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FAIRNESS IN DOWNSIZING: JUDGEMENT AND COMPLEXITY

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A thesis submitted for the degree of

Doctor of Philosophy

School of Management

Division of Business and Enterprise

University of South Australia

July 2006

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Summary

People make all sorts of judgements of their life experiences. Some include perceptions of fairness, often about negative events. One such event is organisational downsizing, personally experienced or observed.

Downsizing includes retrenchment, redundancy and redeployment. Its use has become a widespread practice in workplace change. Research into downsizing and fairness has shown that judgements of distributive, procedural and interactional fairness have significant effects on individuals and on the productivity of organisations. Most research into these matters originates in the United States private sector, and is predominantly positivist. Interpretive approaches may give a wider perspective on people's judgements. This study complements and extends the findings of the earlier positivist research.

Semi-structured interviews were conducted with 44 private and public sector individuals. Some of them had themselves been retrenched, made redundant, or redeployed; others included their colleagues, managers, and union officials. Interviewees were drawn from a bank and a supermarket in the private sector and a government business enterprise (GBE) and 6 government departments in the public sector. There were 16 private sector interviewees who participated, 7 from a bank and 9 from a supermarket. There were 25 public sector interviewees who participated with 18 from departments and seven from the GBE.

The results of the interviews give evidence about the importance of several different factors in people's judgements of their downsizing experiences and particularly suggest that a comprehensive management approach that addresses employees' whole-of-experience fairness judgements is more likely to achieve results that are beneficial to the organisation and the people involved in the downsizing, compared to approaches that refer to stereotyped processes or preconceived principles. The results can also inform employees and their representatives about what might be reasonable expectations of fair treatment at times of organisational change, and can inform policies relating to human resource management standards across government and major corporations.

Declaration

I declare that this thesis does not incorporate without acknowledgment any material previously submitted for a degree or diploma in any university; and that to the best of my knowledge it does not contain any materials previously published or written by another person except where due reference is made in the text.



David Baker

12/12/06

Acknowledgments

I must acknowledge my supervisor Associate Professor Chris Provis, for his friendship, wisdom, unfailing patience and support. He has had a pivotal and enduring effect on my attitudes toward scholarship and to life in general.

My Associate Supervisor Dr Sue Stack has been a sensitive and generous colleague whose valuable advice has been most appreciated.

I also thank Associate Professor Mike Metcalf, Dr Dennis List, and Dr Howard Harris for their advice and encouragement throughout my candidature. I wish to also acknowledge Professor Tricia Vilkinas for her advice and support at early stages in my candidature.

I also thank Elaine Newby for her timely and professional editing. She has undoubtedly made the finished thesis more polished and easy to read. Thanks also to Dennis List and Megan Prideaux for reading drafts and for their insightful suggestions.

This study could not have been completed without the willingness of the many employees and managers of the organisations researched for sharing their often quite private views of their downsizing experiences and I hope it makes contributions that justify their involvement.

I also note the tolerance of my work colleagues who endured my constant grumbling with equanimity and good grace.

I thank the Australian Government for the Postgraduate Research Award and the UniSA for its generous support. Such material support to study fulltime has been instrumental. In this regard, thanks to the Hon. Gough Whitlam and His Government for starting me off in tertiary study through the Tertiary Education Assistance Scheme all those years ago.

I gratefully acknowledge my family who tolerated my constant unavailability, especially Miles Bessis. Thanks to my mum, Patsy Baker, who has always encouraged me to 'have a go' and seems to have succeeded.

Finally, I must thank Rochelle Woodley-Baker for her support, enduring patience and practical help and I look forward to reciprocating in kind.

This is as much their achievement as mine.

Chapter 1: Introduction

Rationale for this Study

Kelly (1991, p.2) discussed the complexity and dynamism of industrial relations saying that

> the employment relationship is a very inexact relationship, based on expectations of reward and exchange and on issues of equity and efficiency. It is grounded in strongly held, but vague and value-laden, constructs such as fairness, skill, effort, job satisfaction and satisfactory performance to name only a few. It is a 'complex, subtle and uncertain relationship ' (Keenoy, 1985 and to attempt to control, regulate or administer the multifarious facets of the employment relationship is fraught with pitfalls.

Kelly's observations accurately set the scene for this study's examination of the influence of fairness judgements on some employment relationships.

The choice of this study has been influenced by my professional experiences where social justice values have been important. These experiences include working in social change roles with Aboriginal Australians; as a trade unionist and student representative/advocate; as a family mediator; as a senior manager responsible for Equal Opportunity across a large organisation; and as a sometime teacher of ethics.

The choice of downsizing as the 'site' for examination of fairness was influenced by my experience in leading groups of employees through challenging changes to their work lives including managing series of downsizings in the Commonwealth Public Sector and finally taking voluntary redundancy myself; and observing others' experiences of redundancy including family and close friends.

For all the talk of a 'fair go' and its legendary association with what it is to be 'Australian' or 'un-Australian', there has been little published research about fairness in an applied sense, such as in downsizing. While most people intuitively know to some extent whether they are being treated fairly, research about what fairness in downsizing can mean may inject some further information into public discussion about the phenomenon. Certainly it seems that the time is ripe for such examination and discussion. These are important issues as is the pressure of 'immediacy' that demands solutions to problems. Thus this study has sought to address such contemporary issues while holding true to its research approach.

While downsizing in its various forms continues to increase in frequency, it will be shown in this study that people are often dissatisfied with their downsizing experiences and judge them as unfair, with repercussions for the productivity of organisations and the well-being of employees, their families and their communities.

In downsizing, the actions of managers and employees are linked. In these situations employees' perceptions of fairness and their reactions are significantly affected by organisational policies and managers' actions. Managers' ability to recognise the cause and effects of their downsizing actions will be important for them to positively influence employees' perceptions and the organisation's productivity. However, exploration of the empirical research literature about downsizing and justice shows that while research has largely identified some things that influence people's fairness judgements, this was done piecemeal and while each study was largely sound the conclusions were restricted by particular circumstances and the research design. They leave significant questions about how we discover what people find important and what improvements to research are possible. Accordingly, this empirical study examines attempts to take a new, more comprehensive approach to people's fairness perceptions in downsizing situations.

Research Questions

The research questions are:

1. What factors influence people's judgements of fairness at times of downsizing?
2. How useful is a Taxonomy, based on Greenberg's (1990) Taxonomy of Justice Classes, for focussing research efforts about Fairness and Downsizing?

Objectives of the Study

The objectives of this study are to contribute to understanding what influences people's judgements about fairness in their downsizing experiences; contribute to discussions about reasonable expectations of fairness when downsizing happens; influence the fairness of corporate governance and management practices in future downsizing; and contribute to the direction of research about fairness and downsizing.

Structure of the Dissertation

In this chapter we explain the rationale and purposes of this study and summarise the findings.

In Chapter 2 titled 'Fairness and Justice', we consider the justice principles underlying behaviour in organisations upon which justice theories and models are based, and which may explain employees' responses. The notion of fairness factors and their basis in theory is introduced and their relevance is considered through examination of empirical literature about fairness and downsizing, specifically the identification and application of eight factors: consistency, bias suppression, accuracy, correctability, representativeness, ethicality, and nature and manner of explanations. The fairness factors serve as the basis for examination of people's perceptions of fairness in their downsizing experiences. A taxonomy is introduced, which illustrates the important fairness factors and their relationships. We subsequently note the significance of the complexity and the multiple and overlapping influences on people's fairness judgement making.

In Chapter 3 'Downsizing', we examine the context of downsizing and the meaning, the many causes and effects of downsizing practices of retrenchment, redundancy and redeployment and the role of language in discussions and justifications of downsizing. We note that people's fairness judgements are influenced by their own experiences, community standards, and institutional frameworks including the regulation of redundancy. We consider notions of 'best practice' that can suggest desirable standards and practices. We continue to note the complexity of the downsizing situations and begin to note the significance of the individual nature of people's circumstances and similarities with fairness factors which were discussed in the previous chapter.

Chapter 4 'Fairness Factors and Downsizing' addresses the individual and complex nature of reactions that have been identified in the empirical literature. We note the role of fairness factors which are used by individuals to judge the fairness of their retrenchment, redundancy and redeployment experiences.

This study's contention is that people make complex, multidimensional, 'whole-of-experience' judgements.

We examine in some actual downsizing situations the application of the taxonomy introduced in Chapter 2 and foreshadow later consideration of its usefulness for focussing research and addressing complex situations in practice.

This chapter introduces us to later discussion in Chapter 6 of the results of this study about people's fairness judgements of their retrenchment, redundancy and redeployment experiences in South Australia.

Chapter 5, 'Methodology' introduces the use of a qualitative methodology, and discusses the methods used and describes the participant individuals and organisations. The benefits of this study are identified including how it overcomes methodological shortcomings of many previous studies and this study's limitations are discussed.

The Results of the study are examined in Chapter 6, highlighting the judgements of participants in this study, in reference to their own downsizing experiences, and within the framework of the eight fairness factors. What their experiences reveal is that there are a range of considerations beyond fairness factors themselves that alert us to what is best described as individuals' 'whole-of-experience' judgements. These revelations support the argument that judgements about fairness, relying solely on one or other or indeed a range of fairness factors, does not tell the whole story. Rather, they demonstrate that individual's judgements about fairness are affected by their unique situations and the complex interaction of various factors.

In examining key themes from the data and looking to directions for the future, Chapter 7 confirms that the eight fairness factors are relevant to people's fairness judgements. It also confirms that downsizing is indeed a complex and dynamic business, influenced by multiple and interdependent factors which are often difficult to disentangle in practice. We note that the artificial theoretical distinctions do not well reflect practical situations in which the interrelationships between factors are emphasised by the ways that employees considered them together in different cases.

We find that people do make complex and detailed judgements that take into account their range of experiences and individual and particular circumstances. We note that employees participated actively in the downsizing process and that managers need to closely and sensitively engage with employees and with their perceptions of the meaning of decisions and actions.

The complexity of the interplay of people's justice judgement-making in downsizing situations and particularly by the multi-faceted and often contradictory expectations that they will act fairly, in keeping with organisational rules, and flexibly particularly in situations where the rules are not applicable is challenging for managers. In this regard we argue that there is no set of rules that enables a priori judgements to be made by them in all situations.

For managers to make accurate judgements about what to do in downsizing situations we observe that an approach that is more inclusive and that addresses peoples' range of experiences is more suitable. In this regard, future research in this field would benefit from approaches that reduce arbitrary and misleading distinctions between fairness factors; that

adopt a contingency approach that enables a more holistic view of the lived experience; and which uses systems thinking to incorporate varying 'frames of reference' that recognises the web of relationships and facilitates the search for synergies.

Understanding people's perceptions of fairness will contribute not only to the likelihood of people being treated in ways that they consider fair (which is a good thing in itself), and to improved workplace experiences and outcomes for all participants at a time of often great stress, but that there may also be benefits for the organisation in terms of productivity (i.e. it may have some instrumental benefit as well).

Chapter 2: Fairness and Justice

Why is fairness important to people? Philosophers like John Rawls have examined fairness from the point of view of ethical theory, here the focus is on how fairness and justice figure in people's perceptions. Cohen and Greenberg claimed two decades ago that the then 'reawakened interest' in justice was due to tumultuous domestic and international political events of the 1960s (1982, p.35). They speculated that interest would increase as justice became more central due to future issues of revolutionary change, discrimination and collective conflict (e.g. racial, sexual, and class), policy questions about the creation and allocation of increasingly sophisticated technology and natural resources to meet all human needs. Their forecasts were prophetic but did not specifically identify the importance of changes to work nor the effects of employment changes. Nevertheless, in the literature there has been widespread recognition of the fundamental importance of justice and fairness in the achievement of personal and organisational needs and goals.

So we will firstly address the justice principles underlying behaviour in organisations and upon which various distributive, procedural and interactional justice theories and models are based. It is important to be aware of underlying principles and how they are conceptualised and operationalised for our own analysis. Later in this study we shall consider to what extent principles identified by various authors can explain the responses of participants.

As this chapter and the study unfold, we will increasingly note the significance of the complexity of, and the multiple and overlapping influences on, people's fairness judgement making. In this chapter the notion of fairness factors and their basis in theory will be introduced, and later their relevance will be examined, through the use of the empirical literature on fairness and downsizing. The fairness factors will serve as the basis for examination of people's perceptions of fairness in their downsizing experiences.

In this chapter a taxonomy will be introduced which brings together distributive, procedural and interactional fairness theories, and that we will later consider as a basis for our data collection and analysis. The taxonomy illustrates the important fairness factors and their interrelationships. The taxonomy is developed from Greenberg's Taxonomy of Justice Classes (Greenberg 1993) and follows it closely.

Justice Principles

Decisions about downsizing and its implementation have moral dimensions which are often not taken into account. When they wish to take them into account, managers often face situations where they cannot rely on rules but must use their personal judgement. In such instances, the role for fairness principles to assist people's decision-making becomes most important.

But what is 'fair'? When is an act unfair, or inappropriate, unethical or immoral? How do we characterise something as 'unfair'? There may not be clear criteria that can distinguish judgements of justice and fairness from other moral evaluations (Mikula, Petri & Tanzer 1990, p.145). Nevertheless such judgements are very important.

