor reacts to and deals with the downsizing in these phases depends on two major factors [Brockner 92]: the perception of fairness and the change in the working conditions. Detailed components of these factors are shown in the following table:

Fairness	<ul style="list-style-type: none"> <li>• Was the layoff justified?</li> <li>• Was the layoff congruent with corporate culture?</li> <li>• Was there adequate advance notice?</li> <li>• Was there attention to the details of program?</li> <li>• Was there a clear explanation of reason for downsizing?</li> <li>• Were cutbacks shared at higher levels?</li> <li>• Was there a rule for deciding who goes or stays?</li> <li>• Was there support of the people leaving?</li> <li>• How much involvement did people have in the process?</li> </ul>
Working conditions	<ul style="list-style-type: none"> <li>• Will there be further layoffs?</li> <li>• How has my job changed?</li> <li>• What is my future?</li> <li>• How are other survivors reacting?</li> </ul>

**Table 4: Major factors in survivor response**

Why do survivors react this way? At a conceptual level, this could be viewed in great part as coming from the change in the traditional, implied employment contract. In the minds of many employees, an entitlement tradition of employment has been implicitly assumed: *If I do my job reasonably well, I will continue to be employed.* In return for

this, the employee has loyalty to the firm. This traditional assumption is fundamentally challenged and changed by downsizing. Although survivors tend not to be blatant about their responses to downsizing, there is a shift in results, approach and attitude. Some of the ways that people respond include absenteeism, complaints, resistance - all indirect responses to the change.

## The Effectiveness of Downsizing

Out of a survey [Tomasko 92] of 1000 firms who instituted downsizing, there were a variety of original goals expressed by the firms as shown in the following table:

<b>goal</b>	<b>description</b>	<b>success rates</b>
expenses	90% of firms wanted to reduce expenses	less than 50%
productivity	75% of firms wanted to improve productivity	22%
financial	over 50% of firms wanted to improve financial results	less than 25%
bureaucracy	over 50% of firms wanted to reduce bureaucracy	15%

**Table 5: Downsizing goals and results**

The general sense from these results is that downsizing is not very effective. In this study, only 191 firms felt that they improved their competitive position by downsizing. Almost 800 of the firms in this study had to replace some laid-off employees, and 25% of the firms had to replace 10% or more.

In another survey [Brockner 92] of 1005 firms, 86% of the firms had down-sized in the previous 5 years. Out of those that had downsized, only 42% had eliminated work. As a result, employees worked more overtime. Many functions move to external (and higher priced) contractors. Although the information is anecdotal, the sense is that there can be a second wave of losing employees after the downsizing. This second wave leaves because of work-load, general stress, fear, et cetera.

Much of the literature focused on how companies could be more successful during a downsizing process. The recommendations dealt primarily with people management, communication, involvement in job restructuring and the overall downsizing process. These recommendations can be summarized as follows:

Downsizing process: Based on previous experiences, it is a mistake to link downsizing selection criteria with employee job performance. The new jobs should be clearly defined and well understood by the employees. Because of the reactions of employees, it is important to prepare supervisors for downsizing, particularly for dealing with survivors and their reactions to the layoff. One of the articles [Bridges 88] had a model for the keys to being effective at new beginnings which follow a down-sizing, recognizing that the downsizing is a classic transition. The key factors that management should pay attention to

include: communication, leadership, training, incentives and rituals (of transition and beginnings).

Communication recommendations: It has been shown that extensive downward communication in an organization helps a great deal during a downsizing program. The communication should be very open and honest - full disclosure of information builds trust. Because of the stresses between employees and management that downsizing causes, management should be approachable and available to discuss the process and its implications. Since the reason for downsizing is to change the organization, it is very important to communicate the intended improved business performance vision so that the employees can buy in to this vision. In terms of involvement and communication, one model of communication [Miller 92] lists the following steps: (1) No communication between employee and supervisor; (2) One-way communication from management to the employee; (3) Two-way communication between management and employee where management listens to the comments from the employee; and (4) Participative communication and involvement where the employee is involved with the process. The implication of this is that the more interactive the communication and the more involved the employees are, the better their response to downsizing.

People management: Managers need to recognize the grieving process. It is important that employees feel that they can mourn and work through their emotions. A layoff often triggers top performers in the organization to start looking for different jobs. It is important to talk to the 'stars' that are left in an organization in order to retain as many as possible. For top performers and the rest of the survivors, it is very important to develop a career plan so that they understand they have a future with the company. Morale will be low and will need to be rebuilt.

Involvement: Jobs change due to downsizing. The survivors will respond better if they are involved in restructuring their jobs and the environment.

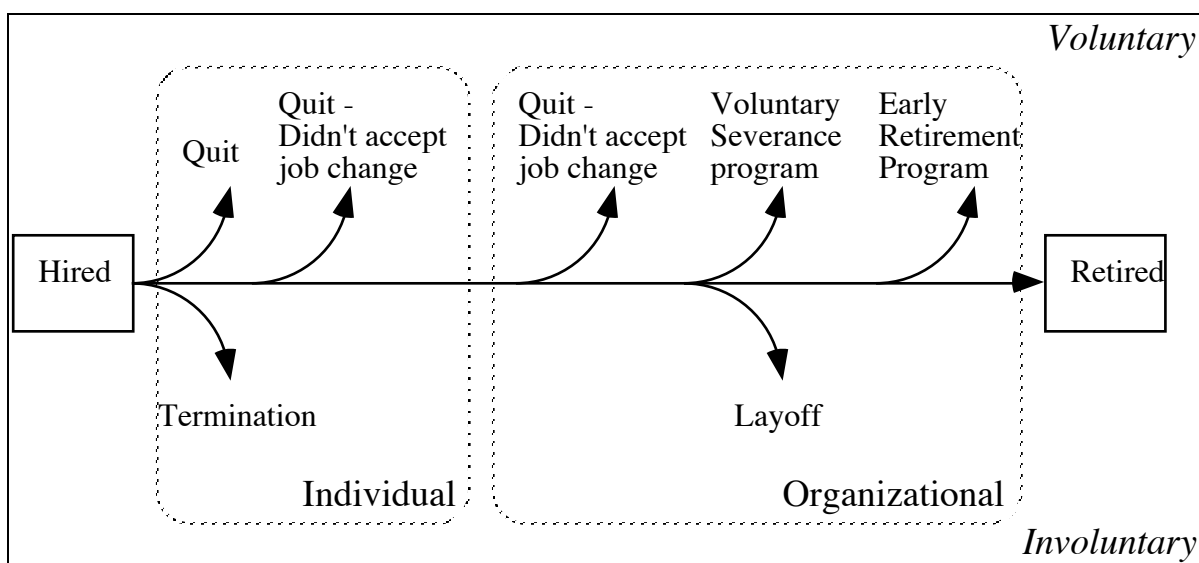
## Voluntary Severance Programs

Voluntary severance programs fit within a general model of disengagement. The major factors concerning the process of a person's disengagement from an organization are: (1) Is the disengagement voluntary or involuntary? (2) Is the disengagement occurring for just an individual, or is it part of a larger organizational program?

The major types of disengagement that are possible at Hewlett-Packard (where the research took place) are:

- An employee quits - of his or her own accord.
- An employee is fired.
- An employee quits because he or she is offered a job change and refuses the change.
- There is a job restructuring and the employee chooses not to accept the job change.
- The employee accepts a voluntary severance package.
- The employee is laid off. (Layoffs are possible at HP, but have not occurred.)
- The employee accepts early retirement.
- The employee retires.

This overall process of employee disengagement at Hewlett Packard is shown in the following figure:



**Figure 2: Employee disengagement process**

## HP Voluntary Severance Programs

Hewlett-Packard has offered its Voluntary Severance Incentive (VSI) program three times: 1986: This first voluntary severance program was targeted at manufacturing and other specific non-professional employees. The program provided six months' pay, plus one-half month's pay for each year of HP service to a maximum of 12 months' pay. 1991: This was the first program that targeted professionals. It provided for the same six months' pay, plus one-half month's pay for each year of HP service to a maximum of 12 months' pay. 1992: This program was essentially the same as the 1991 program. In the first two programs, the VSI program was coincident with an early retirement program called the Enhanced Early Retirement (EER) program.

Based on the earlier discussion in the literature, Hewlett-Packard falls into the categories of *preventionist* and *people pusher*. The early programs and the general approach to move people within the company is characteristic of a *preventionist*. When conditions can no longer support this approach, the company moves into a *people pusher* approach. Hewlett-Packard has been mentioned and praised for its efforts in trying to balance the needs of all parties involved [Francis 92]. The stated goals of the 1986 program show the intention to balance: (1) Consistency with Hewlett-Packard values; (2) Maximization of the ability to meet employee needs; (3) Cost effectiveness; and (4) Assurance that the actual work force demand and supply are consistent.

### The 1992 VSI Program

The most recent program was offered at the end of 1992. The intent was to encourage several thousand employees to leave the company voluntarily. The VSI program was offered to all of the company's U.S. locations and several of the company's foreign operations. The specific plans were based on local business conditions and government regulations.

All employees eligible for VSI were informed by their local management no later than November 9, 1992. While the general deadline for leaving HP under the program was January 15, 1993, a few exceptions were made for people to continue in their jobs until July 30, 1993 to finish assignments.

## Hypotheses

There are many studies of layoffs which have shown that the layoff is a transition - specifically a disengagement - for both the targeted employee and the surviving employee. The basic premise is that a voluntary severance mechanism is as much of a transition as is a layoff. The expectation is that the people who remain with a firm after a voluntary severance downsizing program react in many ways as do the survivors of non-voluntary downsizing (layoffs).

Previous work on layoff survivors has shown that layoff survivors feel disengagement emotions (anxiety, guilt, sadness, anger, relief, frustration, envy and fear). They also exhibit a drop in morale (as shown by an increase in disengagement from the organization) and an increase in stress. The hypotheses are that voluntary severance survivors will respond similarly in these areas of emotional response, disengagement and stress: Hypothesis 1: Voluntary downsizing survivors feel most of the emotions associated with layoff programs. Hypothesis 2: Voluntary downsizing survivors exhibit a drop in morale associated with the transition. Hypothesis 3: Voluntary downsizing survivors feel stress associated with the transition.

It has also been shown that layoff survivors respond differently to the layoff based on aspects of job restructuring, future job expectations and future layoff expectations. If a layoff survivor perceives that their job is restructured, they respond better to the layoff. If a layoff survivor feels there will be more downsizing or they have little future opportunities with the company, they respond less well to the layoff. The hypotheses are that voluntary severance survivors respond better if they feel their job had been restructured, if they feel they have a future and if there won't be further downsizing: Hypothesis 4: Voluntary downsizing survivors will respond to downsizing better if they perceive that their job is restructured because of the downsizing. Hypothesis 5: Voluntary downsizing survivors will respond to downsizing better if they believe that they have a future at the firm. Hypothesis 6: Voluntary downsizing survivors will respond poorly to downsizing if they believe that there will be more downsizing in the future.

These six hypotheses are based on the premise that survivors of voluntary severance programs will react similarly to survivors of layoffs. However, layoffs and voluntary severance programs are different, and there should be some reactions of survivors that are different. In a layoff program, survivors often feel guilt. The voluntary nature of voluntary severance programs implies that guilt should not occur. Hypothesis 7: Most voluntary downsizing survivors do not feel the guilt associated with layoff programs.

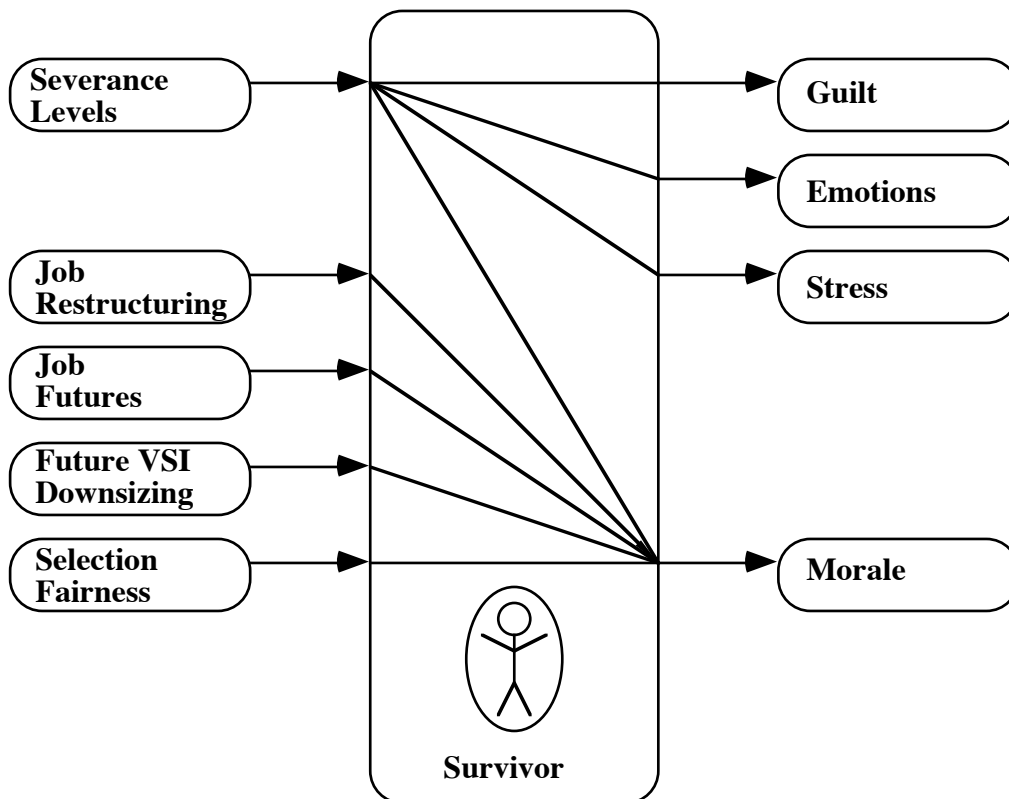
Another difference between voluntary and layoff downsizing has to do with the selection criteria for who leaves the firm. In a layoff, there is a poor reaction by survivors if they feel the selection criteria for layoffs is unfair. There is no direct corollary in a voluntary downsizing program, because the people who leave make the choice. (There is an assumption that the voluntary severance program was indeed perceived to be voluntary. This assumption will be tested in the instrument.) However, in voluntary downsizing, the company does make a choice about who is offered voluntary severance. The expectation is that voluntary severance survivors will respond poorly if this criteria for who is offered voluntary severance is viewed as being unfair: Hypothesis 8: The voluntary downsizing survivors will respond poorly if they perceive that the VSI job and organization selection criteria is unfair.



## Research Methodology

The basic approach used to establish the validity of the broad premises of this research is to compare the reactions of people who remain with a company after a voluntary severance program with the reactions of layoff survivors as documented in previous research. The methodology adopted to test the specific hypotheses involved the design and execution of a survey sent to a subset of survivors of a recent voluntary severance program. The survivors were in the eight different divisions of Hewlett-Packard in Fort Collins that were offered VSI during the 1992 VSI program.

From the hypotheses previously discussed, a general survivor model can be developed. This model shows the relationship between the independent variables (on the left) and dependent variables (on the right).



**Figure 3: Survivor reaction model**

The questions on the survey are designed to test these hypotheses by collecting information relating to the independent and dependent variables: Severance levels

relate to the number of people who took voluntary severance and left a survivor's organization. Job restructuring deals with if and how the survivor perceives that his or her job was restructured. The job futures relate to the survivor's perception of his or her future career opportunities. The future VSI downsizing relates to the survivor's perception of probable future downsizing. The selection fairness is the survivor's perception of fairness about who was offered VSI. Guilt and stress are simply the survivor's perception of these reactions after the VSI program. Emotion is a calculated average of the emotion level felt by the survivor. The morale response is based on the level of disengagement from the organization. (Refer to the information in *Appendix - Research Instrument Design* .)

After the initial development of the survey form, a pre-test was given to 3 volunteers. The subjects were a male engineer, a female engineer and a female secretary. This pre-test helped in the wording of several questions and for estimates of the time required to complete the survey. The survey was also evaluated by a site personnel representative. Most of the questions associated with the hypotheses were developed using 5-point scales. (Refer to the information in *Appendix - Research Instrument* and *Appendix - Research Instrument Design* .)

Approximately 50 returned surveys were desired for analysis. In the eight divisions, there were approximately 1000 people who had been involved in some fashion with the 1992 voluntary severance program. A 20-30% response rate was expected, so the survey was sent to just over 200 people. To insure a random sample, the HP Fort Collins site personnel selected the participants at random based on the digits of the participant's employee number.

## Research Results and Analysis

The survey was sent out in the middle of April 1993 with a request that it be returned by May 5th. There were 113 completed surveys returned - a 54% response rate. Most of the surveys were returned within a few days of the due date, but a few came in over the course of the subsequent month. Surveys were accepted until June 10th.

The surveys returned had no multiple checks on any question. There were some unfilled questions. In those cases, no attempt was made to determine an answer or to mark a 'middle' response (such as *don't know* or *not sure*). Unfilled questions were marked as null answers and were included as often as possible in the analysis. However, in the correlation analyses, some of these surveys were removed because these responses were directly related to the variables in question.

The data was, in most cases, analyzed using least-squares correlation. The validity of a hypothesis is based on the likelihood that the correlation does exist based on a test of confidence. The null hypothesis for the various hypotheses is that there is no correlation ( $\rho=0$ ) between the variables. The alternate hypothesis is that there is a correlation ( $\rho\neq 0$ ) between the variables. The acceptance criteria is based on a two-tailed test for significance. (Refer to the *Appendix - Statistical Analysis Information* for additional information.)

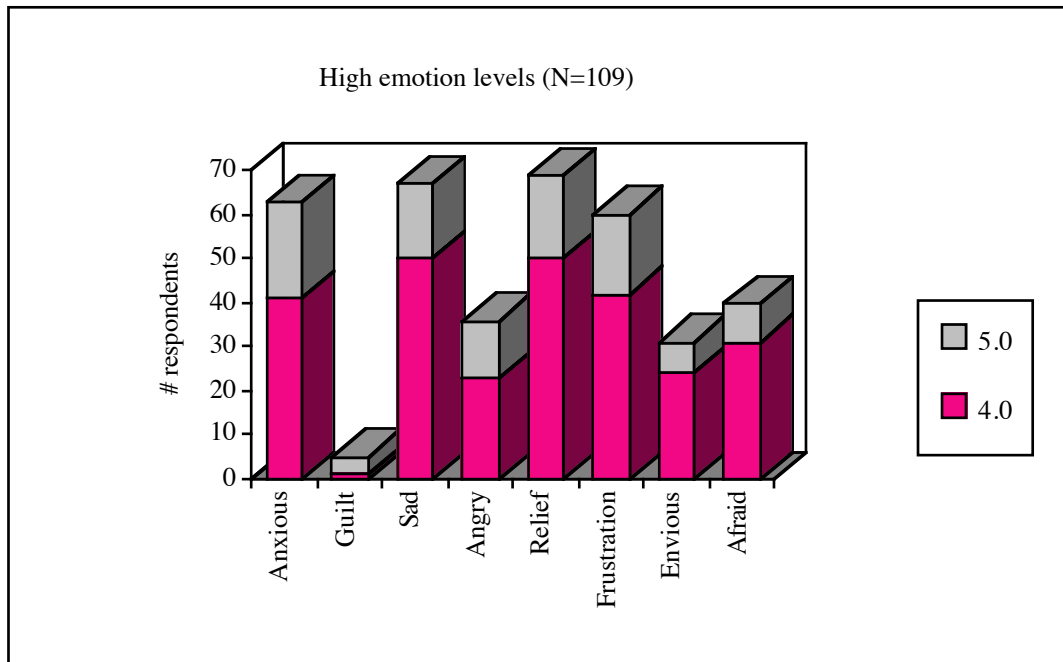
## Hypothesis 1 - Disengagement Emotions

Layoff survivors feel disengagement emotions (anxiety, guilt, sadness, anger, relief, frustration, envy and fear). The premise is that voluntary severance survivors will respond similarly in the areas of emotional response:

Hypothesis	Independent variable	Dependent variable
• Voluntary downsizing survivors feel most of the emotions associated with layoff programs.	• <u>severance levels</u>	• <u>level of emotion</u>

**Table 6: Hypothesis 1**

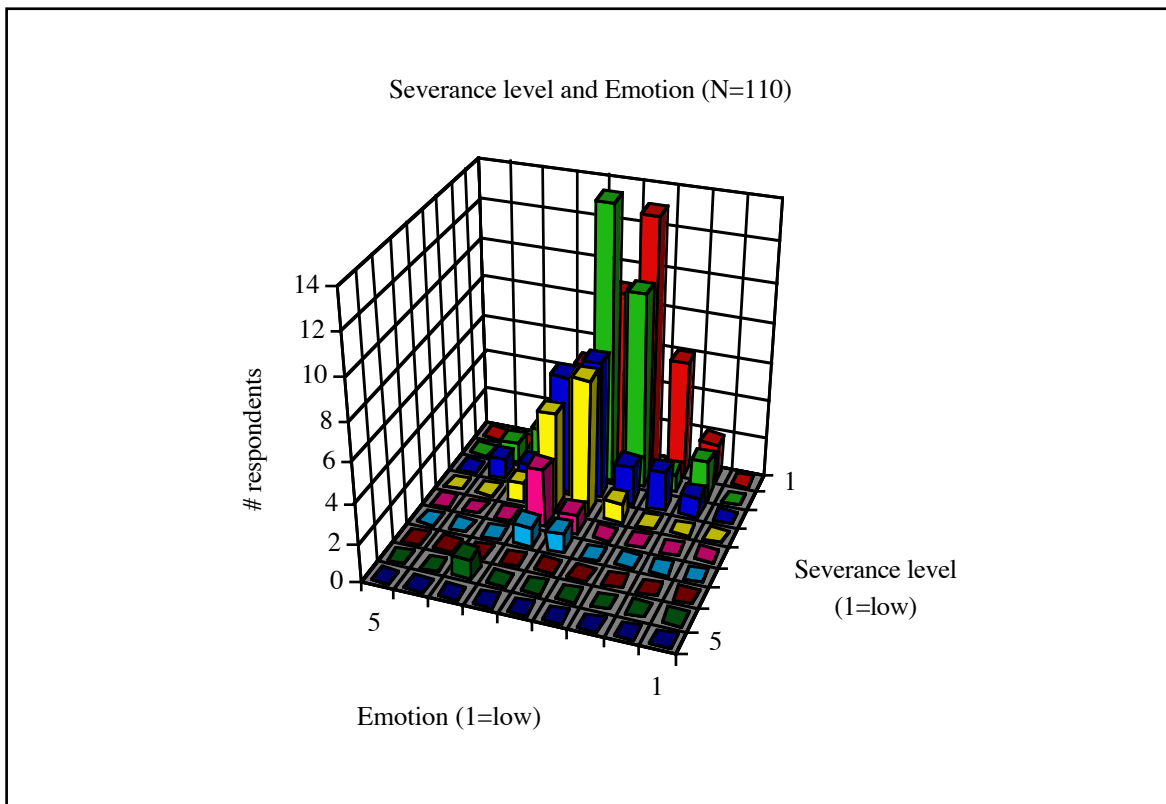
One way to look at this hypothesis is to look at the number of responses that showed high emotion levels. High emotion levels are those where the respondent was either agreeing or strongly agreeing that they had felt the emotion. The following histogram shows a fairly high level of response for most of the emotions. The number of '5' responses correspond to a respondent *strongly agreeing* that they felt the emotion. The number of '4' responses are for an *agreeing* response.



**Figure 4: High emotion responses**

From this, a large number (over 50%) of the respondents felt anxious, sad, relieved and frustrated. There were lower numbers of people who felt anger, fear and envy. The low level of guilt will be discussed in the section on hypothesis 7.

This hypothesis is based on the assumption that voluntary severance survivors react as layoff survivors and experience the emotions associated with transition. So, as the number of employees taking voluntary severance increases, there should be an increase in survivors' emotion levels. A histogram shows there is some relationship:



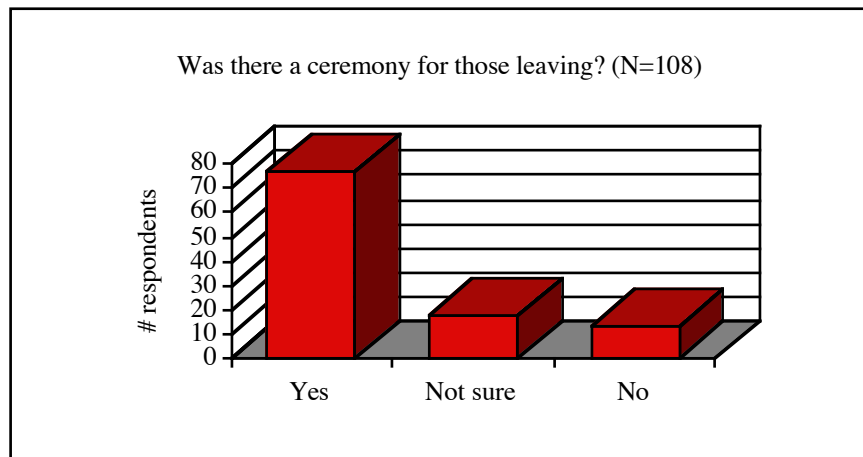
**Figure 5: Organization involvement correlation with emotion**

The height of the bars indicates the number of survivors at various combinations of severance levels and emotion levels. The clustering of bars at the back of the histogram show that most people were in organizations with lower numbers of people leaving. The trend which is shown in this diagram shows that there is a clustering towards the low severance levels and low emotion levels (the back right of the chart). As the number of people leaving increases, the emotion level rises. This can be seen in the (shorter) bars at the left and front of the chart.

The data was analyzed for correlation using the least-squares method. The analysis showed a .43 correlation (on a scale of -1 to +1). The research hypothesis states that as the severance levels rise, so does the emotion of the survivor. The null hypothesis is that there is no correlation between severance levels and the emotion response. This null hypothesis is rejected and the research hypothesis is accepted. The correlation is significant with a calculated significance level of .001.

The implication of this emotion level and response is that management needs to be prepared for this survivor reaction. It does not matter that the program is voluntary, people will go through the grieving process. In particular, it is important for management to support ceremonies or rituals. Often, ceremonies are needed for both the end of the old environment and the beginning of the new environment. The closing ceremony gives a channel for the survivors to say good-bye to friends and employees who are leaving. Although many professionals may view the ceremony with a certain disdain, it is a very effective mechanism for letting survivors express their emotions.