People will usually react negatively to decisions and actions they think are unfair. Various things may be seen to be unfair, and it will be shown later that people's experiences and past beliefs can affect their judgements of what is fair.

Of course, negative reactions may be both fairness-related and non-fairness-related. People react negatively to events for reasons other than unfairness.

One view is that employees in organisations undergoing change have expectations that certain features in organisations should continue to be available as a matter of right, and judgements will be made in relation to this belief (Daly & Geyer 1994, p.624). Employees may react negatively if they believe their career prospects have been harmed, or that their enjoyment of work may have been reduced by the retrenchment of colleagues. Employees in a downsizing situation (either victims or survivors) may react negatively because the decision about whom to retrench may have been made illogically or relying on incomplete or inaccurate information. These factors have negative implications but are not necessarily fairness-related. People's reactions to lay-offs are influenced by matters others than those related to justice. There are complex interactions at play.

Leventhal, in criticising the narrowness of equity theory (discussed below), stated that it exaggerated the importance of fairness as a determinant of social perception behaviour: "Concern for justice is only one motivational force among many that influence social perception and behavior, and it may often be a weaker force than others" (Leventhal 1980, p.28).

However, it is often difficult to separate considerations of fairness from other factors. As will be shown later, especially in Chapters 4 and 6, people's concerns about fairness are broadly based.

People's judgements about fairness and their reactions can be influenced by many factors, including what is morally right in absolute terms, or what is comparatively fair, and these judgements may be influenced by people's own interests and experiences to a greater or lesser degree. They may believe that a fair outcome should be determined by one's contributions, or by need, by a sense of equality, or by a mixture of these principles. Contextual factors — such as the characteristics of the people involved, and the nature of the employment relationship — as well as other factors are influential. The following discussion and later chapters elaborate on these influences.

People can judge their experience through a sense of what they 'know' is right or by comparison with others' experiences. Bies contrasts Aristotle's concept of comparative justice with the non-comparative justice Platonic model (1987, p.311). The latter is a concept enabling people to deal with situations where they have to act without the benefit of knowledge of the treatment of or outcomes for other people. Its basis is a belief that there are fundamental standards of justice (such as truth and human dignity) on which to operate. While Bies and Moag (1986, p.48) suggest that the non-comparative approach of Plato has been neglected because of empirical research's heavy reliance on the Aristotelian model, this neglect may also be explained by differences between libertarian accounts (that emphasise individual rights and freedom) and egalitarian accounts (that emphasise distribution and welfare).

People's judgements are also influenced by the balance of their motivations toward self-interest or the needs of others. This discussion will now address the social function of morality and concerns of self-interest.

Social Function of Morality

People may be motivated more or less by concerns of self-interest or by the needs of others. Folger (2001) contends that morality has a social function involving self-restraint, social obligation, and social pressure, which has the effects of restricting arbitrary and capricious behaviour in interpersonal settings. Deutsch suggests that the 'natural values of justice' have social functions because they "foster effective social cooperation to promote individual well-being" (Deutsch 1975, p.140).

Folger agrees with Montada's (1998) criticism of rational choice theory because of its presumption that self-interest is the underlying motive for all behaviour. He similarly agrees with Heider (1958) that justice should be the 'ought force' of motivation involving moral concerns — that is, it should be an end in itself, not just a means to self-interest, even if that self interest is expressed as mutual reciprocity. Such moral motivation will occur only when our interests and our welfare are taken into account with the interests and welfare of others — that is, in a social context.

Folger says that morality refers to ethical standards or injunctive norms, which transcend pure self-interest, and by which people govern their own and others' interpersonal conduct and hold each other accountable (2001, p.7). Called deontic considerations, these norms "stem from moral grounds for regulating interpersonal conduct... [This] leads to negative social sanctions for interpersonal transgressions", including perceived unfairness (Folger 2001, p.4). People are held accountable for actions which are potentially harmful to others and which disregard moral norms. By this accountability and the exercise of negative social sanctions, moral norms are reaffirmed which helps maintain a stronger commitment to fairness.

We will later examine the distributive, procedural and interactional theories of fairness. For now we will consider 'selfishness' and 'conscience' as motivating factors.

The importance of internal or external regulation of behaviour is debated in the literature. One view is that for self-interest to remain within accepted limits, countervailing external sanctions, such as monitoring and penalties, would be needed. Folger (1998, pp.22–4) argues, with reference to Kohlberg's (1981) explanation of moral development, for limiting managerial discretion using 'bounded autonomy'. On his views, governance mechanisms should define the autonomous areas in the employee/manager relationship and the non-autonomous area (e.g. hours of work). A related suggestion proposes a 'social covenant' where violations of boundaries are regarded by all as reproachable breaches of human dignity.

Folger instead argues that we need managers who embrace a regard for fairness, who

> Put some value on other people's well-being, as an internalized moral virtue that motivates other-regarding sentiment to an appropriate, mutually beneficial degree. (1998, p.[14])

He says that such an approach would augment external sanctions.

We will see throughout this dissertation that managers, through their actions and inactions, their competence or lack of it, have significant influence on people's judgements of

fairness when organisations downsize and employees are retrenched, made redundant or redeployed. However, it will be argued that managers cannot always rely on organisational rules and guidelines to instruct them on what decisions to make, or how to make and implement them. Most decisions rely on individual judgement, influenced by personal values.

Folger argues that studies of organisational fairness have focussed on selfish motives to explain fairness and are less to do with justice or morality (1998, p.17). These studies focus too narrowly on personal unfairness and are caught within "the stranglehold of economic rationality and self-interest maximisation" (1998, p.13).

He contends that, apart from any considerations of what fairness really is, it is necessary to conceive of fairness widely in order to give full explanations of people's reactions. This wider perspective, otherwise called "fairness-as-virtue", recognises the importance of social codes for interpersonal behaviour — that is, moral precepts about the 'right' way to treat others (1998, p.23).

Folger says that people react negatively to the unfair treatment of others and are motivated to uphold a moral order — that is, they are motivated by mutual respect for human dignity and worth. He argues that being committed to norms of fair treatment is an important social quality:

> humans have an aversion to other people's unfair conduct. The stakes are too high for unfettered self-interest to prevail by general disinterest; human survival would be problematic without means for individual and collective management of self-restraint regarding interdependencies... Adherence to principles of moral conduct, such as the commitment to honour norms of fair treatment, in itself constitutes a protected social resource. (1998, p.21)

The fairness-as-virtue approach can be summed up as having respect for persons, agreement about the means and a level playing field: "[F]airness as virtue calls for principled conduct that rises above ordinary self-interest in seeking to preserve human dignity" (Folger 1998, p.32).

Organisational justice theories provide other means to help examine and explain influences on people's fairness judgements. Organisational justice developed as an area for examination when principles were sought which were directly relevant to the functioning of organisations. Earlier justice theories addressed justice principles in general social interactions (Greenberg 1990(c), p.400).

In the following discussion, we will address the two commonly accepted concepts of justice: distributive and procedural. This study will also briefly refer to the ongoing debate on

whether the communication aspects of procedural justice, called 'interactional justice', merits recognition as a concept in its own right. We will then discuss interactional justice separately from procedural justice, only because this approach will more clearly fit with my later discussion in this chapter of Greenberg's conception of structural and social determinants of justice. The significant role of social determinants of justice in both distributive and procedural concepts of justice is clearly articulated in Greenberg's Taxonomy of Justice Classes.

However, throughout these discussions the ethical dilemmas facing managers and employees will become more evident, and this study will also argue that practising managers cannot hope to implement justice principles in a straight-forward, rule-governed or routinised fashion, they need to consider each situation on its merits, as a whole.

Before discussing the three organisational justice types, we should consider the relevance of three widely accepted rules for conceptualising fairness which will be referred to throughout this dissertation. These are the 'contributions rule', the 'needs rule', and the 'equality rule'.

The 'contributions rule' — also described as the 'equity rule' — holds that people are rewarded in proportion to the value of their contributions (Homans 1961, cited in Adams 1965, pp.272–3). This rule is most often invoked when people are expected to perform effectively and so to be rewarded accordingly. The predominant capitalist economic orientation of western society results in equity being the central and basic principle of distributive justice. Equity has become a popular concept because people have become assessed in terms of their economic usefulness (Deutsch 1975). According to this understanding, the more economically useful should be economically rewarded more generously, and have their other needs met, including their needs for prestige and power, before, and to a greater extent than, others who are less economically useful. Proponents argue this will achieve better economic outcomes, such as the creation of more jobs. One significant result is that the more economically empowered, and more prestigious, people (those who have best benefitted from this distribution) are also able to exert greater influence over the principles of justice underlying the distribution of resources. Thus the 'equity' or contributions rule will most likely be the dominant principle when economic productivity is the primary goal, on the assumption that people will contribute greater inputs if they anticipate greater individual outcomes.

The 'needs' rule holds that those persons should receive a reward or outcome commensurate with their needs. Thus a person with greater need would receive a reward or outcome that enables their needs to be met, or at least an outcome disproportionately higher than their contribution would indicate or than would be otherwise possible under strict application of the equity rule. The 'needs' rule may more likely be applied where the person is liked, or we feel responsible for their welfare. Or where the persons making the judgement feels responsive to others' needs: for example, they are successful and generous or wishing to heighten their public image and self-esteem. On the other hand, the needs rule can be used to judge whether the 'needy' are sufficiently deserving of help (Leventhal 1976, p.213).

The 'equality' rule, which dictates that everyone should receive similar rewards or outcomes regardless of need or contributions, may be given more weight when priority is given to maintaining harmony and solidarity, or simply because the other two rules — which require evaluation of people's outcomes, contributions and needs — are too complex in the circumstances. Equality will be the dominant principle when social relations — that is, mutual respect and esteem — are the primary considerations and so will be the dominant principle in caring-oriented groups.

These three rules may be applied differentially, across people, time and circumstances, and it may be necessary to choose between these rules when they appear to conflict (Deutsch 1975, pp.146–7; Brockner 1990, p.103). Provis suggests, in the context of wage fixing principles and values, that such rules may be incommensurable and "may have to be measured against different dimensions, and there is no way to argue reasonably about how each bears on the other" (Provis 1992, p.67).

The point will be important in later discussion of my field research where the intermingling of different issues shows a need for practising managers to make decisions which cannot be determined by mechanical application of rules.

There are many different sorts of things which can affect the factors and principles which are generally considered relevant in various situations. For example, people's judgements can be influenced by the quantity and nature of the outcomes they receive. Where the resources are so small that they are practically indivisible, needs and efficiency principles may be favoured; or a small quantity of resources may warrant the application of the equality principle. Where the outcome involves the allocation of love, goods or services, the equality principle is most likely favoured; whereas status differentiation will rely on the contribution principle; information distribution will reply on equality; and the distribution of money on

either or both of the equality and contribution rules (Tornblom 1992, p.214). The equality principle would be the likely choice to achieve harmony and solidarity, the contribution principle to meet the needs of those for whom responsibility and affection is held (Leventhal 1976, p.213).

The multiple factors that affect the application of justice principles may also derive from contextual factors such as the characteristics of the actor, the actors' contributions, their social relationship, the socio-cultural context, and the outcome and its allocation (1992, pp.203–4).

In a downsizing situation, 'actors' could be individuals or groups of people whose jobs are redundant or that remain, or they may be decision-makers or middle level managers. Their contributions are what they bring to the situation and can include performance and personal characteristics. Characteristics of the social relationships among such actors may influence judgements. Within cooperative relationships — where the goal is to achieve and maintain harmony, solidarity and status similarity — the equality principle may be most relied upon. In competitive relationships, denoted by conflicting interests and status differentiation, the contribution principle may be the most used. Social, cultural and historical contexts can influence contributions and outcome allocations.

Tornblom also refers to the multiple influences on justice judgements. He says concepts of justice are socially constructed, and that people's judgement of equity/inequity is "affected by historical, cultural, societal, situational and individual factors" and may be different to different people in different circumstances (Tornblom 1992, p.178). He introduces the influence of culture, saying that Americans are more likely to rely on the contribution principle in most situations, while Europeans such as Swedes prefer equality and differentiate more between the ranges of principles. On this view, the increasing popularity of the contribution principle over the past 20 years is explained partly by increasing globalisation, but also by the effect of the stronger Western economy (particularly that of the United States (US)), and the associated transfer of Western cultural traits or values. This is reflected in Tornblom's observation that "justice principles in the superordinated social system (or culture) will heavily influence justice conceptions in subordinated systems" (1992, p.211).

These rules are instrumental to decisions about distributive justice, and the distribution of resources, but they are also important to decisions about procedural justice. For example, procedures may be implemented to regulate the allocation of parking spaces in parking lots. These procedures may seek to ensure that the CEO has the most favoured space (equity), or

that disabled have favoured spaces (need) and there may be a limit to the number of reserved spaces to ensure that all employees have access to favoured spaces (equality). Procedures may be implemented to ensure that specific employees, such as disabled employees or those from a minority group, are consulted (need), or engineers who design the profitable widgets (equity), or all employees who contribute to assembling the widgets (equality).

Another proposed principle, that of interactional justice, will be discussed in more detail later in this chapter. It includes the nature and manner of explanations about a redundancy situation, and may interact with other principles. For example, it may be applied to ensure that specific employees are consulted more sensitively because of disability (need), that high performing employees are informed of a downsizing decision before others to enhance their employment options as a type of reward for past performance or in anticipation of future usefulness (equity), or that all employees are informed personally and at the same time (equality).

Organisational Justice

Within organisations, the sorts of considerations identified above are sometimes categorised into three types: distributive fairness, procedural fairness, and interactional fairness (Daly & Geyer 1994, p.624). Distributive or outcome fairness is the extent to which outcomes in an allocation decision are deserved. Procedural fairness is the extent to which the procedures in a decision are fair. Interactional fairness is the fairness of the interpersonal treatment received. These different, but often fellow-travelling, approaches represent beliefs about what is important and are discussed in more detail in the following section.

Distributive Justice

The idea of distributive justice has a long history. Aristotle discussed it in Book V (iii–xi) of his *Nichomachean Ethics* (Aristotle 1911) stating that just distribution or redistribution of a good between two people occurred when the principle of proportionate equality was met (i.e. treatment in proportion to one's merit); and so 'equal' treatment is seen to be based on the notion of merit (or equity), however problematic the definition of merit (Cohen & Greenberg 1982, p.3).

Distributive justice judgement focuses on the outcome received in terms of comparison and exchange. Comparison is made in terms of personally experienced prior outcome distributions, with what others have received and in terms of expectations influenced by

community standards (Cohen & Greenberg 1982, p.28). Judgements of distributive justice are also influenced by people's expectations and ideas of exchange, including a 'going rate' of exchange determined by supply and demand, and a 'fair rate' "governed by social norms that define what fair rates of exchange are" (Blau 1964, cited in Cohen & Greenberg 1982, p.13).

Subjective judgements of a fair exchange are also influenced by such things as relative need for and scarcity of the resource; the perceived relevance of the resources in the exchange; perceived motivations for the exchange; the manner in which the exchange takes place; and whether the appropriate justice principle is applied (Tornblom 1992, p.186).

Berger et al. (1972) agreed that injustice perceptions are relative. However, they were critical of views about exchange *inter alia*, for the narrow focus on 'local' comparisons with other individuals. They argued for an Aristotelian social standard against which people can evaluate their allocations and outcomes. People can experience *anomie* where a comparative or contrastive standard is absent (cited in Cohen & Greenberg 1982, p.23). So, comparative justice will influence people, and both subjective and social standard comparisons may be useful.

Distributive fairness judgements about outcomes in organisations were described by Adams' (1965) equity theory. In line with Aristotle's formulation over 2,000 years earlier, equity theory proposed that people may react after comparing their perceived ratio of their own work outcomes compared to their work inputs, with the perceived ratios of others. Equal ratios can cause reactions of satisfaction. Perceptions of unequal ratios can cause other reactions, for example feelings of guilt if one is paid more, or feelings of anger if paid less. Adjustments to address these feelings of unease can be behavioural, such as varying work input, or psychological, such as changing perceptions about work outcomes (Greenberg 1990(c), p.400). Decision-makers may similarly seek to influence reactions by creating fair outcome distributions (Tyler & Bies 1990, p.77).

In contrast with Adams' reactive equity theory, Leventhal (1980) recognised the complexity of making judgements of fairness and so proposed a more proactive and comprehensive approach. Termed the 'justice judgement model', it helped predict and explain organisational cause and effects. It contrasts with equity theory, which identified reactions but did not explain why in different conditions various justice norms were deliberately used to achieve various goals, such as to prevent or minimise negative reactions due to perceptions of inequitable outcomes.

Leventhal criticised Adams' equity theory also because it conceptualised justice solely in terms of the merit principle. It considered only the final distribution without considering procedures, and it exaggerated the importance of fairness, vis-à-vis other criteria, in social relationships. He argued that a multi-dimensional approach to perceived fairness is best, and referred to his justice judgement model which argued that people's judgements are influenced by the contributions rule but also by

> a needs rule which dictates that persons with greater need should receive higher outcomes (and) an equality rule which dictates that everyone should receive similar outcomes regardless of need or contributions (1980, p.29).

His justice judgement model suggests that an individual's factors for evaluating fairness are complex and fluid, and may change with the person's circumstances and context.

Leventhal's justice judgement theory also addressed judgements of 'deservingness' about oneself or others (1980). People's deservingness may be judged by reference to their role and personal characteristics, through comparisons of their entitlements over time, by the degree of task difficulty, and by their ability.

Leventhal (1976, p.227) discussed how third person judgements are made about people's deservingness. This account suggests that the person and the outcomes are considered in terms of socially defined norms that are used to determine deservingness. For example, people may be judged to 'get what they deserve'. Lerner and Miller's 'just world' hypothesis suggested that "people need to believe that the world they inhabit is one in which people generally get what they deserve" (1978, cited in Cohen & Greenberg 1982, p.19). However, there is clear empirical evidence that this approach can lead to false judgements.

This is also explained by the 'Fundamental Attribution Error' where there is "the tendency to attribute behavior exclusively to the actor's dispositions and to ignore powerful situational determinants of the behavior" (Nisbett & Ross 1980, p.31; see also Fiske & Taylor 1991, pp.67–9). In this sense, we attribute our errors and failures to our circumstances, but those of others are attributed to their character and personal shortcomings. On the other hand, our merits and skill are credited for our achievements and successes, those of others are seen to be due to their circumstances and good fortune.

Leventhal (1980) gives an example of the application of these ideas in regard to victim derogation, and indicates the complicated nature of judgement making, and the ways in which judgement can be distorted. Adams, in discussing people's responses to perceived inequity, proposed six ways that people may resolve perceptions of inequity: to alter one's inputs, alter

one's outcomes, cognitively distort one's inputs or outcomes, leave the field, alter or cognitively distort the other's inputs or outcomes, or change the object of comparison (1965, pp.283–96). Leventhal suggests that where another's outcomes are perceived to be unfair, the options are to change people's behaviour, change the outcomes, disregard the outcomes or change the perception of a person's deservingness and behaviour by denigrating the person's contributions and the person. Where low outcomes are received and we denigrate the person's contributions, we are able to persuade ourselves that their low outcomes are fair. He describes this as a sad story with serious social consequences, where our change in perceptions can reinforce a conviction that others do not deserve our assistance.

Similar outcomes are observable in downsizing examples. Brockner et al state that having co-workers laid off can induce a state of positive inequity in survivors. As they point out, positive inequity can be created either by increasing the laid-off worker's outcomes in comparison with others, and by decreasing the outcomes of the others relative to those of the workers laid off. In both these situations, survivors may judge the outcome to be unfair (1985, p.231). Survivors may react by working harder if they believe they have been comparatively advantaged, for example through outcomes such as increased career opportunities, or a belief that it could well have been they who were laid off. However, if Leventhal is correct then survivors may also develop distorted cognitive appraisals of those laid off, perceiving them as somehow less competent or deserving.

These and other factors can distort judgement. As this dissertation argues, there are apt to be many and complex determinants in downsizing situations that can influence people's justice judgements.

Procedural Justice

Organisational researchers in the early 1980s became dissatisfied with the emphasis on distributive justice, and critical of equity theory's inability to specify reactions to inequity and to provide insight into process-oriented fairness concerns (Greenberg 1990(c), p.402). Equity theory was also criticised as one-dimensional, recognising only the contributions rule or merit principle, and Folger implied that it addressed personal fairness at the expense of social fairness (1998, p.70).

Equity theory was also criticised because it focused only on distributive justice ignoring procedural justice, and it exaggerated the importance of fairness factors as determinants of social perception (Leventhal 1980, p.28).

The awareness of the importance of procedural justice was demonstrated by the increasing amount of research and theory-building. The pre-eminent approaches that addressed procedural justice judgements were Thibaut and Walker's notions of decision and process control, Leventhal's proposition about formal procedures governed by a set of principles, Leventhal's self-interest, or instrumental model, and Tyler's group-value model.

The instrumental model of Thibaut and Walker (1975) was used to examine preferred ways to enhance the resolution of disputes. They used laboratory-based experimental methods to examine the role of procedures in decision-making. They found that people valued the opportunity to have a say to influence both considerations and decisions. They used the terms "process control" and "decision" control, where the former includes having input into the information under consideration, and the latter can mean having input into the actual decision-making. Not surprisingly, they found that decisions into which people had input were judged to be fairer and more acceptable than identical decisions where no input was available. These findings were later confirmed by the results of the research of Tyler and Bies (1990).

Leventhal's (1980) self-interest model also addressed the reasons that might influence why individuals sought input. It assumed an egoistic view of human nature where people are primarily concerned with tangible and material outcomes, and where the favourability of outcomes can exceed procedural considerations — that is, where the ends justify the means.

These instrumental models were criticised for failing to completely explain how procedural justice variables can influence people, and avoiding consideration of situations where "rather than being concerned with concrete, tangible, and material rewards, people wish to develop their senses of self-identity and self-worth" (Konovsky & Brockner 1993, p.145). For further discussion of these points, see Cropanzano et al. (2001, pp.173–5).

In Lind and Tyler's 'group value' model certain procedures (e.g. neutral decision-making) are valued because all members are treated fairly and accepted as esteemed members, to be treated with respect, dignity and politeness. Participation, such as having input, is valued for these same reasons regardless of whether it changes the final decision. This model assumes that humans are affiliative creatures with the drive to participate in social processes within groups. They value their membership of the group and their status as members (1988, p.231) and accordingly conform to the norms and social processes of the group (1988, p.237). Positive fairness judgements will be more likely where an organisation's procedures demonstrate regard for all employees (Lind & Tyler, 1988 cited in Greenberg 1993, p.98).

Another theory, 'Referent Cognition Theory' (RCT) addressed explanations for people's judgements about the favourability of outcomes (Folger & Martin 1986; Folger 1987). It also emphasises the instrumental function of the person's relationship with the organisation. It suggests two types of reactions to unjust procedures and/or outcomes. People may believe the procedures used were unjust when they compare actual procedures with procedures that should have applied, and they may display resentment reactions. People may also believe their outcomes are unjust when they compare their actual outcomes with alternative possible outcomes that might have occurred, and they may display dissatisfaction reactions (Konovsky & Brockner 1993, p.144). In other words, and unsurprisingly enough, people tend to react negatively when they believe they would have obtained better outcomes if the decision-maker had used other procedures that should have been implemented (Greenberg 1990(c), p.410), and when people believe the procedures to be fair, their resentment will be less even though distributive justice may be low.

Cropanzano et al. suggest another model, 'fairness heuristic theory', which states that people are often in situations, such as in organisations, where they cede their authority to others. They contribute their own commitment and resources in exchange for assistance with their own goals and social identity, but this puts them at risk of exploitation, rejection and a loss of identity. This 'fundamental social dilemma' causes people to question whether they should trust others, but there is often little or inadequate information available. So they rely on "heuristic or cognitive shortcuts" (such as 'fairness factors', discussed later in this chapter and in Chapter 4) to deal with such convoluted situations, and to guide their decisions and subsequent behaviours (2001, pp.169–70). The theory suggests that fairness evaluations are formed via the information that is available and people regulate their behaviours to match the level of justice perceived or expected.

Interactional Justice

The two dominant conceptions of justice types, distributive justice and procedural justice, were suggested to be complemented by another justice type, called "interactional justice" by Bies and Moag (1986) and Tyler and Bies (1990). Bies and Moag proposed that decision-making procedures are more than abstract sets of rules — people make justice judgements not only about the formal procedures, or rules, but also about the quality of the interpersonal treatment received. This includes being treated with sensitivity, dignity and respect during the enactment of the organisational procedures, and proper conduct by

decision-makers during enactment of decisions — that is, within prevailing norms and expectations of appropriate conduct (1986, p.44).

They imply that the justice judgements are not as simple as first thought and suggest that fairness considerations will happen at each step of a sequence. On this view, it is a key point that the communication encounters affect the justice judgements. They propose four communication factors that influence perceptions of fairness. These are truthfulness, candidness (absence of deception), respect (absence of rudeness), propriety of questions (absence of improper questions and prejudicial statements) and justifications.

The suggested overlap between procedural and interpersonal justice perspectives was the genesis of the concept of 'interactional justice'. It was also the genesis of arguments about whether interactional justice is a justice type independent of procedural justice, as Bies and Moag (1986) proposed, or whether it is an aspect of procedural justice. The distinction was partially based upon Leventhal's (1980) work. He attended to the interpersonal aspects of formal procedures as another explanation for assuring intended fairness.

Debate was encouraged by Bies who argued that interactional justice should be recognised as a separate construct from procedural justice because it is about the interpersonal enactment of procedures rather than their development (Bies & Moag 1986; Bies & Shapiro 1987). This was supported further. Mikula, Petri and Tanzer in inquiring into people's everyday experiences of injustice also found that interpersonal treatment is an important criterion in people's justice judgements. They observed that the quality of interpersonal treatment can reasonably be seen as an aspect of procedural justice when dealing with the enactment of procedures. They argue, however, that the manner of interpersonal treatment should be an independent evaluative mechanism when dealing with all kinds of interactions and encounters, not only with situations of judgement and decision-making. They suggest that to subsume interpersonal treatment under procedure would distractingly 'inflate' the procedural concept beyond judgement and decision-making. This would, they argue, remove the concept's usefulness and make it more difficult to discriminate between decision-making processes and interpersonal treatment (Mikula, Petri & Tanzer 1990, p.143).