Most people recognized that some kind of ceremony or event for the people leaving had occurred:



**Figure 6: Ceremony responses**

However, one respondent wrote on the survey: "*There was a sitewide party, but no personal parties within our dept.*". Because of the number of people at the geographic site, the large ceremony may not be as effective as smaller department or division parties.

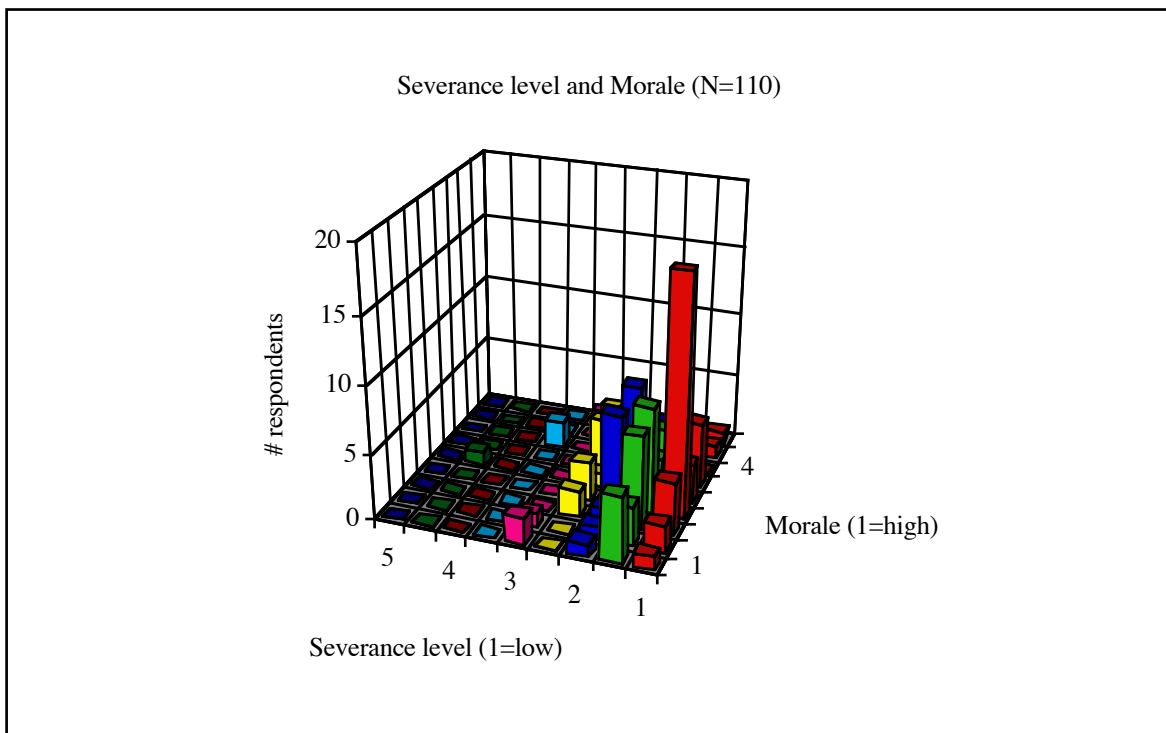
## Hypothesis 2 - Morale

Layoff survivors exhibit a drop in morale (as shown by an increase in disengagement from the organization). The hypothesis is that voluntary severance survivors will respond similarly in the area of morale:

Hypothesis	Independent variable	Dependent variable
• Voluntary downsizing survivors exhibit a drop in morale associated with the transition.	• <u>severance levels</u>	• <u>morale</u>

**Table 7: Hypothesis 2**

As the severance levels increases, there should be an decrease in the level of morale.



**Figure 7: Organization involvement correlation with morale**

The height of the bars indicates the number of survivors at various combinations of severance levels and morale levels. The clustering of bars at the right of the histogram show again that most people were in organizations with lower numbers of people leaving. The trend which is shown in this diagram shows that there is a clustering towards the low

severance levels and moderate morale levels (the right center of the chart). As the number of people leaving increases (toward the left), the morale should decrease. This is not particularly visible in the chart.

The data was analyzed for correlation using the least-squares method. The analysis showed a .17 correlation (on a scale of -1 to +1). The null hypothesis is that there is no correlation between severance levels and morale (i.e. disengagement). This null hypothesis is not rejected and the research hypothesis is not accepted. Although there is a trend, the correlation is not significant with a calculated significance level of .10. It is not proven that as the severance levels rise the morale (i.e. disengagement) of the survivor drops.



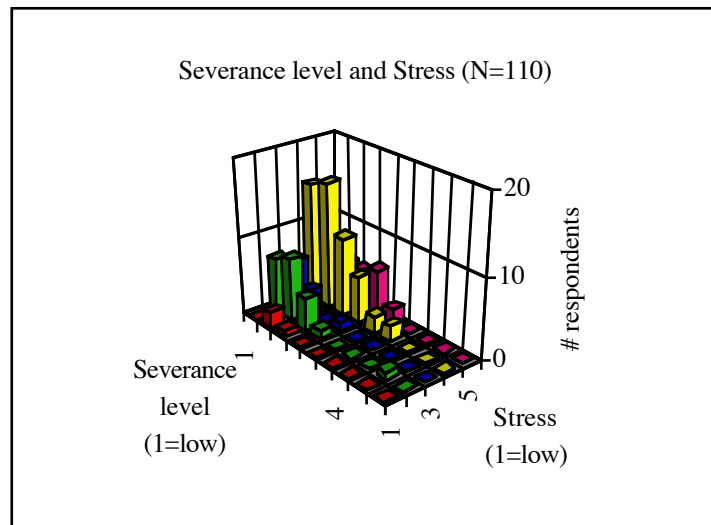
### Hypothesis 3 - Stress

Layoff survivors exhibit an increase in stress. The hypothesis is that voluntary severance survivors will respond similarly in the area of stress:

<b>Hypothesis</b>	<b>Independent variable</b>	<b>Dependent variable</b>
• Voluntary downsizing survivors feel stress associated with the transition.	• <u>severance levels</u>	• <u>stress level</u>

**Table 8: Hypothesis 3**

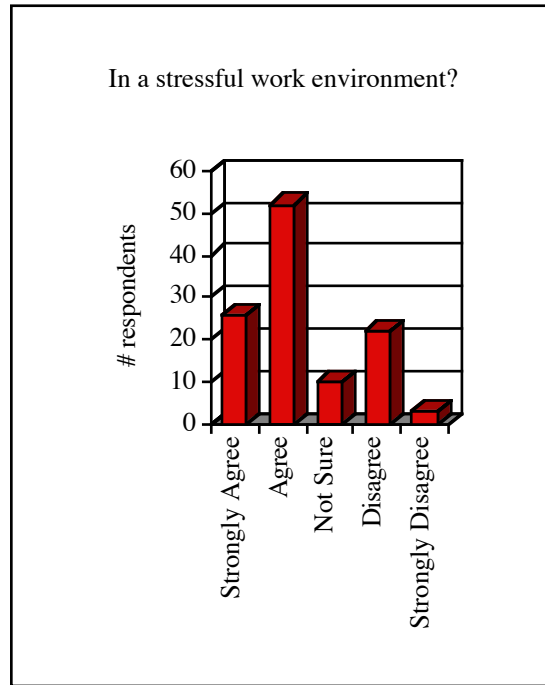
As the severance levels increases, there should be an increase in the level of stress. A histogram does not show a clear relationship:



**Figure 8: Organization involvement correlation with stress**

The data was analyzed for correlation using the least-squares method. The analysis showed a .12 correlation (on a scale of -1 to +1). The null hypothesis is that there is no correlation between severance levels and the stress. This null hypothesis is not rejected and the research hypothesis is not accepted. Based on the data, there does not appear to be even a trend.

There appears to be a relatively high level of stress in the workplace. The general perception of stress can be seen in the following figure:



**Figure 9: Stress level**

The stress is almost certainly caused by a variety of factors from the work environment and from the employee's personal life. This may mask some of the relationships and effects of voluntary downsizing. As an example, one of the respondents added the following comment associated with stress: "*Not so much the work but other factors*". One possibility is that there may be a general impact of downsizing in a geographic location on a survivor's stress. For example, a survivor has friends in other divisions who leave or are affected by VSI. The VSI downsizing elsewhere in the general geographic site could raise the survivor's stress level within an otherwise unaffected division.

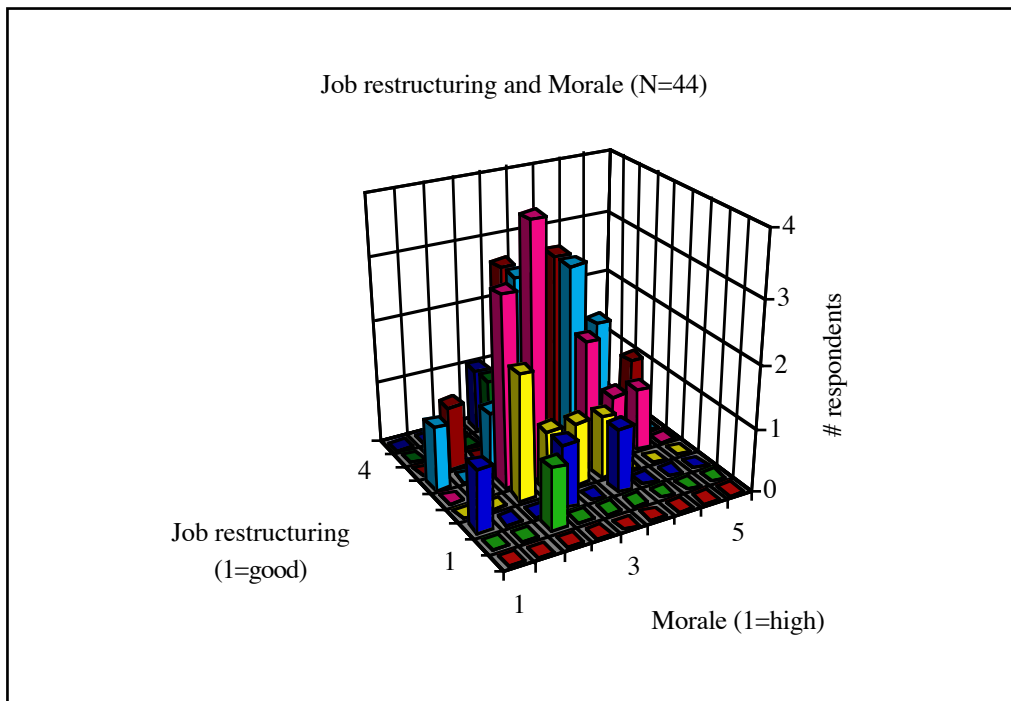
## Hypothesis 4 - Job Restructuring

It has been shown that layoff survivors respond differently to the layoff based on their perception of job restructuring. If a layoff survivor perceives that their job is restructured, they will respond better to a layoff. The hypothesis is that voluntary severance survivors will respond similarly:

Hypothesis	Independent variable	Dependent variable
<ul style="list-style-type: none"> <li>Voluntary downsizing survivors will respond to downsizing better if they perceive that their job is restructured because of the downsizing.</li> </ul>	<ul style="list-style-type: none"> <li>perception of restructuring</li> </ul>	<ul style="list-style-type: none"> <li>morale</li> </ul>

**Table 9: Hypothesis 4**

This hypothesis is based on the characteristic of survivors responding well when their organization tries to effectively deal with the change in work load. So, as the perception of job restructuring improves (a good job of dealing with the change), there should be an increase in the level of morale. A histogram does show a relationship:



**Figure 10: Job restructuring correlation with morale**

The height of the bars indicates the number of survivors at various combinations of perception of job restructuring and morale levels. The clustering of bars moves from a poor perception of restructuring with low morale (at the right rear of the chart) toward a good perception of restructuring with high morale (at the front left of the chart).

The data was analyzed for correlation using the least-squares method. The analysis showed a .31 correlation (on a scale of -1 to +1). The null hypothesis is that there is no correlation between perception of job restructuring and morale (i.e. disengagement). This null hypothesis is rejected and the research hypothesis is accepted. The correlation is significant with a calculated significance level of .05. The research hypothesis states that as the perception of restructuring improves, the level of morale increases.

The literature predicts that if an organization makes solid efforts to deal with the change of jobs, the survivors respond well. This can be seen in correlations between perception of job restructuring and stress, disengagement, fairness and job futures. So, as the survivor's perception of job restructuring improves then the stress and disengagement levels go down. Also, as the survivor's perception of job restructuring improves then the perception of job futures and fairness improve. (Refer to the information in *Appendix - Research Instrument Summary Data* .) The impact is that there are additional benefits from paying attention to the survivor's job.