Bies and Moag found that subjects in different categories repeatedly distinguished between outcomes; procedural considerations, such as having the opportunity to express their views; and the interaction —that is, interpersonal treatment such as honesty and courteous treatment (1986, p.51).

The importance of decision-maker conduct was addressed by Tyler and Bies (1990). They looked at a means to integrate formal procedures and decision-making conduct, and identified two essential aspects of interpersonal justice — that is, the quality of the interpersonal treatment received and the proper conduct of decision-makers during enactment of decisions.

We earlier made references to the influences that managers' behaviour and decisions can have on employees' fairness judgements. Tyler and Bies elaborate further and argue that the conduct of decision-makers was the 'missing link' in procedural justice research. They observed that the seminal work of Thibaut and Walker (1975) appropriately addressed the importance of the decision-making functions of procedures to achieve accuracy and quality and the importance of the formal and structural properties of procedures. However, this emphasis on formal, structurally defined decision-making procedures inadvertently distracted from the interpersonal aspect — that is, the conduct of decision-makers during the implementation of the procedures. They suggest that while the Thibaut and Walker work did narrowly guide research, decision-maker conduct has not been totally overlooked (1990, p.79).

In relation to proper enactment of the formal decision-maker procedure, Tyler and Bies argued that while decision-makers typically have discretionary authority in interpreting and enacting a procedure, there are restraints on this discretion "defined by the prevailing norms that define proper and socially acceptable decision-maker behaviour" (1990, p.83). For example, citizens expected police to "show concern for their rights, to be courteous, and to otherwise conform to their conception of the appropriate behaviour of public servants when dealing with citizens" (Tyler & Folger, 1980, cited in Tyler & Bies 1990, p.82).

People's responses to official behaviours are influenced by various aspects of the communication interaction. Non-verbal communication (NVC), for example as displayed by managers giving bad news and by employees receiving bad news, is behaviour that can betray intentions. It is defined as "all messages (or communications) not coded in words" (Lewis 1975 cited in Thomson 1996, p.277). Most is unconscious and accompanies most of what we say, and can serve to reinforce, contradict or neutralise the spoken word (Delahanty 1970, cited in Thomson 1996, p.278). It includes posture, facial expression, eye contact, changes to tone, pitch and pace of speech, and speech errors such as 'umms' and 'ahhs' (Thomson 1996; Boltz 2005).

NVC is influenced by the individual's psychology, but is situated within language practices and the cultural and material features of the settings where the communication occurs (Linell 1995, p.181; Goodwin & Goodwin 2000, p.34). NVC can be influenced, for example, by the level of anxiety caused by the bad news content of the message, this being heightened or lessened by the individual's level of certainty, and by whether the communication involves dishonest behaviour (Boltz 2005, p.132). It can also contribute to misunderstanding and miscommunication. Participants may judge the others as concealing their intentions, deceiving or keeping secrets by the process of the exchange as well as by the result (Linell 1995, p.182).

Many managers, as is discussed later in Chapter 6, claimed neutrality in regard to downsizing decisions and their implementation. Such neutrality serves to "minimise interpersonal disagreement while maximising agreement and mitigating critical, accusatory and other sensitive actions" (Clayman 1992, p.163). Clayman indicates that seeking a neutral posture is most evident in relation to controversial issues, where the talker may take extra care to be distanced from particular aspects which are most contentious or objectionable (Clayman 1992, p.170). By these actions the speaker can indicate that the words originated elsewhere, and seek to disaffiliate from them (Clayman 1992, p.173).

However, there can be contradictions and ambiguity between the words used and NVC displays. As Clayman (1992) indicates, neutralism is an interactionally-organised phenomenon that requires the cooperation of both parties. Without this collaboration the interaction is held to be flawed by either or both of the parties (Clayman 1992, p.194).

Tyler and Bies also addressed the importance of decision-maker conduct. They suggest a view of procedural justice which integrates it with formal procedures. Based on empirical evidence and from work of Folger and Bies (1989), they suggest five norms of decision-maker conduct in enacting formal procedures. These are important to perceived fair interpersonal treatment, over and above mere formal procedures in organisations. They include: adequately considering employees' viewpoints, suppressing personal biases, applying decision-making factors consistently across employees, giving timely feedback after a decision, and providing an account of the decision. These are, in effect, examples of fair interpersonal treatment. They reflect and complement Leventhal's factors and demonstrate application. They also demonstrate the interdependence of the various factors that influence fairness judgements (Tyler & Bies 1990, pp.83–8).

The perceived fairness of managerial actions across a range of functions was examined by Sheppard & Lewicki (1987), who identified the principles the employees used for these judgements. They argued that while the Thibaut and Walker (1975) and Leventhal, Karuza and Fry (1980) models have broad relevance across organisational phenomena, there existed no evidence that they were particularly relevant to perceptions of fair managerial practice (1987, p.162). They involved 44 mostly middle-level, tertiary educated managers, sourced from university programs to complete open-ended questionnaires.

Their qualitative research identified fifteen fairness rules that corroborated and included Thibaut and Walker's rules and those of Leventhal, Karuza and Fry; and they observed the existence, amongst these rules, of some related to process which linked procedures and outcomes, and others which enacted the procedures. This was a contribution to the developing argument for interactional justice to be an identifiably distinct form of justice.

They arrived at fifteen rules, the six of Thibaut and Walker (1975) and Leventhal, Karuza and Fry (1980) and nine others, placing the nine in two categories depending on the reason they had not previously arisen in research.

Their findings supported Leventhal's (1980) principles of consistency, bias suppression, accuracy, correctability, representativeness, and ethicality. They found that communicating expectations clearly, and not expecting results from what was not communicated, was important in judgements of managerial fairness.

In the late 1980s and early 1990s, there was then a shift away from this view of interactional justice as a distinct type, and instead an identification of interpersonal interactions as the "interpersonal context of procedural justice" (Tyler & Bies 1990, cited in Greenberg 1993, p.81. See also Folger & Bies, 1989; Greenberg, Bies & Eskew 1991; and Lind & Tyler 1988.)

Greenberg observed that Bies and Moag (1986) originally had contended that interpersonal treatment was only "an intermediary between procedures and outcome distributions", and that Tyler and Bies had "eschewed the term interactional justice in favour of the 'interpersonal context of procedural justice" (cited in Greenberg 1993, p.81). He noted that "procedural fairness judgements are influenced, in part, by the interpersonal treatment one receives" and thus the conduct of the organisational agents (1993, p.82).

Cropanzano et al. noted that this unitary approach affected the research of the time, mixing up formal, structural and interpersonal treatment aspects. They noted calls to highlight once again the distinction between the two (2001, pp.181–2). They stated that pertinent

evidence exists to demonstrate that people can and do make distinctions between fairness of procedures and interpersonal treatment. They stated that the two approaches can be measured separately, and are able to independently or together mitigate distributive injustice. They concluded that the evidence is strong for procedural and interactional justice to be maintained as separate constructs (2001, p.183). They later suggest that research should address whether to divide interactional into two further components — that is, informational and interpersonal — as suggested by Greenberg (1993) and examined by Colquitt et al (2001) and McGonigle and Hauenstein (2002).

Social and Structural Determinants of Justice

A conceptual distinction was proposed by Greenberg (1993) which differentiated between procedural justice's structural mechanisms and interactional justice's social aspects and was the subject of much discussion. (See also Bies & Moag 1986; Bies, Shapiro & Cummings 1988; and Tyler & Bies 1990.) In his 1990 article *Organizational Justice: Yesterday, Today and Tomorrow*, Greenberg provided a historical overview of conceptual and empirical work about distributive justice and the (then) "burgeoning topic" of procedural justice. He also discussed the interpersonal determinants of procedural justice, which he said were important for two reasons. The first reason is their contribution to the debate about whether or not interactional justice is or should be considered a distinct justice type (in company with distributive and procedural justice types). The second is whether researchers should, rather than developing new justice types, be seeking to "integrate and unify disparate concepts in the distributive and procedural justice traditions" (Greenberg 1990(c), p.399).

Greenberg suggested that interactional justice was an early conceptual statement about social determinants of justice, which he described as people's sensitivity to the interpersonal treatment received during the implementation of organisational procedures, — that is, concerned with how procedures are implemented rather than the actual development of procedures. In his historical overview of the field of organisational justice and the later work on *The Social Side of Fairness: Interpersonal and Informational Classes of Organizational Justice*, he argued the case for an integrated approach to organisational justice, one which addressed both the distributive and procedural aspects of justice, and provided a means to overcome conceptual 'confusion' about whether distributive, procedural, and interactive justice classes are separate constructs (Greenberg 1990(c), p.424).

He argued that understanding the processes which may be responsible for individuals' reactions to organisational justices and injustices can assist in enhancing positive effects, and ameliorating negative effects on individuals and organisations. And he argued that an integrated approach has greater likelihood of achieving this than other existing approaches.

Research has predominantly and narrowly focussed on structural explanations of fairness, at the expense of attention to social determinants of reactions to fairness, such as personal explanations of factors for lay-offs and respectful communication of the decisions (Folger & Bies 1989; Greenberg 1990(c); Greenberg & McCarty 1990; Tyler & Bies 1990; Greenberg, Bies & Eskew 1991).

So Greenberg proposed a taxonomy of justice classes which highlights and brings together both structural and social determinants of reactions to procedural and distributive justice (1993, p.83). He developed these concepts into a four segment model called "A Taxonomy of Justice Classes", which moved the discussion in another but related direction (1993, p.80). As Cropanzano et al. (2001, p.181) note, both Bies' work and Greenberg's approach usefully highlighted the distinction between the social and structural aspects of fairness judgements.

As has often been stated, the fairness of both distributions and procedures are important. Greenberg argues that it is not a simple situation, that individual actions not formal procedures reflect concerns for the rights and well-being of others, and that there can be both procedural and distributive unfairness in perfunctory, undignified and impolite actions. Arguing that undesirable social treatment should be seen to be an element of both procedure and outcome, he states that "It is not only the fairness of procedures but the fairness of outcomes themselves that demand the use of socially fair treatment" (1993, pp.86).

To represent these distinctions, Greenberg proposed a taxonomy to bring together the two means of analysis, the structural and social determinants of justice, with the procedural and distributive categories of justice. In the following Table 1, 'A Taxonomy of Justice Classes', the structural and social determinants of justice are described on the left side of the table and the procedural and distributive justice approaches are described across the top.

We have already discussed the meaning of procedural and distributive justice approaches. Of the justice determinants, structural determinants focus on the environmental context in which the interaction occurs and on structuring the decision-making context, whereas social determinants focus on the treatment of individuals and their interpersonal experiences.

TABLE 1. A Taxonomy of Justice Classes. (after Greenberg 1993)

	Procedural Justice (The procedures used to achieve outcomes.)	Distributive Justice (The outcomes people receive and their reactions.)
Structural Determinants of Justice. (Fairness is sought through structuring the decision-making context.)	Systemic type: i.e. "Procedures to promote fair allocations".	Configural type: i.e. "Configuring a distribution to achieve a desired outcome in line with social norms".
Social Determinants of Justice (Fairness is sought through concentrating on the interpersonal treatment individuals receive.)	Informational type: i.e. "Informing about procedures which demonstrate regard for others' concerns".	Interpersonal type: i.e. "Showing concern about the effects of the distributive outcomes".

A Taxonomy of Justice Classes

In the Taxonomy, the first of the two structural determinants is systemic justice (procedural category/structural determinant) which is evidenced by acts that structure the context, such as promoting procedures so that procedural justice is obtained. For example, Thibaut and Walker (1975) talked about structuring the dispute resolution context so disputants achieve process control, and Leventhal (1980) proposed rules which structure the allocation procedures context. Hemingway described these as the formal policies and procedures used by the organisations to determine resource allocations and include the processes used to determine whether employees are to be laid off and whom (1997, p.14).

The second of the structural determinants is configural justice (distributive category/structural determinant) which is also concerned with structural means but concentrates on configuring a distribution. It is made up of acts which structure the contexts to achieve certain distributive patterns, such as a desired outcome or one which conforms to a standard or social norm (e.g. equity or equality (Deutsch 1975; Leventhal 1976, cited in Greenberg 1993, p.84)), or to achieve some instrumental goal (e.g. enhanced productivity).

The first of the social determinants is informational justice (procedural category/social determinant), which can be achieved by demonstrating regard for people's concerns through providing knowledge and sharing information about procedures.

The second of the social determinants is interpersonal justice (distributive category/social determinant) and can be made evident through showing concern about the effects of the distributive outcomes upon people, for example by expressing remorse for lay-offs and apologising. This can influence reactions and affect behaviour. Informational justice focusses on communication of the procedures used to achieve social outcomes (i.e. social aspects of *procedural* justice), whereas interpersonal justice addresses the consequences of the outcomes (i.e. social aspects of *distributive* justice) (Greenberg 1993, p.85).

In support of his Taxonomy and his justification of the relevance of the category of Social Determinants of Justice, Greenberg argues that the social and structural determinants and the types of social determinants have been shown through research to be differentially identifiable. In his 1990 study, Greenberg found that informational and interpersonal justice contributed independently and jointly to a reduction in theft behaviour. Greenberg again found that the variables had additive as well as individual effects, and that they can have practical application: for example, increases in informational justice and interpersonal justice can enhance fairness perceptions of workers who are most affected by the introduction of change and considering resignation (1990(a), cited in Greenberg 1993, pp.88–95).

In his 1991 study, Greenberg carried out research about the introduction of a smoking ban which showed that high levels of informational and interpersonal justice alone or together can mitigate reactions to negative outcomes (1991, cited in Greenberg 1993, p.95). Subjects from all groups recognised the fairness of the way in which the smoking ban was instituted, suggesting that increases in informational justice and interpersonal justice can enhance fairness perceptions.

In his 1993 research, Greenberg reported from surveys of the effects of lay-off notices and expressions of regret and the severity of lay-offs, that the manipulation of informational and interpersonal variables indicated separate causal effects of these factors in their mitigating effects on negative reactions (1993, p.95). While survivors were less affected by the manipulations of these variables, they were also positively affected, as were the victims. Greenberg noted the similarity of these results to his earlier 1991 study of the effects on smokers and non-smokers of the introduction of a smoking ban.

In a study about responses by lay-off victims, the independent effects of informational and interpersonal factors were also demonstrated (Brockner 1994).

In summary, Greenberg argues that the use of his Taxonomy can overcome distraction about the independent role of interactional justice, as it uses social determinants of justice which embrace the arguments of the importance of the enactment of procedures. He says the

> social determinants of justice - that previously have been recognised in an unsystematic fashion - will now be legitimized as a coherent, systematic complement to the structural determinants of both procedural justice and distributive justice (1993, p.100).

He also contends that there is sufficient evidence that the quality of interpersonal treatment received (social determinants of justice) can affect perceptions of fairness which is not satisfactorily dealt with by the structural emphasis (structural determinants of justice) within distributive and procedural justice concepts (1993, p.80).

He states that the Taxonomy can address the social determinants involved in both distributive and procedural justice and, by using both social and procedural aspects, expand research approaches beyond the existing distributive/procedural dichotomy (1993, pp.83–6).

The communication aspects of interactional justice are addressed in detail in Chapters 4 and 6 where the manner and nature of explanations given for downsizing decisions are discussed.

This chapter has so far discussed the various theories and principles that seek to explain the factors that influence people's justice judgments and we referred to the role of a Taxonomy in categorising, in some ways, the influences on justice judgements. Before we consider fairness factors, derived from the theoretical and empirical literature and seen to represent the important influences on people's judgements, we will briefly note decision-making challenges that managers face.

We are faced every day with decisions, which have particular moral implications, and are influenced by details of concrete situations. There is a growing body of literature which shows that this is not a simple point but rather a matter of degree to which this occurs in any given situation and is important to the practising manager. Rule-based decision-making may be limiting and not possible in every case (ironic given that rules are intended to cover all cases); particular circumstances and individuals often are influential. People's situations are unique, and they apply their own experiences and values to their judgements. They judge how fairly they have been treated in accord with their personal standards of ethics and morality; by comparison with the treatment accorded to others (Bies 1987, pp.310–11); and in terms of expectations based on their prior experiences (Davy, Kinicki & Scheck 1991, p.313;

Brockner, Tyler & Cooper-Schneider 1992, p.257). Their judgements will also be affected by the context and circumstances of the study and the individuals' personal circumstances (Davy, Kinicki & Scheck 1991, p.313). They make holistic judgements, taking account of the whole detail of their situation.

An implication seems to be that people need something more to assist their judgements than rules and routine. The Aristotelian view is that rule-following alone is insufficient and that "moral rules are not sufficient on their own to provide moral guidance" (Crisp, 2000, p.25).

One way of thinking about how to do things properly, articulated by McDowell (1997), is to conceive of some theory developed by some quasi-scientific form of inquiry, which informs us so that our actions can be seen to be correct if they conform to the general principles developed by the theory but not determined by detailed prescriptive rules. Then a person who shows 'virtue' or skill at doing things well is a person who manages to act in accordance with those principles, letting them form a guide to behaviour.

Another way of thinking about these matters is to consider that we can discern some ways of describing people's behaviour by articulating general statements, but such generalisations are essentially after the fact. What is primary are the judgements made by individuals in specific situations. Crisp refers in this regard to McDowell's argument that "learning what to do in particular circumstances emerges not so much from the application of an objective rule, as from a sensitivity grounded in our shared 'whirl of organism', or in other words on our experiences and capacity to judge the course of action to take" (2000, p.25).

Rules are based on experience whereas life is complex and unpredictable, and circumstances will arise where rules are insufficient and inappropriate to determine what should be done. A rule is in effect "a practical generalization, an aid to doing what is always right" (Crisp, 2000, pp.27–8). Rules cannot guide action where sensitivity is required to morally important features of often complex and unpredictable situations and where insight is required about the relevant moral intensity of the situation. In this sense, rules are seen to be 'uncodifiable'.

There will be difficult cases which may not be solved by mechanical application of rules or "susceptible of capture or any universal formula" (McDowell 1997, p.148), where the search then is for a 'right' way of acting, rather than the 'one' way of acting. Crisp says that resolutions should not be conceived from "some external standpoint, outside our immersion in

our familiar forms of life' (McDowell 1997, p.153). He argues that people's judgements are and should be influenced by individual values and virtues.

In this study we will argue that no set of rules exists to enable managers to make a priori judgements in all situations, at all times. In downsizing situations the situations faced by managers are generally complex and not often well-suited to rule-based decision-making. This is not to say that it is not possible to identify factors that are relevant to decision-making: only that they may not be susceptible of shaping into prescriptive rules. We will see in Chapter 6 from the empirical results of this study that managers are often required to exercise their own judgements that have significant effects on others' lives and here managers face many ethical dilemmas.

Fairness Factors

We have noted some generally accepted fundamental theory and research in organisational justice upon which most subsequent research has been based. These include Adams (1965) on equity theory; Leventhal (1980) on distributive justice; Thibaut and Walker (1975) on procedural justice; and Bies and Moag (1986), Tyler and Bies (1990) and Greenberg (1993) who contributed factors developed from the important concept of the interpersonal aspects of procedural justice. There are works, referred to as "conceptual justice classification frameworks" (Simerson et al. 2000, p.444), which it seems reasonable to believe are fundamental to examining fairness factors in organisational justice.

The justice literature has also identified factors that influenced people's fairness judgements. (We shall refer to them as 'rules', bearing in mind that they may not be usable as routinisable guides to action.) These have been applied in organisations and specifically when organisation change negatively impacts on people, for example through such labour adjustment strategies as lay-offs, redundancies, retrenchments and redeployments.

Leventhal proposed two kinds of justice rules, namely distribution rules and procedural rules. A distribution rule is "the individual's belief that it is fair and appropriate when rewards, punishments or resources are distributed in accordance with certain factors"; and a procedural rule is "an individual's belief that allocative procedures which satisfy certain factors are fair and appropriate" (1980, p.30). In these definitions Leventhal describes the components of these justice rules as 'factors' (1980, p.30). His rules indicate certain factors upon which fairness judgements are made.

He suggested six factors for fair allocative procedures which he argues are applied selectively by individuals and different rules that are followed at different times depending on the 'weight' placed on different factors by the individual (1980, pp.39–41). The factors are consistency, bias suppression, accuracy, correctability, representativeness and ethicality. These rules, or factors used in justice judgements, have proved to be foundations for later work in this area. Before discussing these in detail, a brief summary of each follows.

In relation to the 'consistency' factor, it is important to fairness for procedures to be applied consistently across persons and over time; the 'bias-suppression' factor states that avoiding personal self-interest and allegiance to narrow preconceptions enhances fairness judgements; the 'accuracy' factor states that fairness is more likely perceived when the process is based on relevant and accurate information and opinion, gathered competently and processed appropriately; the 'correctability' factor holds that fairness will be more likely perceived when formal or informal appeal procedures exist, are safe, inexpensive and easy to use, and can enable timely review and modification of decisions at various stages of the process, not just at the end (perceived fairness would require that the original decision-maker whose decision is the subject of appeal is bypassed and the decision made by others higher in the system); the 'representativeness' factor states that the process will be perceived to be fairer when it represents the needs and interests of those affected by the process; the 'ethicality' factor requires that allocative procedures "must be compatible with the fundamental moral and ethical values accepted by that individual". Indeed "[p]erceived fairness will be reduced when allocative procedures violate personal standards of ethics and morality" (Leventhal 1980, pp.45–6).

Barrett-Howard and Tyler (1986) in their *Procedural Justice as a criterion in allocation decisions* asked 336 undergraduate students to complete 16 scenarios or vignettes about allocation decisions. The students were asked *inter alia* to evaluate the importance of Leventhal's six factors to see which factors were most important and when. They also were asked to give ratings for procedural justice and distributive justice as well as for six non-fairness factors in various strength relationships to determine the comparative importance of fairness factors and in what circumstances these applied. In relation to the importance of Leventhal's factors, they found, in order of importance, that consistency across people, ethicality, bias suppression and accuracy were the most important factors overall, followed by representativeness, consistency across time and correctability. However, they differed in ranking depending on the nature of the relationships (competitive/cooperative) and the

settings (formal/informal and social/task). For example, bias suppression, accuracy, consistency and representation (and procedural justice overall) were more important in formal than informal settings. Accuracy, consistency and ethicality were important in co-operative settings; accuracy was more important in co-operative than competitive settings; and accuracy was also more important in co-operative, informal settings than competitive, informal settings. Consistency was less important in social situations than in competitive task situations. So it is not reasonable "to formulate general rules about the factors used to judge procedural justice" (1986, p.303). They add that universally defined fair procedures are thus unlikely; however they suggested that establishing a typology of fair procedures would be fruitful.

Two other factors are derived from the previously mentioned work of Bies and Moag (1986), Tyler and Bies (1990), and Greenberg (1993), and refined through Greenberg's (1993) conception of informational and interpersonal types that he characterised as "social determinants of justice". The two factors are: the 'nature of explanations', that is, the extent to which an explanation demonstrates regard for others' concerns; and the 'manner of explanations', that is, the extent to which concern is shown for the effects on people. These are drawn respectively from the informational and interpersonal justice types.

These factors will be discussed in more detail later in the context of Greenberg's (1993) 'structural determinants of justice' and 'social determinants of justice'. This, as Greenberg perhaps intended, enables discussion of structural aspects of distributive and procedural research findings and, separately, social aspects of distributive and procedural research findings. In the latter case, this incorporates interactional justice research.

This study will consider eight factors that are conventionally recognised to be relevant to retrenchment, redundancy, and redeployment situations, for example as examined by Bies, Martin and Brockner (1993) and Simerson et al. (2000). These are the six of Leventhal: consistency, bias suppression, accuracy, correctability, representativeness and ethicality; plus nature of explanations and manner of explanations as discussed above.

Greenberg's Taxonomy (1993, p.83–5) which we discussed earlier can be used to categorise these practices into structural and social determinants of both distributive and procedural justice classes (as was also earlier described, see Table 1). Accordingly these eight factors are placed into his Taxonomy in Table 2 followed by explanations for their placement.

TABLE 2 Taxonomy of Justice Classes Incorporating Fairness Factors

(after Greenberg 1993)

	Procedural Justice The procedures used to achieve outcomes.	Distributive Justice The outcomes people receive and reactions.
Structural Determinants of Justice: (Fairness is sought through structuring the decision-making context)	Systemic type: i.e. "procedures to promote fair allocations". • Representativeness: i.e. input into lay-off procedures; • Consistency: i.e. managerial consistency; • Bias suppression: i.e. unbiased policy; • Accuracy: i.e. the criteria used for decisions are accurate and objective; • Correctability: i.e. opportunity for appeal and an official lay-off policy	Configural type: i.e. "configuring a distribution to achieve a desired outcome in line with social norms". • Ethicality: i.e. benefits such as severance package and transition assistance.
Social Determinants of Justice: (Fairness is sought through concentrating on the interpersonal treatment individuals receive.)	Informational type: i.e. "informing about procedures which demonstrate regard for others' concerns". • The nature of explanations: i.e. explanations are given for the lay-offs and the criteria used.	Interpersonal type: i.e. "showing concern about the effects of the distributive outcomes". • The manner of explanations: i.e. the way the lay-off decision is communicated and an expression of regret.

Greenberg's Taxonomy will be revisited in later chapters of this dissertation to illustrate the range of influential factors and to suggest a means of categorising them that may influence later research.

The structural determinants of justice are divided according to Greenberg's (1993) Taxonomy into the procedural justice category, where they are termed 'systemic types', and into the distributive justice category, and termed 'configural types'. The systemic factors are consistency, bias suppression, accuracy, correctability, representativeness. The configural factor is ethicality.

The first structural determinant is systemic justice (procedural/structural), which is evidenced by acts that structure the context, for example in promoting procedures so that procedural justice is obtained. Here are placed the factors of consistency, bias suppression, accuracy, correctability and representativeness.

In relation to the 'consistency' factor, it is important to fairness for procedures to be applied consistently across persons and over time, for example in the downsizing context for managers to consistently apply the retrenchment, redundancy or redeployment procedures in

the same manner to all employees. The 'bias-suppression' factor states that it is important to fairness for personal self-interest and allegiance to narrow preconceptions to be avoided, for example the official retrenchment, redundancy or redeployment policy not to be biased against groups of employees, such as women, minorities, older workers, and the disabled.