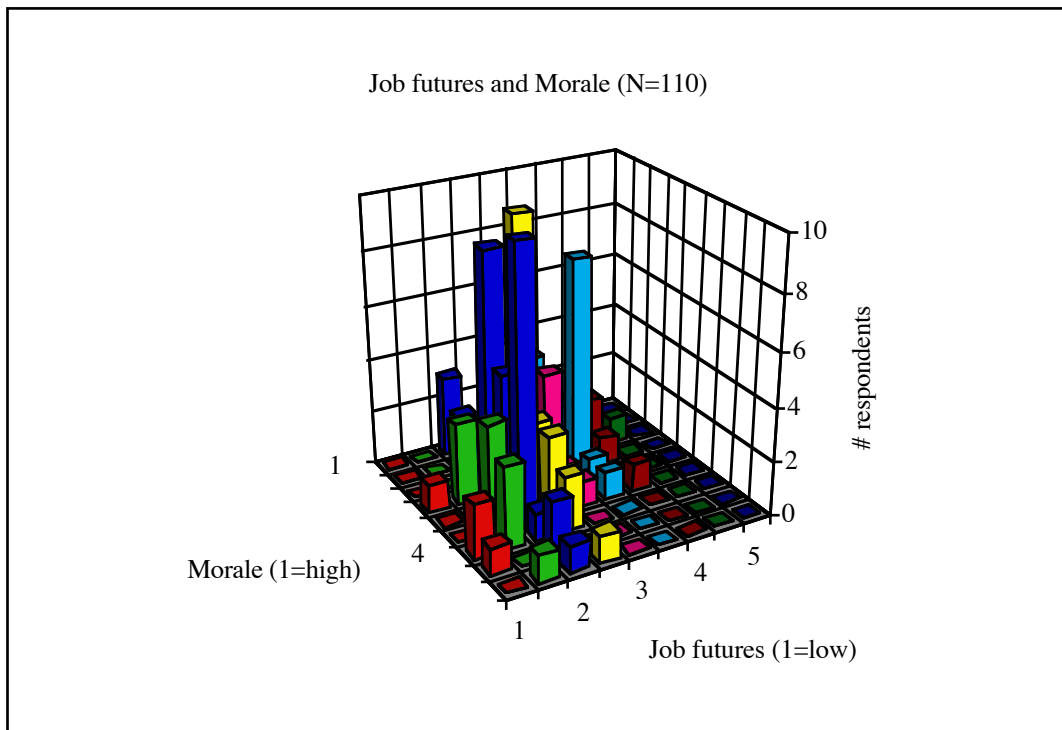
## Hypothesis 5 - Job Futures

Layoff survivors respond differently to the layoff based on perceptions of future job expectations. If a layoff survivor feels they have little future opportunities with the company, they respond less well to the layoff. The hypothesis is that voluntary severance survivors will respond similarly:

Hypothesis	Independent variable	Dependent variable
<ul style="list-style-type: none"> <li>Voluntary downsizing survivors will respond to downsizing better if they believe that they have a future at the firm.</li> </ul>	<ul style="list-style-type: none"> <li>job futures</li> </ul>	<ul style="list-style-type: none"> <li>morale</li> </ul>

**Table 10: Hypothesis 5**

So, as the perception of a job future improves (promotion, career and security), there should be an increase in the level of morale. A histogram does show a relationship:



**Figure 11: Job futures correlation with morale**

The data was analyzed for correlation using the least-squares method. The analysis showed a  $-0.46$  correlation (on a scale of  $-1$  to  $+1$ ). The research hypothesis states that as

the perception of job futures improves, the level of morale increases. The null hypothesis is that there is no correlation between perception of future job opportunity and morale (i.e. disengagement). This null hypothesis is rejected and the research hypothesis is accepted. The correlation is significant with a calculated significance level of .001.

There were quite a few people who did not feel secure in their job. One respondent stated a common theme in the current work environment: "*No job is secure!*". Another respondent stated: "*being an employee -> secure, Having the same job - insecure*". This comment leads to some potential variations in future research on job futures characteristics: (1) job type (doing the same function); (2) job level (being at the same pay level); (3) geographic location (being in the same part of the country); (4) product (working on the same end-product); and (5) organization (being in the same division).

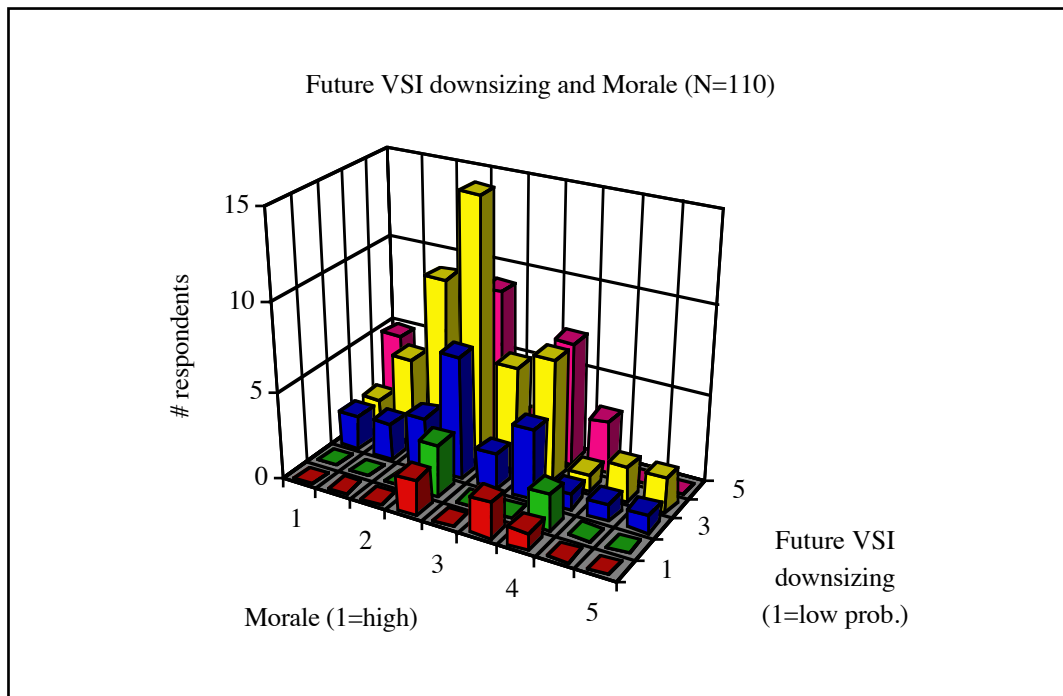
## Hypothesis 6 - Future VSI Downsizing

Layoff survivors respond differently to the layoff based on perceptions of future layoff expectations. If a layoff survivor feels there will be more downsizing, they respond less well to the layoff. The hypothesis is that voluntary severance survivors will respond similarly:

Hypothesis	Independent variable	Dependent variable
<ul style="list-style-type: none"> <li>Voluntary downsizing survivors will respond poorly to downsizing if they believe that there will be more downsizing in the future.</li> </ul>	<ul style="list-style-type: none"> <li>future VSI downsizing</li> </ul>	<ul style="list-style-type: none"> <li>morale</li> </ul>

**Table 11: Hypothesis 6**

This hypothesis is based on the characteristic of survivors responding poorly when they feel there will be another round of downsizing (VSI). So, as the expectation of more VSI increases, there should be an decrease in the level of morale. A histogram does not show much of a relationship:



**Figure 12: Future VSI downsizing correlation with morale**

The data was analyzed for correlation using the least-squares method. The analysis showed a -.13 correlation (on a scale of -1 to +1). The null hypothesis is that there is no correlation between perception of future VSI offerings and morale (i.e. disengagement). This null hypothesis is not rejected and the research hypothesis is not accepted. Although there is a trend, the correlation is not significant with a calculated significance level of .20. It is not clear that as the perception of future VSI rises the morale (i.e. disengagement) of the survivors drops.

The original intention was to include questions about both VSI (voluntary) and layoff (involuntary) downsizing occurring in the future. However, the personnel department expressed concern about the survey (which would be perceived as being officially sanctioned) raising concern in employees' minds about possible layoffs. And, in fact, this is a valid concern as shown in the following comment from a respondent: "*I do expect lay-offs come fall.*". Support of the personnel department was important and valuable, so the question was removed. However, the research work on downsizing still indicates that as survivors' expectations of future layoffs increase, their morale will drop.



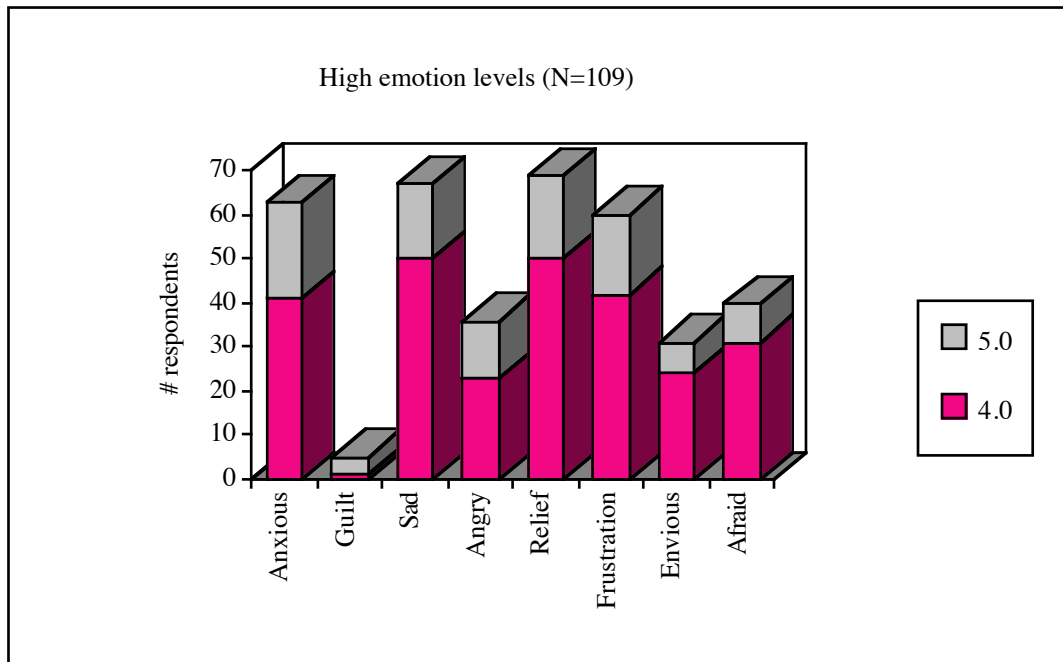
## Hypothesis 7 - Guilt

In a layoff program, survivors often feel guilt. The voluntary nature of voluntary severance programs imply that guilt should not occur:

Hypothesis	Independent variable	Dependent variable
• Most Voluntary downsizing survivors do not feel the guilt associated with layoff programs.	• <u>level of emotions</u>	• <u>level of guilt</u>

**Table 12: Hypothesis 7**

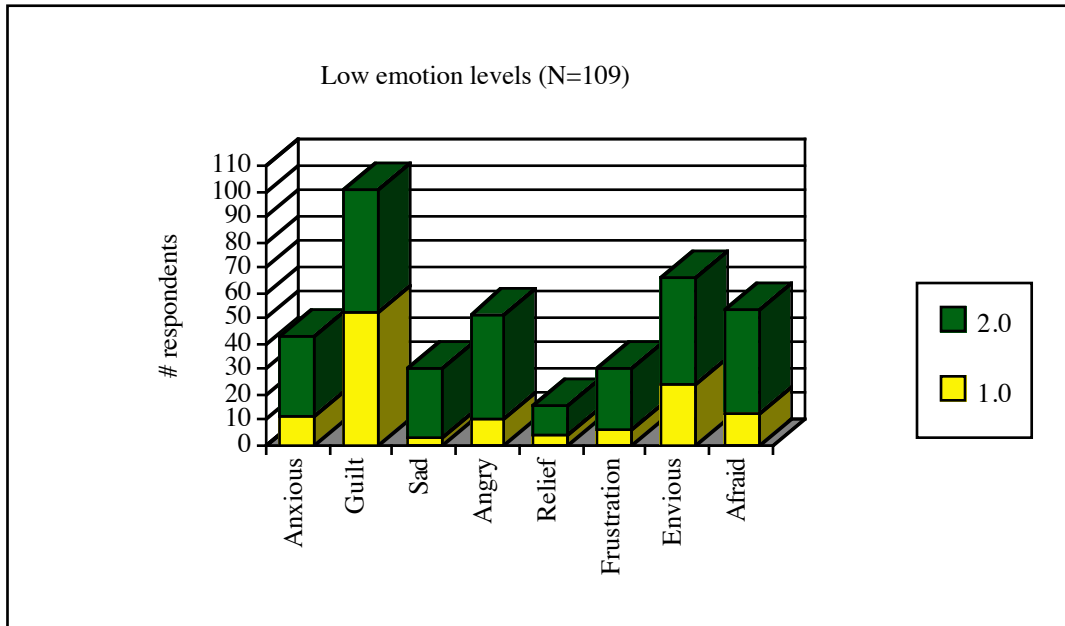
The number of people who felt guilty (high emotion levels) is very low. The previously shown histogram has a high level of response for most of the emotions, except for guilt. The number of '5' responses correspond to a respondent *strongly agreeing* that they felt the emotion. The number of '4' responses are for an *agreeing* response.



**Figure 13: High emotion responses**

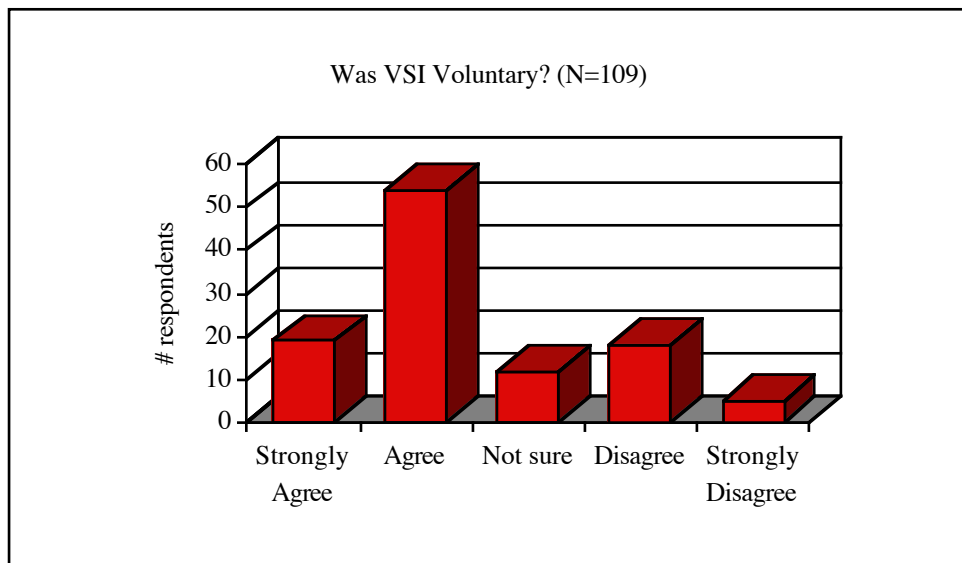
However, just because they did not respond with high emotion levels on guilt is not sufficient. It is necessary to look at the low emotion levels associated with guilt. The following chart shows a large number of low emotion response for guilt (i.e. people did

not feel guilty). The '1' responses correspond to a respondent *strongly disagreeing* that they felt the emotion. The '2' responses correspond to a *disagreeing* response.



**Figure 14: Low emotion responses**

This hypothesis is a descriptive hypothesis and the data was not analyzed for correlation. However, it is clear from the survey responses that the survivor feels little, if any, guilt. One of the assumptions about survivors not feeling guilty is that the program was indeed voluntary. In general, people felt it was voluntary:



**Figure 15: Voluntary nature of VSI responses**

Even though most survivors felt the program was voluntary, a significant number felt that it wasn't. There were a few comments on the surveys indicating why survivors felt this way: *"I believe there WAS some pressure put on some individuals (sic) to take VSI or retirement - not only this time but the other time, also."* One of the comments had to do with the 'rumor-mill': *"Rumor had it that a number of people were 'encouraged' to take VSI."* This comment shows the importance of open and frequent communication.

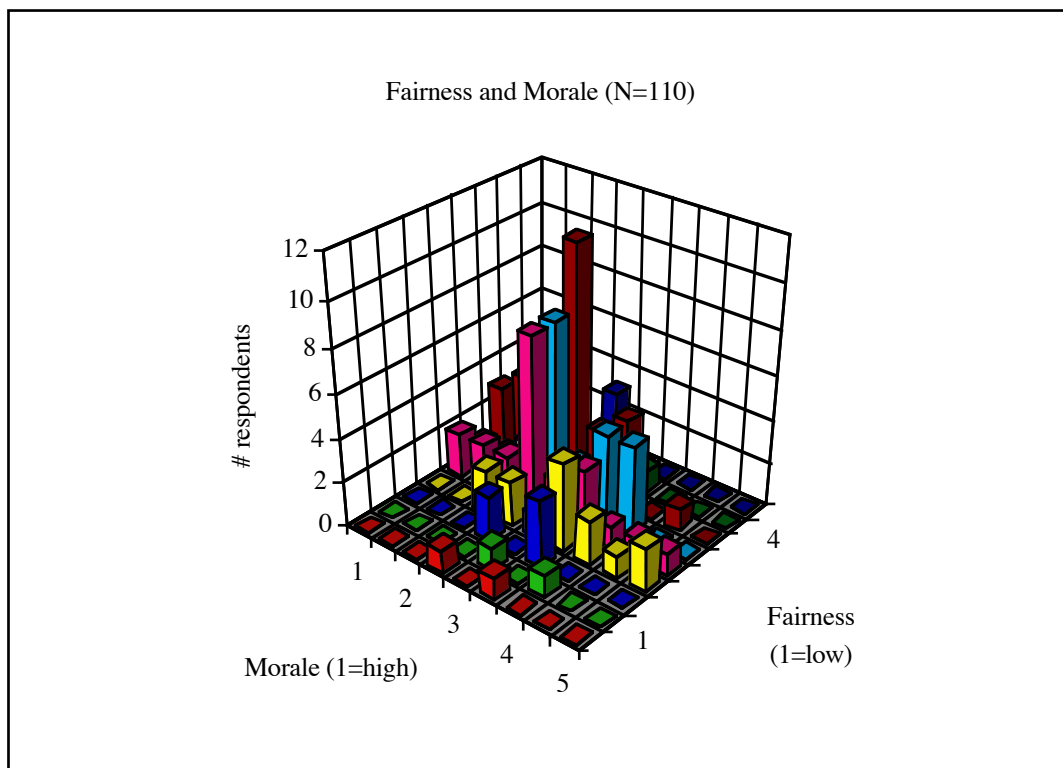
## Hypothesis 8 - Fairness

In a layoff, there is a poor reaction by survivors if they feel the selection criteria for layoffs is unfair. There is no direct corollary in a voluntary downsizing program, because the people who leave make the choice. However, in voluntary downsizing, the company makes the choice about who is offered voluntary severance. The expectation is that voluntary severance survivors will respond poorly if the criteria for who is offered voluntary severance is perceived as unfair:

Hypothesis	Independent variable	Dependent variable
<ul style="list-style-type: none"> <li>The voluntary downsizing survivors will respond poorly if they perceive that the VSI job and organization selection criteria is unfair.</li> </ul>	<ul style="list-style-type: none"> <li>perception of fairness</li> </ul>	<ul style="list-style-type: none"> <li>morale</li> </ul>

**Table 13: Hypothesis 8**

So, as the perception of fairness associated with VSI increases, there should be an increase in the level of morale. A histogram shows a relationship:



### **Figure 16: Selection fairness correlation with morale**

The data was analyzed for correlation using the least-squares method. The analysis showed a  $-.37$  correlation (on a scale of  $-1$  to  $+1$ ). The research hypothesis states that as the perception of fairness about who is offered VSI improves, the level of morale increases. The null hypothesis is that there is no correlation between perception of fairness and morale (i.e. disengagement). This null hypothesis is rejected and the research hypothesis is accepted. The correlation is significant with a calculated significance level of  $.001$ .

The area of fairness generated a great number of comments from the respondents. There is a lot of emotion concerning who was and was not offered VSI. Some of the comments are:

*"Not fair in '92. Was more fair in '91. Individual departments did not blow their caps for their own security. This was not good overall for CSO. Also, why were Viper level programmers and engineers, as well as many managers not elegable (sic)? This makes the 'common worker' or those on lower pay scales feel not as important, or valuable. i.e. 'special' people weren't protected. If VSI is offered, it should be offered across the board."*

*"My anger about the VSI program related to the very low cap in my group and the very short time I had to decide between VSI and a new position in HP ... your questionnaire (sic) did not allow me to expres (sic) that."*

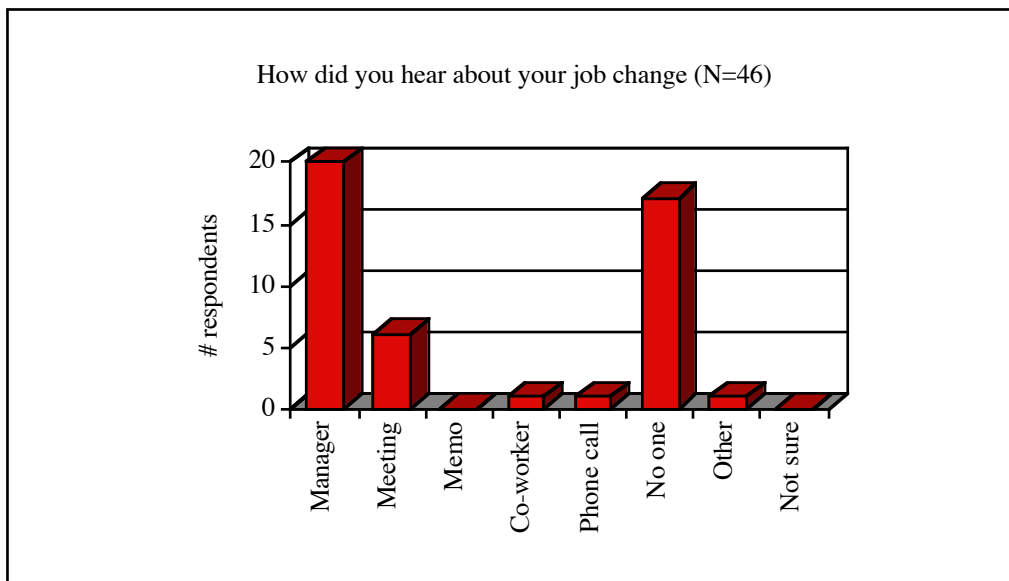
The "caps" referred to in the comments refer to the limited number of VSI openings in several of the participating divisions. Part of the emotion comes from some divisions "blowing" (i.e. removing) these limits while other divisions kept the limits. This was often seen as unfair. The removal of limits was generally left to the discretion of the division general manager. Based on the previous layoff research, a few key problems are illustrated here: (1) A lack of clear communication about the limit-removal process; and (2) Different approaches used in different divisions. The divisions are in different businesses and may have different needs. However, communication needs to be much clearer about this process.

## Issues and Observations in the Analysis of Data

At the outset of the research, a composite level of involvement was used for an independent variable for various hypotheses by averaging personal involvement ('were you offered VSI?') and severance levels ('how much of your organization left?'). There was some relationship and correlation between severance levels and personal involvement. However, they correlated with other variables very differently in several cases. So, it was felt that they should not be combined and severance levels was used as the primary variable. In general, severance levels was a much better predictor of the various survivor responses.

The survey included a question about developing new job skills. Some people responded (with additional comments) that they always work to develop new skills. The survey did not specifically differentiate between normal skill development and working to develop new job skills due to concerns about future downsizing. Because of this, question 36 was removed from the calculation associated with the level of disengagement.

There is an interesting effect dealing with job restructuring. The following histogram shows how the 46 people whose jobs changed were informed about the change:



**Figure 17: Mechanism used to communicate job change responses**

Nearly two-thirds of the survivors received some attention or interaction involving the job change. However, over one third of the survivors received no attention or interaction regarding the job change - they figured it out on their own. This indicates that there is a lack of understanding on the part of many managers that if voluntary severance triggers a job change for survivors, then management attention to job redefinition is necessary.

There is also an interesting effect between the level of personal involvement (if someone was offered VSI) and stress level. The expectation was that as personal involvement and severance levels increased, there would be an increase in stress. These factors did not turn out to be statistically significant. The interesting aspect is that there is an inverse correlation with personal involvement. A person who was offered VSI had a slightly lower level of stress: if you are offered VSI, you have a sense of control over your life.

## Conclusions and Recommendations

The expectation is that the people who remain with a firm after a voluntary severance downsizing program react in many ways as the survivors of layoffs. Layoff survivors feel disengagement emotions (anxiety, guilt, sadness, anger, relief, frustration, envy and fear). They also exhibit a drop in morale (as shown by an increase in disengagement from the organization) and an increase in stress. The first three hypotheses are based on the expectation that voluntary severance survivors will respond similarly in these areas of emotional response, disengagement and stress. Layoff survivors responses to the layoff are based on aspects of job restructuring, future job expectations and future layoff expectations. The next three hypotheses state that voluntary severance survivors would respond better if they felt their job had been restructured, if they felt they had a future with the company and if they felt there wouldn't be further downsizing. The results of testing these hypotheses are:

	<b>Hypothesis</b>	<b>Results</b>	<b>Significance</b>
1	Voluntary downsizing survivors feel most of the emotions associated with layoff programs.	<b>accepted</b>	<b>&lt;.001 **</b>
2	Voluntary downsizing survivors exhibit a drop in morale associated with the transition.	<b>rejected</b>	<b>&lt;.10</b>
3	Voluntary downsizing survivors feel stress associated with the transition.	<b>rejected</b>	<b>&lt;.50</b>
4	Voluntary downsizing survivors will respond to downsizing better if they perceive that their job is restructured because of the downsizing.	<b>accepted</b>	<b>&lt;.05 **</b>
5	Voluntary downsizing survivors will respond to downsizing better if they believe that they have a future at the firm.	<b>accepted</b>	<b>&lt;.001 **</b>
6	Voluntary downsizing survivors will respond poorly to downsizing if they believe that there will be more downsizing (VSI) in the future.	<b>rejected</b>	<b>&lt;.20</b>

**Table 14: Results of hypotheses for similar reactions**

The responses to job restructuring and future job opportunities are similar between layoff and voluntary downsizing survivors. Also, the emotion response is significantly similar between layoff and voluntary downsizing survivors. Although only half of the hypotheses are found statistically significant, they do show that in many ways people in voluntary downsizing situations respond similarly to layoff survivors.



As mentioned, there are differences between voluntary and layoff programs. The last two hypotheses dealt with aspects specifically related to the voluntary severance situation. In a layoff program, survivors often feel guilt. The expectation is that voluntary severance survivors will not feel the guilt associated with the downsizing. In a layoff, there is a poor reaction by survivors if they feel the selection criteria for layoffs is unfair. However, in voluntary downsizing, the company makes a choice about who is offered voluntary severance. The expectation is that voluntary severance survivors will respond poorly if this selection criteria is perceived as unfair.