The 'accuracy' factor states it is important that the process is based on relevant and accurate information and opinion, gathered competently and processed appropriately, for example that the information used to make the decisions is accurate and objective (e.g. seniority, job level, location) not subjective (e.g. personal preferences, loyalty, unpopularity).

The 'correctability' factor holds that fairness will be more likely perceived when formal or informal appeal procedures exist, are safe, inexpensive and easy to use, and can enable timely review and modification of decisions at various stages of the process, not just at the end. Perceived fairness would require the original decision-maker whose decision is the subject of appeal to be able to be bypassed and the decision made by others higher in the system. For example, a means such as a formal mechanism is to be available for employees to appeal the retrenchment, redundancy or redeployment decision.

The 'representativeness' factor states that the process will be perceived to be fairer when it represents the needs and interests of those affected by the process: for example, there is the opportunity for employees to express their viewpoint and provide input into the decision process before the retrenchment, redundancy or redeployment is implemented. For example, a formal retrenchment, redundancy or redeployment policy exists and is to be followed by all decision-makers.

The other structural determinant is configural justice (distributive/structural), which is also concerned with structural means but concentrates on configuring a distribution. It is evidenced by acts which achieve distributive justice through structuring the contexts to achieve certain distributive patterns, such as a desired outcome or one which conforms to a standard or social norm (e.g. equity or equality) or to achieve some instrumental goal (e.g. enhanced productivity). The ethicality factor is relevant here: for example, a fair severance package is provided to retrenched employees; and both before and after the retrenchment, redundancy or redeployment, employees are supported, with such support perhaps including services such as outplacement assistance and counselling.

The first social determinant is informational justice (procedural/social), which focusses on knowledge of the procedures used to achieve social outcomes (i.e. social aspects of procedural justice). This can be by demonstrating social regard for people's concerns through

providing knowledge and sharing information about procedures that lead to outcomes. The nature of explanations is relevant here: for example, clearly explained reasons are given for the retrenchment, redundancy or redeployment; and the factors are clearly explained in relation to decisions regarding who will be retrenched, made redundant or be redeployed.

Interpersonal justice (distributive/social) addresses the consequences of the outcomes, that is, the social aspects of distributive justice that can be achieved through showing concern about the effects of the distributive outcomes upon people, for example by expressing remorse for lay-offs and apologising. The manner of explanations is relevant here: for example, the organisation may inform employees personally that they are retrenched, made redundant or to be redeployed, and management may express regret about the retrenchment, redundancy or redeployment. Treating employees with kindness and consideration during the process, and management apologising for the necessity of the action taken, evidences that regret and respect.

In considering how these factors apply in the cases we examine, we shall see that actual judgments are complex and that although these factors can be discerned as relevant, they do not seem to function as conventional moral principles, that might be applied by individuals as general statements which may be combined with factual statements about the details of the case in order to arrive at concrete judgments. The central conclusion of the thesis will be that the studies carried out in this case suggest that judgments about fairness show 'moral imagination' in the sense of Johnson (1993) and Werhane (1999). As Johnson says

> I do not mean to deny the existence or usefulness of very general moral principles. Such moral ideals exist within cultures and are an important part of moral knowledge. But the idea that our primary moral task must be to discover and apply absolute moral laws misses out most of what really matters in morality. An exclusive focus on moral laws and rational principles is a threat to human well-being because it blinds us to the cultivation of moral imagination that is necessary if we are to be morally sensitive and fully responsible to other people. (1993, p. 5)

It will beyond this thesis to give a full account of the idea of 'moral imagination'. The fact that something like moral imagination is needed to make ethical judgments and make ethical decisions has been seen by a number of ethical writers (see e.g. Coady 1990; Provis 2004, chap. 3). However, it has not been until cognitive scientists started to model forms of decision-making that go beyond top-down, rule-driven processing (e.g. Churchland 1995) that it has been possible to give some more precise content to the idea of moral imagination.

Johnson (1993) has shown how it is possible to do this, but there is still a paucity of literature which show the significance of this idea in real situations. The data in this study will allow this to be seen in the way people make judgements about fairness in some real downsizing situations. Although the primary theoretical focus is the extent to which individuals make such judgements in a way that escapes accounts that revolve around rule-governed reasoning, there will emerge also some practice implications, as it will be seen that effective managers show the use of 'moral imagination' in their decision-making.

Summary

In this chapter we have noted numerous references to the multiple and often interdependent influences on people's fairness judgements and their reactions and the complicated nature of judgement making. These references included context; personal knowledge and experiences; individual circumstances; culture; individual self-interest or social obligation; the moral views and actions of managers and decision-makers and their individual competence; rules and formal procedures and sanctions; social standards; and communication and social characteristics in people's interpersonal treatment. We also noted how people may react to these influences including rationalising outcomes and derogating others.

We have seen this study's contention developing about the relevance of fairness factors. We shall consider the usefulness of a taxonomy to illustrate the range of factors and to conceptualise their relationships. Ultimately, however, what we shall see is the importance of 'moral imagination' in fairness judgements.

Chapter 3: Downsizing

In this chapter we will examine the context of downsizing and the myriad of features that influence people's fairness judgements. Ironically, while organisations espouse the importance of their employees, many of these employees lose their jobs through downsizing. They, their significant others, friends and communities are negatively affected by this job loss. The downsized organisations also often do not achieve the results they sought but experience unexpected negative effects. Yet, in the midst of this chaos, downsizing continues to be widespread.

We examine the meaning and effects of downsizing, the roles of retrenchment, redundancy and redeployment, and the influential role of language. However the downsizing is described, it is generally seen as a negative act. It may not only be the negative act in itself that is the problem, but the manner in which the decision is implemented. We will note those features that influence people's fairness judgements, including their own experiences, community standards, and institutional frameworks for the regulation of redundancy in Australia, and examine these in the context of international experience.

This will lead into the next chapter's discussion of downsizing and fairness factors that are used by individuals to judge the fairness of their retrenchment, redundancy and redeployment experiences.

What are Downsizing, Retrenchment, Redundancy and Redeployment?

Downsizing is a deliberate act involving various degrees of voluntariness within the retrenchment, redundancy and redeployment practices adopted. It involves trade-offs between profit and employee well-being.

Ryan and Macky describe downsizing as "a popularist term that lacks precise theoretical determination" (1998, p.30). Downsizing is not 'just' the reduction of staff. It is defined as an intentional endeavour, usually but not confined to involving reductions in personnel, with such actions including transfers, outplacement, early retirement, lay-offs, and aimed at achieving organisational improvement through improved efficiency and/or effectiveness, and affecting work processes (Freeman & Cameron 1993, p.12). It is usually the result of a deliberate organisational decision intended to improve efficiency or effectiveness through reducing the workforce (Cameron et al 1993, p.58) and the planned elimination of positions or

jobs (Cascio 1993, p.96). Downsizing is distinguished from other negative occurrences. For example, it is distinct from organisational decline, which is unintentional and may not involve personnel reductions; it differs from non-adaptation which is simply a failure to adjust; and it can encompass a broader range of tactics than simply employee lay-offs (Littler et al. 1997, pp.66–7).

Downsizing can be implemented through

> reducing the work required, eliminating functions, cutting hierarchical levels or delayering, eliminating business units, natural attrition of employees, recruitment freezes, early retirement incentives, reduced working hours, voluntary or involuntary redundancies and via layoffs (Ryan & Macky 1998, p.30).

Many terms are used to describe this phenomenon, often ill chosen or oxymoronic. They include: 'lay-offs', 'letting go', 'the elbow', 'the heave-ho', 'building-down', 'compressing', 'down-shifting', 'slimming down', 'demassing', 'delayering', 'dejobbing', 'deorganisation', 'decruitment', 'growth-in-reverse', 'leaning-up', 'rebalancing', 'refocusing', 'rightsizing', 'redundancy', and the generic term 'restructuring' which is used euphemistically for staff reductions. More recent phrases include: 'release of resources', 'involuntary separation from payroll', 'career change opportunity', 'elimination of employment security' and 'excessed out' (Kozlowski et al. 1993; Ryan & Macky 1998). They suggest that these terms "may reflect management's attempts to give organisational downsizing a positive glow". Using such 'gimmicks' in an attempt to create such an impression can backfire because employees feel they are being manipulated (Brockner et al. 1990, O'Neill & Lenn 1995).

In deciding which strategy to adopt when reducing the size of the workforce, there is a trade-off to be made between short-term cost savings and employee well-being. At one end of a continuum is the *natural attrition* strategy that favours employee well-being at the cost of short-term savings. Progressing along the continuum are *induced redeployment*, *involuntary redeployment*, *lay-offs with assistance* (in adjusting to the termination, e.g. early advice, severance pay, outplacement, counselling, retraining etc.) and finally *lay-offs with no assistance*. This last option maximises short-term savings at the expense of employee well-being. Freeman and Cameron (1993, p.15) also distinguish downsizing from lay-offs on the basis that downsizing focuses at the organisational level of analysis, is a broader concept, because it includes an array of additional options and represents a conceptual issue manifested in different strategies; whereas lay-offs are investigated at the individual level, and are

operational techniques to implement a downsizing strategy. 'Lay-offs' is a peculiarly US expression which covers meanings similar to retrenchment, redundancy, and redeployment, which also variously describe the action of implementing job loss decisions.

Retrenchment, redundancy and redeployment are the main descriptors of how workforce reductions are achieved or, to be more explicit, how employees and their jobs are separated from the organisation at times of downsizing.

Lunny (1991, cited in Spoehr & Shanahan 1994, p.32) distinguished the concepts by describing redundancy as a situation where there is no longer need for a job to continue to be done, and retrenchment as an act of terminating an employee whose job is redundant. That is to say: 'Jobs become redundant, individuals get retrenched'. A generally accepted notion of redundancy is when the dismissal is not for any reason associated with the employee, but is due to the employer no longer wishing the job to be done or the position to remain filled.

In practice an important differentiation is whether, and the extent to which, employees have choice. Retrenchment is an "involuntary termination of employment...that the individual does not control and does not desire" (Latack & Dozier 1986, p.376). Redundancy can be similar to retrenchment in that a job is deemed redundant and the employee is then required to leave the organisation because there are no longer any jobs available or a job available that is deemed suitable for the employee.

But there is also voluntary redundancy, where organisations may successfully offer inducements to employees to voluntarily leave the organisation. This can occur where there are 'no-retrenchment' agreements. For example, the South Australian Public Sector is covered by such an agreement which prevents compulsory redundancies but enables voluntary redundancies and outlines the procedures, entitlements and responsibilities of the parties to the agreement.

Another means that organisations may use to permanently or temporarily reduce the workforce can be redeployment. Redeployment involves employees transferring to other jobs in the organisation, usually in another workplace, for example in another suburban supermarket of a large supermarket chain, or to another department as part of the wider public sector.

While redeployment may reduce the workforce of the particular department, the wider public sector workforce is not reduced because the redeployees are transferred to other departments within the public sector. For this reason among others, processes are established to enable public sector wide downsizing where voluntary redundancies can be sought across

the sector and not necessarily confined to a particular department. If this approach is successful then the net result can be overall resource reductions and positions being opened up for redeployees in other departments.

The degree of choice for redeployment may be prescribed in an industrial agreement that sets out the manner in which workforce reductions can take place, for example the extent and ways in which employees will be consulted about possible redeployment options and the responsibilities of the redeployees within the redeployment process.

Why Does Downsizing Happen?

Downsizing is often a response to environmental pressures that restrict resources, such as economic contractions, competition and rising labour costs. Overall, however organisations' decisions to downsize are variously for the following complex brew of reasons which are often interrelated: increased competition and demands for improved financial performance; trend to globalised markets and increased competition; to reduce costs to keep the organisation competitive; compliance with or mimicry of industry behaviour; embracing the prevailing rhetoric; and occasionally as a result of a comprehensive organisational change strategy (Kozlowski et al. 1993, pp.267–8). Ross and Bamber (1999) provide a case study that is comprehensively illustrative of reasons — in that study the reasons for repeated and extensive downsizing at Telecom New Zealand and Telstra in the 1990s.

Downsizing is not only a reactive strategy in response to organisational difficulty, it may be used strategically to reposition an organisation; for example, in response to economic forecasts (Kozlowski et al. 1993, p.268). It may also be used for cost saving without consideration of the consequences to people, quality and safety. It has also become a proactive human resource management strategy for such things as: the need to address historical trends toward overstaffing; management of cyclical downturns which result in surplus stock; the need to address 'staff surpluses' produced by process improvements effected by newly introduced technology; shifts in business strategies; ceasing to produce some products; the restructure of the organisation and the resulting elimination of duplicated functions; mergers and acquisitions, or changes to the machinery of government; the adoption of workforce flexibility agreements such as multi-skilling resulting in fewer jobs; and cost-reduction strategies to achieve competitive advantage. This can involve competing with lower waged or more efficient countries. Labour costs are easily identifiable and usually significant

and shedding labour in the short-term complemented by downward pressure on wage demands from the survivors can contribute to reduction of costs.

In relation to restructuring the Australian public sector, Dunford, Bramble and Littler state that:

> The dominant models of change are based on private sector systems of corporate governance, which are in turn founded on the premise that private enterprises are more innovative and productive and provides higher levels of customer service than do highly regulated public enterprises (1998, pp.386–7).