	<b>Hypothesis</b>	<b>Results</b>	<b>Significance</b>
7	Most voluntary downsizing survivors do not feel the guilt associated with layoff programs.	<b>accepted</b>	not applicable
8	The voluntary downsizing survivors will respond poorly if they perceive that the VSI job and organization selection criteria is unfair.	<b>accepted</b>	<b>&lt;.001 **</b>

**Table 15: Results of voluntary severance-specific hypotheses**

As expected, voluntary downsizing survivors do not feel the guilt experienced by layoff survivors. Also as expected, the perception of an unfair selection criteria for who is offered voluntary severance causes disengagement in the survivors. Although the specific issue is different, this is very similar to the perception of unfairness in layoff selection.

Based on several survey comments, it would be interesting to analyze the impact of an employee's ability to *request* voluntary severance. The expectation is that an inability to request voluntary severance will have some impact on survivor responses to stress, morale (i.e. disengagement) and emotion levels.

The respondent's productivity characteristics were not analyzed. A reduction in productivity is one of the normal aspects of downsizing. This useful information could be collected from a variety of sources: the subject, their manager, time sheets (for vacation time and sick leave) and peers.

The survey did not provide information on job type - whether the respondent is a manager or individual contributor. (*Individual contributor* is the HP term applied to a

non-managerial employee.) There may be some correlation between the survivor reactions and the survivor's level in the organization.

The survey targeted eight divisions at the Fort Collins site. There may be some effects associated with geography. As such, a comparative study of other sites could be useful. Some of the possible effects have to do with local site cultures, desire to stay within the geographic community, availability of jobs in the region, et cetera.

Overall, the research supports the broad expectation that voluntary severance program survivors react in many ways as survivors of layoffs. This is not good or bad, merely a recognition that even a voluntary program causes the people left behind to deal with the change and transition - they are survivors. Voluntary programs are a useful part of an organization's set of tools to deal with the changing needs of the business environment. However, more attention needs to be paid to the transition aspects of voluntary severance programs as part of the continuous transformation of people and organizations.

## Appendix - References

- Balkin 92 "Managing Employee Separations with the Reward System" by David B. Balkin. Academy of Management Executives. November 1992. Pages 64-71.
- Bredin 88 "Surviving survivors' syndrome. (downsizing companies)" by James Bredin. Industry Week. October 17, 1988. Volume 237 number 8. Pages 54-55.
- Bridges 88 Surviving Corporate Transition by Dr. William Bridges. William Bridges and Associates. 1988.
- Brockner 86 "The impact of layoffs on the survivors" by Joel Brockner. Supervisory Management. February 1986. Volume 31 number 2. Pages 2-7.
- Brockner 88 "Predictors of Survivors' Job Involvement Following Layoffs: A Field Study" by Joel Brockner, Steven L. Grover and Mauritz D. Blonder. Journal of Applied Psychology. August 1988. Volume 23 number 3. Pages 436-442.
- Brockner 92 "Managing the Effects of Layoffs on Survivors" by Joel Brockner. California Management Review. Winter 1992. Volume 34 number 2. Pages 9-28.
- Chinnici 89 "How Layoffs Affect Survivors" by Madeline Chinnici. Psychology Today. October 1989. Volume 23 number 10. Page 20.
- Daste 92 "Surviving Corporate Downsizing" by Conchita Daste. Human Resource Professional. Winter 1992. Volume 4 number 2. Pages 29-32.
- Davy 91 "Developing and Testing a Model of Survivor Responses to Layoffs" by Jeanette A. Davy, Angelo J. Kinicki and Christine L. Scheck. Journal of Vocational Behavior. June 1991. Volume 38 number 3. Pages 302-317.
- Dichter 91 "Learning to Manage Reductions-in-Force" by Mark S. Dichter and Mark A. Trank. Management Review. March 1991. Volume 80 number 3. Pages 40-43
- Emory 91 Business Research Methods by C. William Emory and Donald R. Cooper. Fourth edition. Richard D. Irwin, Inc. 1991. ISBN 0-256-09265-6.
- Fegley 92 "Warning: Layoffs Hazardous to Corporate Health!" by Harry S. Fegley. Manage. September 1992. Volume 44 number 1. Pages 4-7.

- Francis 92 "HR Balancing: Alternative Downsizing" by G. James Francis, John Mohr and Kelly Anderson. Personnel Journal. January 1992. Volume 71 number 1. Pages 71-78.
- Friedlander 92 "Severance Packages for Successful Downsizing" by Kathleen T. Friedlander. Employment Relations Today. Summer 1992. Volume 19 number 2. Pages 211-223.
- Houston 92 "Surviving the Survivor Syndrome" by Patrick Houston. Working Woman. August 1992. Pages 57-60.
- Kirkpatrick 92 "Breaking up IBM" by David Kirkpatrick. Fortune. July 27, 1992. Volume 126 number 2. Pages 44-58.
- Lawrence 91 "What kind of Downsizer Are You?" by Anne T. Lawrence and Brian S. Mittman. Management Review. January 1991. Volume 80 number 1. Pages 33-37.
- Lee 92 "After the cuts" by Chris Lee. Training. July 1992. Volume 29 number 7. Pages 17-23.
- Machlowitz 83 "Management - business advice: the survivor syndrome" by Marilyn Machlowitz. Working Woman. February 1983. Volume 8. Pages 18-19.
- Mansfield 91 Statistics for Business and Economics: Methods and Applications by Edwin Mansfield. Fourth Edition. W. W. Norton & Company, Inc. 1991. ISBN 0-393-96051-X.
- Miller 92 "Managing Before a Reorganization" by Robert L. Miller. Training & Development. July 1992. Volume 46 number 7. Pages 57-60.
- Moskal 92 "Managing Survivors" by Brian S. Moskal. Industry Week. August 3, 1992. Pages 15-22.
- Noer 87 The Effects of Involuntary People Reductions On Those Who Remain Within Organization Systems: An Investigation of the Pathology, Prognosis and Value Orientation of Layoff Survivor Sickness by David M. Noer. November 16, 1987. A dissertation for a Doctor of Business Administration. George Washington University.
- Noer 90 "Layoff survivor sickness: a new challenge for supervisors" by David M. Noer. Supervisory Management. March 1990. Volume 35 number 3. Page 3.

- Nowlin 88 "Work force downsizing: impact on survivors" by William A. Nowlin. Supervision. January 1988. Volume 50 number 1. Pages 14-16.
- Pedersen 91 The Effects of Organization Downsizing on the Survivor Work Force: An Investigation of the Effects of Layoff Process on Work Performance of Those Who Remain Within Organization by Larry B. Pedersen. 1991. A dissertation for a Doctor of Business Administration. Nova University.
- Rice 91 "After the Downsizing" by Dan Rice and Craig Dreilinger. Training & Development. May 1991. Pages 41-44.
- Solomon 92 "The Loyalty Factor" by Charlene Marmer Solomon. Personnel Journal. September 1992. Pages 52-62.
- Tomasko 91 "Downsizing: layoffs and alternatives to layoffs" by Robert M. Tomasko. Compensation and Benefits Review. July-August 1991. Volume 23 number 4. Pages 19-32.
- Tomasko 92 "Restructuring: Getting It Right" by Robert M. Tomasko. Management Review. April 1992. Volume 81 number 4. Pages 10-15.

## Appendix - Research Instrument Design

#	Hypothesis	Independent variable	Dependent variable
1	<ul style="list-style-type: none"> <li>• Voluntary downsizing survivors feel most of the emotions associated with layoff programs.</li> </ul>	<ul style="list-style-type: none"> <li>• <u>severance levels</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>level of emotion</u></li> </ul>
2	<ul style="list-style-type: none"> <li>• Voluntary downsizing survivors exhibit a drop in morale associated with the transition.</li> </ul>	<ul style="list-style-type: none"> <li>• <u>severance levels</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>morale</u></li> </ul>
3	<ul style="list-style-type: none"> <li>• Voluntary downsizing survivors feel stress associated with the transition.</li> </ul>	<ul style="list-style-type: none"> <li>• <u>severance levels</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>stress level</u></li> </ul>
4	<ul style="list-style-type: none"> <li>• Voluntary downsizing survivors will respond to downsizing better if they perceive that their job was restructured because of the downsizing.</li> </ul>	<ul style="list-style-type: none"> <li>• <u>perception of restructuring</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>morale</u></li> </ul>
5	<ul style="list-style-type: none"> <li>• Voluntary downsizing survivors will respond to downsizing better if they believe that they have a future at the firm.</li> </ul>	<ul style="list-style-type: none"> <li>• <u>job futures</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>morale</u></li> </ul>
6	<ul style="list-style-type: none"> <li>• Voluntary downsizing survivors will respond poorly to downsizing if they believe that there will be more downsizing in the future.</li> </ul>	<ul style="list-style-type: none"> <li>• <u>future VSI downsizing</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>morale</u></li> </ul>
7	<ul style="list-style-type: none"> <li>• Most voluntary downsizing survivors do not feel the guilt associated with layoff programs.</li> </ul>	<ul style="list-style-type: none"> <li>• <u>level of emotions</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>level of guilt</u></li> </ul>
8	<ul style="list-style-type: none"> <li>• The voluntary downsizing survivors will respond poorly if they perceive that the VSI job and organization selection criteria is unfair.</li> </ul>	<ul style="list-style-type: none"> <li>• <u>perception of fairness</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>morale</u></li> </ul>

**Table 16: Hypotheses, independent and dependent variables**

<b>Variable</b>	<b>Source of data</b>	<b>Survey questions</b>
severance levels:	severance levels level corrected for scale of data <i>1=low, 5=high involvement</i>	Q8: % of people who left
level of emotion:	average of emotion levels corrected for same sense <i>1=low emotion, 5=high</i>	Q13: anxious - inverted Q14: guilt Q15: sadness - inverted Q16: anger Q17: relief - inverted Q18: frustration - inverted Q19: envy Q20: fear
level of guilt:	simple emotion level associated with feelings of guilt <i>1=low emotion, 5=high</i>	Q14: guilt
stress level:	simple stress level <i>1=low stress, 5=high stress</i>	Q34: stress - inverted
morale:	average of perceptions associated with desire to leave corrected for sense <i>1=want to stay, 5=leave</i>	Q31: might quit - inverted Q32: thinking about quitting Q33: take VSI - inverted
job futures:	average of job and career futures and sense of security corrected for sense <i>1=poor future, 5=good</i>	Q28: promotion - inverted Q29: career future - inverted Q30: job security - inverted
future VSI downsizing:	perception of chances that VSI would be offered again corrected for sense <i>1=VSI unlikely, 5=likely</i>	Q35: VSI coming - inverted
perception of restructuring:	average of perceptions about how job restructuring was handled corrected for sense and scale <i>1=well handled, 5=poor</i>	Q22: taking care of function Q24: how did you hear Q25: involvement Q26: training Q27: hand-off
perception of fairness:	average of perceptions about who was offered VSI and voluntary nature of program corrected for sense <i>1=VSI unfair, 5=VSI fair</i>	Q10: who offered - inverted Q12: voluntary - inverted

**Table 17: Sources of data for variables**







## Your involvement with the 1992 VSI program:

1. How did you first hear about the VSI program?	<input type="checkbox"/> a conversation with a manager <input type="checkbox"/> a formal meeting <input type="checkbox"/> a memo (printed or electronic mail) <input type="checkbox"/> a public address system announcement <input type="checkbox"/> a conversation with a co-worker <input type="checkbox"/> a phone call or message <input type="checkbox"/> a newspaper or magazine <input type="checkbox"/> other _____ <input type="checkbox"/> Not sure
2. Were you offered VSI during the 1992 program?	Yes                      Not sure                      No <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3. Was your manager available to talk about the program?	Yes                      Not sure                      No <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
4. Did you talk with your manager about the VSI program?	Yes                      Not sure                      No <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
5. Were you aware of any training associated with the 1992 VSI program?	Yes                      Not sure                      No <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
6. Did you take any of the VSI-related training?	Yes                      Not sure                      No <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
7. Was there any special ceremony or event for the people leaving? (i.e. a party, etc.)	Yes                      Not sure                      No <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
8. How much of your project team or department left because of VSI?	1%- 6%- 11%- 21%- 31%- 41%- 0% 5% 10% 20% 30% 40% 100% <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
9. I feel that I understand the reasons that were given for the 1992 VSI program.	Strongly                      Not                      Strongly Agree                      Agree                      Sure                      Disagree                      Disagree <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
10. I feel management made fair decisions about who would be offered VSI.	Strongly                      Not                      Strongly Agree                      Agree                      Sure                      Disagree                      Disagree <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
11. I feel that HP was justified in offering the 1992 VSI program.	Strongly                      Not                      Strongly Agree                      Agree                      Sure                      Disagree                      Disagree <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
12. From what I have seen during the process of the 1992 VSI program, it was a voluntary program.	Strongly                      Not                      Strongly Agree                      Agree                      Sure                      Disagree                      Disagree <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

**Your reaction to the 1992 VSI program:**

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
13. I felt anxious during the VSI program.	SA <input type="checkbox"/>	A <input type="checkbox"/>	Not Sure <input type="checkbox"/>	D <input type="checkbox"/>	SD <input type="checkbox"/>
14. I did not feel guilty about remaining with HP when some co-workers left.	SA <input type="checkbox"/>	A <input type="checkbox"/>	Not Sure <input type="checkbox"/>	D <input type="checkbox"/>	SD <input type="checkbox"/>
15. I was sad or disappointed over my co-workers leaving the company.	SA <input type="checkbox"/>	A <input type="checkbox"/>	Not Sure <input type="checkbox"/>	D <input type="checkbox"/>	SD <input type="checkbox"/>
16. I did not feel angry about the impact of the VSI program.	SA <input type="checkbox"/>	A <input type="checkbox"/>	Not Sure <input type="checkbox"/>	D <input type="checkbox"/>	SD <input type="checkbox"/>
17. I was relieved when the VSI program was over.	SA <input type="checkbox"/>	A <input type="checkbox"/>	Not Sure <input type="checkbox"/>	D <input type="checkbox"/>	SD <input type="checkbox"/>
18. I was frustrated about the effects of the VSI program.	SA <input type="checkbox"/>	A <input type="checkbox"/>	Not Sure <input type="checkbox"/>	D <input type="checkbox"/>	SD <input type="checkbox"/>
19. I have not been envious of the people who accepted VSI.	SA <input type="checkbox"/>	A <input type="checkbox"/>	Not Sure <input type="checkbox"/>	D <input type="checkbox"/>	SD <input type="checkbox"/>
20. I have not felt afraid within the work environment since VSI finished.	SA <input type="checkbox"/>	A <input type="checkbox"/>	Not Sure <input type="checkbox"/>	D <input type="checkbox"/>	SD <input type="checkbox"/>

**Impact on you due to the 1992 VSI program:**

21. How much harder or longer do you work now compared to before the VSI program?	Much more <input type="checkbox"/>	More <input type="checkbox"/>	Not sure or the same <input type="checkbox"/>	Less <input type="checkbox"/>	Much less <input type="checkbox"/>
22. I feel that my division management has done a good job of taking care of the functions of the people who left.	Strongly Agree <input type="checkbox"/>	Agree <input type="checkbox"/>	Not Sure <input type="checkbox"/>	Disagree <input type="checkbox"/>	Strongly Disagree <input type="checkbox"/>
23. How much has your job changed due to the VSI program?	Totally <input type="checkbox"/>	A great deal <input type="checkbox"/>	Not Sure or Somewhat <input type="checkbox"/>	A little <input type="checkbox"/>	None <input type="checkbox"/>

*If your job has not changed, you can skip to the next page.*

24. If your job changed, how did you first hear about the job change?	<input type="checkbox"/> a conversation with a manager <input type="checkbox"/> a formal meeting <input type="checkbox"/> a memo (printed or electronic mail) <input type="checkbox"/> a conversation with a co-worker <input type="checkbox"/> a phone call or message <input type="checkbox"/> no one - I figured it out on my own <input type="checkbox"/> other _____ <input type="checkbox"/> Not sure
25. If your job changed, how involved in the change were you?	A great deal <input type="checkbox"/> Not sure or Somewhat <input type="checkbox"/> A little <input type="checkbox"/> None <input type="checkbox"/>
26. If your job changed, were you	A great deal <input type="checkbox"/> Not sure or <input type="checkbox"/> A <input type="checkbox"/>

specially trained on the new aspects of your job?	Heavily <input type="checkbox"/>	deal <input type="checkbox"/>	Somewhat <input type="checkbox"/>	little <input type="checkbox"/>	None
27. If your job changed, was there a hand-off on the new aspects of your job?	Formal handoff <input type="checkbox"/>	Substantial handoff <input type="checkbox"/>	Not sure or some <input type="checkbox"/>	Minimal handoff <input type="checkbox"/>	None

**Your work environment today:**

28. I feel good about the opportunities for promotion and advancement at HP in the next few years.	Strongly Agree <input type="checkbox"/>	Agree <input type="checkbox"/>	Not Sure <input type="checkbox"/>	Disagree <input type="checkbox"/>	Strongly Disagree <input type="checkbox"/>
29. How certain are you about your career future with the company?	Very Certain <input type="checkbox"/>	Certain <input type="checkbox"/>	Not Sure <input type="checkbox"/>	Uncertain <input type="checkbox"/>	Very Uncertain <input type="checkbox"/>
30. How do you feel about your job security at HP?	Very Secure <input type="checkbox"/>	Secure <input type="checkbox"/>	Not Sure <input type="checkbox"/>	Insecure <input type="checkbox"/>	Very Insecure <input type="checkbox"/>
31. Do you think you might quit your job within the next year?	Very Likely <input type="checkbox"/>	Likely <input type="checkbox"/>	Not Sure <input type="checkbox"/>	Unlikely <input type="checkbox"/>	Very Unlikely <input type="checkbox"/>
32. I never think about quitting my job.	Strongly Agree <input type="checkbox"/>	Agree <input type="checkbox"/>	Not Sure <input type="checkbox"/>	Disagree <input type="checkbox"/>	Strongly Disagree <input type="checkbox"/>
33. If you were offered VSI now, do you think that you might take it?	Very Likely <input type="checkbox"/>	Likely <input type="checkbox"/>	Not Sure <input type="checkbox"/>	Unlikely <input type="checkbox"/>	Very Unlikely <input type="checkbox"/>
34. I feel that I am in a very stressful work environment.	Strongly Agree <input type="checkbox"/>	Agree <input type="checkbox"/>	Not Sure <input type="checkbox"/>	Disagree <input type="checkbox"/>	Strongly Disagree <input type="checkbox"/>
35. Do you feel that VSI will be offered again within the next few years?	Very Likely <input type="checkbox"/>	Likely <input type="checkbox"/>	Not Sure <input type="checkbox"/>	Unlikely <input type="checkbox"/>	Very Unlikely <input type="checkbox"/>
36. I am actively working to develop new and marketable work skills.	Strongly Agree <input type="checkbox"/>	Agree <input type="checkbox"/>	Not Sure <input type="checkbox"/>	Disagree <input type="checkbox"/>	Strongly Disagree <input type="checkbox"/>
37. In your judgement, do you believe that the recent VSI program has affected your project team's (or immediate work group's) performance and productivity?	Much More <input type="checkbox"/>	More Productive <input type="checkbox"/>	Not sure or the same <input type="checkbox"/>	Less Productive <input type="checkbox"/>	Much Less <input type="checkbox"/>
38. In your judgement, do you believe that the recent VSI program has affected your division's performance and productivity?	Much More <input type="checkbox"/>	More Productive <input type="checkbox"/>	Not sure or the same <input type="checkbox"/>	Less Productive <input type="checkbox"/>	Much Less <input type="checkbox"/>

**General information:**

39. How many years have you worked for HP?	0-5 yrs <input type="checkbox"/>	6-10 yrs <input type="checkbox"/>	11-15 yrs <input type="checkbox"/>	16-20 yrs <input type="checkbox"/>	>20 yrs <input type="checkbox"/>
40. What sex are you?	Male <input type="checkbox"/>	Female <input type="checkbox"/>			

**Thank you:**

I appreciate your investment of time and involvement in this questionnaire. If you have any questions or would like a copy of the final report, please contact me at 303-229-3484. If you would like to make any other comments, please write them on the back of the questionnaire. I would like to hear them.

## Appendix - Survey Data Summary

Survey Question	Mean	Std. Dev.
1. How did you first hear about the VSI program?	4.37	--
2. Were you offered VSI during the 1992 program?	1.85	--
3. Was your manager available to talk about the program?	1.22	--
4. Did you talk with your manager about the VSI program?	2.18	--
5. Were you aware of any training associated with the 1992 VSI program?	1.41	--
6. Did you take any of the VSI-related training?	2.63	--
7. Was there any special ceremony or event for the people leaving?	1.39	--
8. How much of your project team or department left because of VSI?	2.34	1.36
9. I feel that I understand the reasons that were given for the 1992 VSI program.	2.17	.96
10. I feel management made fair decisions about who would be offered VSI.	2.84	1.11
11. I feel that HP was justified in offering the 1992 VSI program.	2.52	1.04
12. From what I have seen during the process, it was a voluntary program.	2.41	1.10
13. I felt anxious during the VSI program.	2.71	1.35
14. I did not feel guilty about remaining with HP when some co-workers left.	1.69	.88
15. I was sad or disappointed over my co-workers leaving the company.	2.54	1.11
16. I did not feel angry about the impact of the VSI program.	2.90	1.19
17. I was relieved when the VSI program was over.	2.38	1.02
18. I was frustrated about the effects of the VSI program.	2.62	1.17
19. I have not been envious of the people who accepted VSI.	2.51	1.22
20. I have not felt afraid within the work environment since VSI finished.	2.81	1.20
21. How much harder or longer do you work now compared to before the VSI program?	2.63	.76
22. I feel that my division management has done a good job of taking care of the functions of the people who left.	3.13	.96
23. How much has your job changed due to the VSI program?	3.81	--
24. If your job changed, how did you first hear about the job change?	3.26	2.39
25. If your job changed, how involved in the change were you?	3.20	1.41
26. If your job changed, were you specially trained on the new aspects of your job?	4.07	1.04
27. If your job changed, was there a hand-off on the new aspects of your job?	3.93	1.02
28. I feel good about the opportunities for promotion and advancement at HP in the next few years.	3.87	1.06
29. How certain are you about your career future with the company?	3.65	.96
30. How do you feel about your job security at HP?	3.32	.94
31. Do you think you might quit your job within the next year?	3.93	1.03
32. I never think about quitting my job.	3.58	1.20
33. If you were offered VSI now, do you think that you might take it?	3.51	1.20
34. I feel that I am in a very stressful work environment.	2.33	1.11
35. Do you feel that VSI will be offered again within the next few years?	2.19	1.00
36. I am actively working to develop new and marketable work skills.	2.31	.99
37. In your judgement, do you believe that the recent VSI program has affected your project team's (or immediate work group's) performance and productivity?	3.27	.71
38. In your judgement, do you believe that the recent VSI program has affected your division's performance and productivity?	3.35	.67
39. How many years have you worked for HP?	2.52	1.46
40. What sex are you?	1.26	--

**Table 18: Survey summary data**





## Appendix - Statistical Analysis Information

The survey was analyzed for the key data in 2 groupings. The first group was based on key variables associated with general factors. For this analysis the sample was reduced to 110 due to a few incomplete answers on the key related questions associated with variables of interest. The second group was based on key variables associated with those respondents (44 of them) whose job had changed. All of these respondents had completed their survey (at least as far as the key questions).

The data was analyzed using least-squares correlation (in Microsoft Excel Version 4.0 for the Apple Macintosh). In addition to correlation, a test of confidence (for hypothesis testing) was performed for the resulting correlation. The null hypothesis for the various hypotheses is that there is no correlation ( $\rho=0$ ) between the variables. The alternate hypothesis is that there is a correlation ( $\rho\neq 0$ ) between the variables. The test for this is based on the following formula [Mansfield 91 and Emory 91]:

$$t = \frac{r}{\sqrt{(1-r^2)/(n-2)}}$$

The null hypothesis is rejected if t is greater than  $t_{\alpha/2}$  or less than  $-t_{\alpha/2}$ . In this formula, n-2 represents degrees of freedom, where n is the sample size. The r is the correlation. The  $\alpha$  refers to the significance level of confidence. Results are considered statistically significant when the calculated significance level is less than .05. The  $t_{\alpha/2}$  information comes from a standard student t test table combined from [Mansfield 91 and Emory 91]:

degrees of freedom	$\alpha=.40$	$\alpha=.25$	$\alpha=.10$	$\alpha=.05$	$\alpha=.025$	$\alpha=.010$	$\alpha=.005$	$\alpha=.0005$
30.00	0.256	0.683	1.310	1.697	2.042	2.457	2.750	3.646
40.00	0.255	0.681	1.303	1.684	2.021	2.423	2.704	3.551
60.00	0.254	0.679	1.296	1.671	2.000	2.390	2.660	3.460
120.00	0.254	0.677	1.289	1.658	1.980	2.358	2.617	3.373
$\infty$	0.253	0.674	1.282	1.645	1.960	2.326	2.576	3.291

**Table 19: Student t-test confidence values**

None of the tables available had any more accuracy in the degrees of freedom. However, the values are sufficiently close. In all cases, the next available lower number of degrees of freedom was used for the test. So, if the t-value of a correlation in a population of 110 is greater than 2.7, this corresponds to a calculated significance level of .01.

In these tables, there is also a 'personal involvement' variable analyzed. This is derived from question 2 on the survey: "Where you offered VSI?".

### General variable correlation

The following table is the correlation matrix for the general sample. This general sample consisted of 110 respondents.

	<i>Personal Inv.</i>	<i>Organ. Inv.</i>	<i>Job futures</i>	<i>Future VSI</i>	<i>Fairness</i>	<i>Disen-gagement</i>	<i>Stress</i>	<i>Emotions</i>
Personal Inv.	1.00							
Organ. Inv.	0.43	1.00						
Job futures	-0.12	-0.22	1.00					
Future VSI	0.02	0.04	0.01	1.00				
Fairness	0.15	-0.08	0.42	0.02	1.00			
Disengagement	0.02	0.17	-0.46	-0.13	-0.37	1.00		
Stress	-0.10	0.12	-0.08	0.12	-0.11	0.28	1.00	
Emotions	0.20	0.43	-0.56	0.07	-0.47	0.31	0.21	1

**Table 20: General variable correlation matrix**

The following table calculates the t value for the previous correlation matrix.

	<i>Personal Inv.</i>	<i>Organ. Inv.</i>	<i>Job futures</i>	<i>Future VSI</i>	<i>Fairness</i>	<i>Disen-gagement</i>	<i>Stress</i>	<i>Emotions</i>
Personal Inv.	n/a							
Organ. Inv.	4.91	n/a						
Job futures	1.28	2.39	n/a					
Future VSI	0.20	0.38	0.09	n/a				
Fairness	1.54	0.84	4.81	0.20	n/a			
Disengagement	0.25	1.78	5.40	1.41	4.15	n/a		
Stress	1.03	1.26	0.79	1.21	1.17	3.04	n/a	
Emotions	2.08	4.99	7.10	0.77	5.54	3.45	2.21	n/a

**Table 21: General variable t-value matrix**

## Job change variable correlation

The following table is the correlation matrix for the portion of the sample that experienced a change in their job. The sample size for this is 44 respondents.