State and federal governments in the 1980s and since have pursued aggressive agendas aimed at increasing public sector effectiveness and efficiency. While there has been increased productivity, the increased rate of productivity is accompanied by higher rates of labour shedding, and so "much of the 'efficiency' gains may simply represent the intensification of labor [sic] use" (Dunford, Bramble & Littler 1998, p.387).

Downsizing in both public and private sectors can be due to a range of factors, and often managers conform to the commonplace downsizing approaches, as this seen to be a predictable way to manage costs.

The Australian review by (Gilson & Wagar 1994) listed reasons for downsizing as: responses to change, including declining sales, merger, recessionary economic conditions, increased global competition, new labour-displacing technologies, industry deregulation or internal corporate restructuring (cited in Sebbens 2000, p.131). The 1995 Australian Workplace Industrial Relations Survey (AWIRS) study (by the federal Department of Employment, Workplace Relations and Small Business) cited the major reasons for retrenchment to be the lack of demand followed by restructuring, while the 1997 Australian Bureau of Statistics survey of Australian industry indicated the major reasons to be (in order) not enough work/job cuts, business closure or change of management.

There is some scattered evidence that the reasons cited by organisations are changing. The 1995 Australian survey cited a trend away from 'economic conditions' to 'efficiency restructuring' as the most commonly given reason, and a US survey similarly cited a move away from 'general economic conditions' to reasons such as better staff utilisation, outsourcing, plant closure, mergers, automation and the use of new technology (Palmer, Kabanoff & Dunford 1997, p.624).

Sebbens' review of research into reasons in this area identified the increasing global nature of the market place and competitive forces which are driving organisations towards

more strategic approaches. To become more efficient, organisations are identifying various means including: cutting costs; improving key financial indicators; improving productivity; developing a more responsive, innovative and flexible organisation, empowering employees, and accelerating and improving information flows (2000, pp.132–3).

Many writers suggest that a comprehensive organisational change strategy is the desirable pre-emptive approach or reaction to increased competition and demands for improved financial performance. Such strategies can include downsizing as one means among many, although it is a means of choice for most. However organisational leaders most often turn to cash flow driven, short-term orientations which are driven by shareholder pressure, increasingly from the growing numbers of large institutional shareholders. Downsizing is seen to be a tangible and predictable way to cut costs.

Institutional theory offers an explanation, a trend toward conformity, for the paradox of the pervasiveness of downsizing practice in the face of the uncertainty of the economic performance of downsized organizations. It suggests that managers and organisations converge toward a 'sameness of form' for a variety of reasons. There can be pressure to fit with competitive markets and the segment within which one is engaged. The influence to conform can be strong. Professional education and training produces people of like orientation and disposition, and, as they move between organisations, a commonality of approach can result. Organisations, unsure of what to do, model themselves on organisations seen to be more legitimate or successful. Formal coercion such as legislation and informal pressures, such as what might be generally considered to be new and rational, contribute to this sameness of action. The implication is "that such structures or techniques are what the 'responsible' manager should be implementing" (Dunford & Palmer 1996, p.6). Conformity to norms or even short-term fads in the business community are influenced by financial markets, investors and institutional commentators and led by organisations conforming to industry practices.'Strong' action is valued rhetorically within the industry. Financial markets influence decisions and establish norms through their favourable reactions to companies that take strong action to control costs, while the media describe the companies' leaders in heroic terms. Investors interpret downsizing announcements to indicate that an organisation is in control and serious about improving financial performance, and institutional analysts view cost cutting measures more favourably than revenue-creating measures because they are easier to measure (Sebbens 2000, p.132). Cascio supports this last point saying that

"executives conclude that future costs are more predictable than future revenues" (1993, p.97).

The powerful and pervasive effect of language in shaping perceptions is reflected in managers' adoption of the rhetoric and the ways in which they use it in their downsizing initiatives. We shall see this in our interview data. It is worthwhile to give some general attention to the role of language in our consideration of people's perceptions.

As we have noted, language can influence individuals' choices and explanations. The 'success' of downsizing is affected by, among other things, people's perceptions of distributive and procedural justice. Attempts are made to influence these perceptions through the rhetorical use of language.

This rhetoric needs to be, and is, all encompassing because victims' and survivors' life experiences are not limited to the work context. Employees are effectively bombarded from various sources, usually mutually reinforcing, with views of what is 'real', and are 'proper values'. These can contradict people's own experiences and can be confusing, causing dissonance.

Creating rhetoric about only the employment relationship to explain and justify change will not influence the worker if the rhetoric is not reinforced within other aspects of his life; for example, through the State establishing consistent wider social and economic values and policies and effecting changes to remove obstacles such as trade unionism or collectivism. In this way the worker, his/her family, friends and society may uneasily accept lay-offs as an uncomfortable inevitability of 'our way of life' and embrace the 'newer' values of the enterprise culture which hold that one is to achieve through such means as individualistic endeavours and taking responsibility for oneself. The message is supported by the media, which is the means for the distribution of the 'enterprise' message, and by the education system which is forced to compete for resources and 'customers'. Business and management adopt the rhetoric of the enterprise culture, including the role for downsizing, and so the attitudes towards notions of distributive and procedural justice are established as are justifications for downsizing and lay-offs.

The construction of reality in organisations at times of change is seen as crucial for the organisation's future prosperity, and an appropriate language form is necessary to enable this reality-defining activity. The power of language, of reality-defining words, symbols and metaphors, is so important that a new language is needed at times of change, one comprising metaphors of change which can shape people's interpretations of the need for change in

general and the particular change approach proposed (Evered 1983, p.141; Marshak 1994 p48). These views are supported by Pondy (1983), Hirsch and Andrews (1983), and Sapienza (1985).

The influence of discourse and rhetoric should be considered. Gergen suggests the 'real' is not 'out there' somewhere, but is created through discourses which are emergent from power/knowledge relations, 'collectively sustained and continually renegotiated in the process of making sense' (1992, cited in Legge 1995, p.301). These discourses compete for primacy, each with its own rules and structures, and defined by its own particular knowledge criteria (Lyotard 1984, cited in Legge 1995, p.305). Watson defines discourse as "a connected set of statements, concepts, terms and expressions which constitutes a way of talking or writing about a particular issue, thus framing the way people understand and act with respect to that issue" (1995, p.816).

Organisations create 'realities' for employees, and influence what 'makes sense'. They attempt to structure things through language that cannot be objective or neutral.

> Language is not a neutral vehicle for communicating independent 'facts', but it constitutes or produces the 'real'. The real is not absolute and singular but relative and multiple. Symbol and image, representations can be 'hypereal' or more 'real' than so-called reality (Legge 1995, p.306).

This is supported by Czarniawska-Joerges and Joerges who contend that language or words have the capacity (called 'constitutiveness') to create and stipulate realities (1990, p.339). The desires of workers for shared meanings, which are also prerequisites for collective action, further empower management if management controls that discourse. Power in organisations is seen to "belong to those who can define reality for others"; the position of discourse control is central, for "[i]t is clear that control – and power – involves the imposition of one's own definition of reality upon others" (1990, p.348–9).

While power produces reality, and produces domains of objects and rituals of truth, how does one recognise it? Legge states that Foucault sees power residing not in persons or institutions but in a network of relationships that are systematically interconnected. It is relational and becomes observable when put into effect through practices, techniques and procedures. According to Legge "[a] proper understanding of a solution can only be achieved by seeing how language, expressive of power/knowledge, structured a problem in the first place" (1995, p.306). She adds that:

> The relational nature of power means too that it should not be seen just as creating and disciplining organizational subordinates- superordinates are as much disciplined and created as their subordinates in that everyone is enmeshed in many disciplinary practices (1995, p.306).

Watson contends that rhetoric is central to how humans think and communicate, that we are essentially rhetorical creatures and accordingly "human life [is] centrally dialogic" (1995, p.808). He recognises argument (and presumably negotiation) as central to both thinking and communication processes. Watson makes the point that individuals' interactions within organisations are linked to broader discourses, "to more widely significant patterns of power in the organization, in the labour market and in the economy". For Watson, among others, language has a significant role in creating, sustaining and changing organisations. "Language is deployed in a context where power is exerted, where there are winners and losers", he writes, referring in his study to a major industrial plant in the UK, ZTC Ryland, to illustrate the point that while the owners continue to make profits, people are losing their jobs. He contends that "the two things are not unconnected" (1995, p.820).

Watson identified two seemingly contradictory discursive resources/discourses. One was the 'empowerment, skills and growth' discourse punctuated by terms such as: 'grow the business', 'service to customers', 'continuous improvement', 'empowered', 'harmonized', 'classless society'. The other was the 'control, jobs and costs' discourse, featuring terms such as: 'monitoring', 'controlling costs', 'accounting ratio', 'return', 'savings', 'losing heads', 'month-end targets', 'efficiently'.

Managers preferred to play the first language game but found it necessary to operate largely in the second. Managers switched between the two, often mixing metaphors such as describing the culture as one of 'guns and roses', where people 'have guns pointed at them (the second discourse) with flowers in the barrels (the first discourse)'.

These discourses are seen to have real effects on workers: "staff not only act with purposes, seeking ends, but they also reproduce the social and political order in which they work- learning about it, shaping it and changing it as they go" (Forester 1992, cited in Watson 1995, p.818).

Labels, metaphors and platitudes are linguistic tools that promote values, beliefs, and goals by building shared meaning and as such are "important tools of power forging".

> Labels tell *what* things are, they classify; metaphors say *how* things are, they relate, give life; platitudes conventionalize, they standardize and establish *what is normal* (Czarniawska-Joerges, 1988, p.348) (author's italics).

The three used together are powerful tools. Words are essentially used metaphorically and so become real because metaphors are generally "simple, graspable, and physical kind". This tangible and comprehensible nature gives the metaphors a more powerful essence/effect (Lakoff & Johnson 1980, cited in Czarniawska-Joerges 1988, p.339).

The naming of social phenomena — for example, decentralisation, leadership, excellence — "stabilizes the flux of social life and helps to create the realities to which it applies". This, when accepted by others, is a source of organisational power (Czarniawska-Joerges 1988, p.340).

Labels, it is mantained, are "the most unobtrusive means of control; it takes a great deal of self-reflectiveness to become suspicious of a classification or of a name" (Czarniawska-Joerges 1988, p.344–5). Labels can represent positive values, give meaning, create positive attitudes, retard likely criticisms, and re-legitimate aspects of the broader culture, for example meritocracy..

But "[i]f labels create existences, metaphors endow them with attributes and therefore structure action" (Czarniawska-Joerges, 1988, p.344–5). They serve to represent 'short-cuts' in understanding, suggesting a single image, which represents the core aspects of the phenomenon in question. They serve to reduce uncertainty, and it is their expressive power that is most important in both symbolic and functional contexts (Czarniawska-Joerges, 1988, p.344–5). This certainty can have the effect of depersonalising the situation such that managers may find it convenient and easy to distance themselves from the effects of their decisions (Hirsch & Andrews, 1983, p.149). They referred, for example, to managerial metaphors, such as gardening as a metaphor for personnel development, using a language of common knowledge, which encourages acceptance and adoption within a new context.

Metaphors may have negative uses, for example to direct attention to certain constructions only and be persuasive by not presenting alternatives (Linstead, 1993, p.56).

Their ease of comprehension and people's familiarity with the metaphors adopted may promote the acceptability of proposed actions, in that "[t]heir obviousness encourages consensus, and their sharedness soothes social frictions". And in organisations, even if the metaphors are "daring' and the ideologies represented "astonishing", the use of platitudes can "alleviate shocks" that are produced. (Czarniawska-Joerges, 1988, p.347).

It should be noted that while managers may reduce uncertainty by defining 'reality', others may either accept the definition (i.e. they exhibit an 'abdication of meaning' in terms of

failing to construct it themselves), or have it imposed (i.e. there is an 'imposition of meaning' upon them), or more often, negotiate (they undertake a 'negotiation of meaning').

Metaphors have already been shown to be a favoured tool to promote downsizing. The Dunford and Palmer (1996) research sought to identify the extent of usage of metaphors in popular management literature on downsizing between 1987 and 1994 inclusive. Popular management literature was defined as material primarily designed to be read by management practitioners and as such excluded journals with a primarily academic audience. Their objective was to investigate the existence of naturalising analogies in popular management literature, based on the assumption that this literature conveys information that influence practice.

Their data revealed four aspects of metaphors about downsizing: the external conditions within which organisations operate (comprised 3% of metaphors), the internal conditions of pre-downsized organisations (11%), how organisations are placed to deal with downsizing (9%), the process of downsizing (55%), and the negative effects of downsizing, or counter-metaphors (23%). They found there were distinct naturalising analogies and that they provided mutually reinforcing support to the view that downsizing was needed.

> The nature of the metaphors used to describe the business environment, the internal organizational conditions required to cope with this, and the current internal conditions of organizations, provide a mutually reinforcing view as to the need for downsizing (1996, p.17).

The dominant naturalising analogies were body/medical and military/violence analogies. The body analogies are said to have a long history of legitimising organisational arrangements, although they add that there are arguments that it is being replaced by 'the network' as the key naturalising analogy for "recurring structures of economic activity". They also make the observation that the body analogy reflects the current societal value of being lean. The discourse changes to military/violence analogies when the discussion is about the downsizing process and that this is consistent with the military origins of the concept of strategy.