	<i>Job change</i>	<i>Disen- gagemen t</i>	<i>Stress</i>	<i>Personal Inv.</i>	<i>Organi- zation</i>	<i>Job futures</i>	<i>Future VSI</i>	<i>Fairness</i>	<i>Emotions</i>
Job change	1.00								
Disengagement	0.31	1.00							
Stress	0.28	0.40	1.00						
Personal Inv.	-0.12	-0.03	-0.42	1.00					
Organization	-0.19	0.22	0.02	0.24	1.00				
Job futures	-0.36	-0.45	0.08	-0.11	-0.19	1.00			
Future VSI	-0.15	-0.06	0.23	-0.23	0.00	0.02	1.00		
Fairness	-0.42	-0.36	-0.13	0.13	-0.21	0.45	-0.02	1.00	
Emotions	0.09	0.29	0.12	0.14	0.48	-0.37	0.03	-0.36	1.00

**Table 22: Job-change variable correlation matrix**

The following table calculates the t value for the previous correlation matrix.

	<i>Job change</i>	<i>Disen- gagemen t</i>	<i>Stress</i>	<i>Self</i>	<i>Organi- zation</i>	<i>Job futures</i>	<i>Future VSI</i>	<i>Fairness</i>	<i>Emotions</i>
Job change	n/a								
Disengagement	2.08	n/a							
Stress	1.90	2.84	n/a						
Personal Inv.	0.79	0.20	2.97	n/a					
Organization	1.23	1.48	0.14	1.63	n/a				
Job futures	2.52	3.28	0.52	0.75	1.25	n/a			
Future VSI	0.99	0.36	1.54	1.55	0.02	0.14	n/a		
Fairness	3.01	2.50	0.85	0.85	1.37	3.27	0.14	n/a	
Emotions	0.61	1.93	0.77	0.93	3.55	2.54	0.23	2.52	n/a

**Table 23: Job-change variable t-value matrix**

## Hypotheses results

The following table is the matrix showing sample size, correlation, t value and significance for each of the 8 hypotheses. (Note that hypothesis 7 is a descriptive hypothesis.) Results are considered statistically significant when the calculated significance level is less than .05.

#	Hypothesis	sample size	correlation	test value	significance level (2 tail)	
1	• Voluntary downsizing survivors feel most of the emotions associated with layoff programs.	110	.43	4.99	<b>&lt;.001 **</b>	accepted
2	• Voluntary downsizing survivors exhibit a drop in morale associated with the transition.	110	.17	1.78	<.10	rejected
3	• Voluntary downsizing survivors feel stress associated with the transition.	110	.12	1.26	<.50	rejected
4	• Voluntary downsizing survivors will respond to downsizing better if they perceive that their job was restructured because of the downsizing.	44	.31	2.08	<b>&lt;.05 **</b>	accepted
5	• Voluntary downsizing survivors will respond to downsizing better if they believe that they have a future at the firm.	110	-.46	5.40	<b>&lt;.001 **</b>	accepted
6	• Voluntary downsizing survivors will respond poorly to downsizing if they believe that there will be more downsizing in the future.	110	-.13	1.41	<.20	rejected
7	• Most voluntary downsizing survivors do not feel the guilt associated with layoff programs.	109	n/a	n/a	n/a	accepted
8	• The voluntary downsizing survivors will respond	110	-.37	4.15	<b>&lt;.001 **</b>	accepted

	poorly if they perceive that the VSI job and organization selection criteria is unfair.					
--	---	--	--	--	--	--

**Table 24: Hypotheses results**

## Appendix - Research Instrument Comments

The following tables contain the comments from the 113 surveys. The comments have been transcribed as accurately as possible and any notes about the comment are italicized.

Question	Comment
7 - any ceremony?	"There was a sitewide party, but no personal parties within our dept."
10 - VSI fairness	"Not fair in '92. Was more fair in '91. Individual departments did not blow their caps for their own security. This was not goo overall for CSO. Also, why were Viper lever programmers and engineers, as well as many managers not elegable (sic)? This makes the 'common worker' or those on lower pay scales feel not as important, or valuable. i.e. 'special' people weren't protected. If VSI is offered, it should be offered across the board."
11 - VSI justified?	"HP doesn't <u>have</u> to be 'justified', they are the employer." "Justified is not the same thing as the 'right thing to do!'"
12 - VSI voluntary?	"I believe there WAS some pressure put on some individuals (sic) to take VSI or retirement - not only this time but the other time, also." "Rumor had it that a number of people were 'encouraged' to take VSI."
13 - feel anxious?	"No one left my area + very few people I knew."
14 - feel guilty?	"was not offered it."
16 - feel angry?	"Angry is a strong word - I felt more stressed than anything."
21 - work harder?	"I can't work more hrs than I already do"
22 - mgmt took care of remaining work?	"N/A, ~∃ CoLL" <i>This is translated into English as <u>not applicable</u>, there does not exist a CoLL organization. CoLL is one of the divisions that was shutdown.</i>
23 - job change?	"formal job desc." <i>I believe that this implies that the actual job may have changed.</i> "Main change is from an increased work load - NOT change in responsibilities i.e. fewer people doing the same amount of work" "My job changed, but not due to VSI" "somewhat > a little?"
28 - opportunities?	"Not good within computers (CSO), where I work. Better opportunities in CPO (peripherals)" "white male? Independent of VSI"
30 - job security?	"No job is secure!" "being an employee -> secure, Having the same job - insecure"
34 - stressful	"Not so much the work but other factors" "Stressful due to the uncertainty"
35 - VSI coming?	"I <u>do</u> expect lay-offs come fall." "Would not be a smart move on HP's part. There has been a decline of participation each time it is offered."
36 - new job skills?	"But then I always have - always will too."
37 - team productivity?	"during VSI window" "Just offering VSI has really hurt morale. People are more likely to ask questions about whether they want to be here." "only that we have to be very selective"
38 - division productivity?	"Division did not offer VSI" "during VSI window - YES, long term ??" "financial performance improved directly due to less expense. People are doing more by working more. While it may appear productivity has gone up. As measured by work unit per time unit, productivity is the same." "They haven't replaced the experienced people who left ..."

**Table 25: Comments related to specific questions**

<p>"Hard to do with 4 pages, double-sided. My biggest concern is that we have <u>already</u> hired back our two VSI folks as consultants, to do work anyone in the lab would <u>love</u> to have done."</p> <p><i>The survey was supposed to have been singled sided, but was sent out double sided.</i></p>
<p>"I feel VSI money was wasted in UTD with 60 level engineering positions. Many people signed up for VSI and the cap was reached. Now the division is interviewing for people to fill the same/similar positions. This was a lack of proper planning."</p>
<p>"Lost quite a few good people who didn't get VSI but left anyway."</p>
<p>"My anger about the VSI program related to the very low cap in my group and the very short time I had to decide between VSI and a new position in HP ... your questionnaire (sic) did not allow me to expres (sic) that."</p>
<p>"Since the VSI program I have moved out of the group I was in. Therefore, a few of the questions/items have no connection to my current job/group. A few questions I have answered per what I can see of impacts on my former work group. Do you think that the VSI program can be 'investigated' in isolation from the 'excessing' that occurred?"</p>
<p>"Some of my answers to Q's about the org after VSI are fuzzy because that org doesn't exist anymore."</p>
<p>"They should have blown all the caps, since CSO fell short on reductions. They should freeze outside hiring for 6 mos. to 1 yr. after VSI. Go figure !?.."</p>
<p>"This is the back! I feel my future in my current position is insecure. This is due to the threat of outsourcing (contracting my services), not due to VSI. I am a 'support function' - facilities engineer. I know as an HP employee, I provide a <u>valuable</u> service. Quality and knowledge would go down with outsourcing"</p>
<p>"VSI is a great program for those who are ready for a move in career + life but on the other hand it can be most disruptive to others. Productivity level drop 50-75% during the time its announced to closing. VSI is a very trying time for HP employees - it comes at a bad time, just before holidays. It adds to hardships, depression, sadness, etc. I think this should not be announced until <u>Jan.</u> and corporate should not make any announcements to employees until the material is available at that time for distribution. It is a sad thing that they do to the employee by making them wait for their packet. Their timing is poor. They need to walk in the trenches themselves at corporate."</p>
<p>"VSI is very demoralizing and disruptive. Two VSI's in two years is too much! How can we remain competitive when we offer VSI every-time hardware sales dip down for a quarter. Where's the long-term view??"</p>

**Table 26: Comments not related to a specific question**

## Appendix - Initial VSI Notification

### HEWLETT-PACKARD TO OFFER VSI PROGRAM

Hewlett-Packard will offer a Voluntary Severance Incentive (VSI) program broadly in the next few months to encourage several thousand employees to leave the company voluntarily, it was announced October 8. The signup period for VSI will be November 30 to January 6, 1993, with most participants leaving the company by January 15.

While the specifics related to job categories, eligible employees, and the "cap" or maximum number who may leave under the program will be determined by local management between now and early November, it is expected that about 2,700 employees will participate, 2,000 of them in the U.S.

"We've worked hard in the last few years to adjust to shifts in our business makeup and to the changing environment," said Dean Morton, executive vice president and chief operating officer. "We've succeeded in making some significant operational improvements in all areas of our business. More is required, though, if we're to meet our own objectives and continue to compete successfully." He added that "voluntary programs have proven to be fair and effective ways to adjust our employment in the past."

The offer of the VSI program is centered in the company's U.S. locations, but will be extended to other countries where HP has operations, based on local business conditions and government regulations. In the U.S., the package offered to people accepting VSI is the same as that offered in previous VSI programs in 1991 and 1986: six months' pay, plus one-half month's pay for each year of HP service to a maximum of 12 months' pay. At locations outside the U.S., programs will vary depending on local regulations and practices in each country.

While the Computer Systems Organization (CSO) and the Test and Measurement Organization (TMO) are expected to have the largest number of employees participating, the VSI program will extend to selected job categories in other parts of the business, including the Computer Products Organization (CPO), Measurement Systems Organization (MSO), field sales administration, Customer Support and Corporate.

All employees eligible for VSI will be informed by their local management no later than November 9, 1992. While the general deadline for leaving HP under the program is January 15, 1993, a few exceptions will be made for people to continue in their jobs until July 30, 1993 to finish assignments.

The company will take a charge of approximately 40 cents per share in the fourth quarter of this year to cover the costs of the program and other related charges.

October 8, 1992

Corporate Communications



## Appendix - Organizational Goals for VSI

FROM: Wim Roelandts  
TO: CSO Managers and Supervisors  
DATE: November 25th, 1992

Now that our CSO Voluntary Severance Incentive program window has opened, I thought I would communicate some expectations I have of you that may help you administer the program over the next five weeks and make it effective for our organization.

As you know, VSI is just one of the tools we use to reduce our people expenses in CSO. We are also reducing our flexforce appreciably and, with the help of our excess and downsizing programs, are transferring as many employees as possible to other areas in HP.

Please understand how critical it is at this juncture to lower our expenses and do that as quickly as possible. Given our current expense structure -- and people expenses are our most formidable costs -- it is extremely difficult for us to meet our profit obligations to our shareholders unless we really take advantage of VSI and other downsizing programs. As painful as they are, excessing and VSI programs are a must if we are to remain competitive in a very tough computer environment. I really need your cooperation to make this program successful.

What do I mean by successful?

Our goal in CSO is to eliminate some 1500 positions worldwide by the end of FY93. While a great many of these reductions will take place in our flexforce and when we transfer employees to other organizations in HP, we're shooting for an objective of 700-800 VSI takers with this current program.

Quite clearly, this is a very aggressive goal, especially in some areas where we have large caps and small pools. Just to put you in the picture, here is what we're aiming for in the various functional areas worldwide:

Area	Eligible	Cap
Marketing	500	250
R&D	600	146
Manuf. (Indirect)	1,000	155
Manuf. (Direct)	368	48

As you can see, it will be quite a challenge, for example, to reach our VSI objectives in marketing given the small pool of 500 eligible employees. I ask managers in marketing -- indeed all managers -- to really stay on top of the program and bring home to VSI candidates their various options.

Keeping in the mind the program is voluntary, please make certain employees have all the available information they need to make a reasoned decision. You might, for example, remind eligible employees who are excess that the direct placement opportunity they are offered within HP early in January may not be quite as attractive as our VSI.

I would also like you to keep in mind that work must be eliminated along with the job. It does our organization no good to transfer all current assignments to those who remain. If we overload employees who stay with more work than they can handle, we only burn people out and disaffect them -- this, at a time when we need everyone's ideas, involvement and commitment to CSO.

Also, kindly make yourselves available to employees in these tough times. They will have a lot of questions and concerns. I understand we'll be putting some hotlines in place on various CSO sites and that personnel people will be available to assist you. However, I understand that you are the first line of defense when it comes to VSI and I ask you to be there for your people and help them through what are undoubtedly traumatic times.

I'm eager to get our downsizing, excessing and VSI programs over with as early

in the fiscal year as possible so we can get down to the business of making CSO successful. I ask for your help in accomplishing our VSI goals and making this important program work for us.

Regards  
Wim