Dunford and Palmer also observe that these two analogies even dominate discourses that are not supportive of downsizing (which comprised 23% of the metaphors identified). They note that these discourses may be effectively used to turn the pro-downsizing analogies against themselves: for example, a 'lean' organisation may be referred to alternatively as an 'anorexic' organisation. They ask whether there is a role for new analogies to naturalise and

illustrate approaches that are alternatives to downsizing and are, for example, correlated with sustained competitive success. An example involving enhancing productivity is the use of a baking analogy that refers to the value of all the 'ingredients' — in terms of employee involvement, training, employment security, and profit-sharing — as important to sustained competitive success.

They observed a trend of decreasing advocacy of the virtues of downsizing and suggest it may be due to a greater understanding of the limitations of downsizing and a resulting reduced need to promulgate them. It may be that downsizing has become so institutionalised, normalised, that there is no longer a need to advocate it as a practice.

So the use of language has a pervasive and real effect on perceptions of the acceptability of a downsizing activity and perceptions about the 'worthiness' of the victims. It is in the interests of those desiring to maximise profits that certain perceptions are encouraged, and particular firms undertaking a downsizing action have an interest in managing the activity with minimum fuss and negative publicity. Commentators betray their beliefs in the language they use and in the way that they frame their stories. Governments use rhetoric for political and ideological purposes.

Management rhetoric reinforces norms and values. Popular management literature rhetorically presents downsizing as an effective technique. Abrahamson (1996) identified the popular management literature as a 'supplier' of management rhetoric and of being replete with suggestions to managers (the 'users') about downsizing. This rhetoric is reinforced by complementary rhetoric in society (cited in Palmer, Kabanoff & Dunford 1997, p.636).

The study of language used by popular management literature and by managers is seen to be critical to understanding managers' behaviours. Palmer, Kabanoff and Dunford (1997) conducted research about the changing rationales used over time by managers to explain, describe and justify downsizing in their organisations. This study is important because it provides an account that may be seen as evidence of manager responses to the surrounding rhetoric. Examining managerial accounts of downsizing was important for two reasons. First, the way that managers 'represent' downsizing may be one method through which they manage the meaning attributed to this activity. The authors cite Czarniawska-Joerges and Joerges who argue that "power in organizations belongs to those who can define reality for others" (1990, p.348). Hence the Palmer, Kababoff and Dunford study is important to understanding how the reality of downsizing is constructed, and the extent to which changes in these constructions occur over time. Secondly, the study enables an understanding of how

managers construct rational accounts of the use of downsizing. This is important they say because for such techniques to become fashionable and widely diffused, they "must appear both rational (efficient means to important ends) and progressive (new as well as improved relative to older management techniques)" (Abrahamson 1996, cited in Palmer, Kabanoff & Dunford 1997, p.625).

And what did the Palmer, Kabanoff and Dunford (1997) study conclude? The language about why managers chose downsizing included a shift from general business environment as a main justification for downsizing to globalisation pressures. These external, determinist explanations for downsizing can function as a potential management face-saving device to justify managers' use of downsizing. Managers identified downsizing as a popular method or process for reducing employee numbers, and included the assumption that the negative effects of downsizing can be substantially reduced if the restructuring process is appropriately managed. Hence writings about 'best practice' downsizing by Cameron, Freeman and Mishra (1991) and others cited in Palmer, Kabanoff and Dunford (1997, p.624). While this is likely not the intention of the authors, this encourages managers to use downsizing, but to use it more effectively, to improve the implementation processes and identify "best practices" — for example, better procedures for terminating employees to "ease the pain of lay-offs". This notion of 'best practice' downsizing is discussed in more detail later in this chapter.

Palmer, Kabanoff and Dunford discussed two social justice themes proposed by Greenberg (1990): a distributive justice theme (i.e. about what people get; and a procedural justice theme (i.e. about the process by which outcome decisions are made and how they are explained). They say that the existence of a procedural theme in managerial discussion,

> may be seen as a tacit recognition by managers of the need to explain the fairness and appropriateness of their procedures for downsizing to external audiences such as governments and unions, and to employees as well to some extent (1997, p.635).

It is interesting to note Palmer, Kabanoff and Dunford's imperative in this quotation. One would hope that managers may look beyond the utilitarian function of procedural justice actions and recognise the principles or ethics that underlie them (an issue discussed in more detail in Chapter 2 of this dissertation).

Finally, Palmer, Kabanoff and Dunford identified two themes related to the consequences of downsizing. The first was that managers invariably expected that cost reduction would occur from downsizing, an expectation that the researchers found surprising

given the evidence that cost reduction by itself fails to result in enduring cost savings, especially where the downsizing is not part of a broader strategic response. Secondly, they found that in relation to the relationship between downsizing, social responsibility and ethics, managers did not change significantly in concern and consideration, whether or not an organisation was downsizing (1997, p.635). These issues of the roles for procedural justice, ethics and social responsibility are further discussed later in this dissertation. The Davis, Diekmann and Tinsley study of de-institutionalisation showed that the downsizing process may often be commenced despite a lack of evidence from the results of 'prior adoptees' that it will achieve the stated objectives (1994, cited in Dunford & Palmer 1996, p.7).

Dunford and Palmer observed that while performance enhancement, via performance-seeking behaviour by managers, might be a goal and a criterion for adopting a particular approach, it may be overshadowed by a stronger attraction to the perceived rationality of the new approach — that is, managers might not be sufficiently performance-sensitive. So, evidence of negative consequences in other organisations from adopting the new approach, even the controversial act of downsizing, would not necessarily dominate considerations.

The Davis, Diekmann and Tinsley (1994) study suggested that a decision to proceed, especially at times of change from existing institutionalised practices, will be assisted by rhetoric that articulates a rationale that supports the decision. 'Naturalising analogies' are used to link the new approach to established understandings. According to Dunford and Palmer "in a context of uncertainty, where the performance-enhancing outcomes of a practice are, at best, ambiguous, naturalising analogies may provide uncertainty-reduction for the rational 'performance-seeking' manager" (1996, p.8).

Incidence of Downsizing

Notwithstanding evidence that suggests that downsizing is not 'all that it is cracked up to be', downsizing continues. Despite all the problems, downsizing is a popular management technique for restructuring organisations. Since the early 1980s, organisational downsizing has increasingly become a favoured management strategy worldwide and is not a passing fad (Kozlowski et al. 1993; Ryan & Macky 1998).

It affects people at all levels, in public and private sectors, and in many types of jobs, including manufacturing and service jobs, from blue-collar, professional to management and executive positions.

Many jobs have been cut. In the United States of America (USA), over 16 million jobs were lost in the 1980s and more than 2.8 million Americans were laid off between 1990 and 1995. More than 50% of the Fortune 1000 firms downsized in 1990 alone (Palmer, Kabanoff & Dunford 1997, p.624). In 1994 there had been 516,000 lay-offs ("When slimming is not enough" *The Economist*, 3 September 1994, cited in Dunford & Palmer 1996, p.3) and 250,000 were announced before June of 1996 ("And now upsizing" *The Economist*, 8 June 1996, cited in Dunford & Palmer 1996, p.3).

The incidence of downsizing in Australian and New Zealand organisations employing 50 or more people in the period 1993–95 is illuminating. Some 57% of Australian and 48% of New Zealand (NZ) organizations had downsized in the period 1993–95. Of all the organisations that had downsized, nearly one third reduced staff by 1% to 10% and one in ten reduced staff by 11 to 20%. Importantly, 71% of Australian and 63% of New Zealand organisations had downsized more than twice between 1993 and 1995, while 44% of Australian and 34% of New Zealand organisations had downsized more than 3 times.

In relation to delayering, 44% of the organisations had delayered by at least one level in 1995–96, 10% by at least 2 levels, while 58% had not delayered (Littler et al. 1997).

There has been 'relentless' downsizing in the banking sector despite strong business performance. For example, Australia's 'big four' banks have shed 25% of their staff since 1990 and another 10,000 equivalent full-time jobs (EFTs) were expected to go in 1998/9 at a time when National Australia Bank's profit doubled to $2.2 billion (AUD), Australia New Zealand Bank's quadrupled to $1bn (AUD) and BankCo's profit per EFT rose from $1156 in 1993 to $40,844 in 1997 (Lewer 1998). These examples demonstrate the point that decisions to downsize do not necessarily result from organisational downturn. We will see in a later discussion of decisions to downsize in a banking case study, that downsizing was used in a profitable bank to improve share price and market competitiveness.

Australian labour market flows covering the periods of job expansion of the late 1980s and job contraction after 1990 show that in the period of contraction from 1990 to 1993, nearly two thirds of organisations downsized with a retrenchment rate rising from approximately 4.4% to 6.5%, however 40% still did so in the period of expansion in the period 1994–95 with a retrenchment rate averaging about 5.5%. Retrenchments affected around one in twenty workers even in periods of job expansion and this is exacerbated in recessionary periods. In 1990–91 during a period of job contraction there were 560,000 people identifying as being out of work due to retrenchment (Campbell & Webber 1996, p.99)

and 685,000 were made redundant in a three year period to July 1997. In 1998, retrenchment rates had fallen to 4.4% (Australian Bureau of Statistics 2001).

Retrenchment is not attributable in this industrial landscape to changes in demand, but is becoming ever-present due to industry restructuring (Kozlowski et al. 1993; Ryan & Macky 1998). Between 1989 and 1992 the probability of retrenchment was largely predictable by industry of employment, for example construction, manufacturing, and wholesale and retail trade (Campbell & Webber 1996, p.103).

The incidence of downsizing internationally is startling and no less significant proportionately in Australia. Approximately 3.3 million people were retrenched in Australia in the ten-year period between 1986 and 1996. There were 560,000 people retrenched in 1990–91, 547,500 in 1991–92, and 464,300 in 1993–94. This last figure is still higher than in the popular downsizing days of the late 1980s (Campbell & Webber 1996, p.99). Some 7% of the Australian workforce, or 685,000 people, were made redundant on one or more occasions in the period 1994–97. Of these, 55% were employed again, 29% were unemployed and 16% had left the labour force. An employee was statistically more likely to be made redundant in the period if he was a male aged between 45 and 54 living in Adelaide and in permanent employment in the public sector (ABS survey, Retrenchment & Redundancy, 1997).

Downsizing has been pursued with alacrity in the Australian public sector, especially compared with its private sector counterparts. Dunford, Bramble and Littler (1998) researched 653 organisations comprising public service departments (about 41%), Government Business Enterprises (GBEs) (23%), and other public service enterprises (36%). Only one of six organisations had neither downsized or delayered in the period 1993–95, compared to one in three in the private sector, whereas more than two in five had done both, which was again greater than in the private sector where about a third had done so. Other features of this public sector downsizing included: a reduction in full-time jobs and increasing numbers of part-time and casuals; and supervisory staff experiencing increased levels of responsibility, increased workloads, and increased spans of control. Again, in most of these features, the public sector did so at greater rates than the private sector.

In South Australia in the period 1994–98, nearly 20,000 public and private sector jobs were made redundant. This number of redundancies was 21% higher than those in the previous recovery period of 1989–90. State and Commonwealth public sector workforces, subject to privatisation, downsizing and outsourcing, were a major contributor with a 16% reduction in force, or 22,500 employees, in the period 1993–97. The South Australian public

sector contributed nearly 19,000 of these redundancies. In 1995, the rate of decline in public sector employment in South Australia was five times greater than the rate for Australia as a whole (Spoehr 1999, p.99). The state public sector share of total employment in South Australia declined from 18% to 14% in the period 1991–97 (Spoehr 1999, p.100).

Results/Effects of Downsizing

On Organisations

Downsizing has been shown to often not deliver sought-after goals, and many negative effects on organisations, victims and survivors result. Downsizing has been assessed as often failing to deliver the promised benefits to organisations (O'Neill & Lenn 1995; Palmer, Kabanoff & Dunford 1997). It has also been seen to contribute to a range of problems including decreased staff morale, commitment and productivity (Cascio 1993; McKinley, Sanchez & Schick 1995), a lack of responsiveness to customers and suppliers (Band & Tustin 1995) and reduced product innovation and risk taking (Dougherty & Bowman 1995).

Downsizing has been also shown to have unexpected effects on organisations. Cascio's 1993 research indicated that downsizing companies did not achieve their goals: for example, the profitability and productivity increases that they had sought from downsizing. The direct and indirect/hidden costs involved in downsizing were identified by Cascio (1995). The direct costs would often include: severance pay in lieu of notice; accrued vacation and sick pay; supplementary unemployment benefits; outplacement; pension and benefit pay-outs; and administrative processing costs. The indirect or hidden costs include recruiting and employment costs of new staff; low morale among remaining employees; training of new staff and retraining of existing staff in new tasks; potential charges of discrimination; and heightened employee insecurity and reduced productivity.

The main goal of downsizing as a cost-containment strategy is increased productivity (Brockner 1990, p.95). However there is little empirical evidence that downsizing improves productivity regardless of the specific reason behind the decision or the way in which it was done. More to the point, Cascio (1993) and Cameron, Freeman and Mishra (1991) indicated from their various works that the opposite has happened, with falls in productivity, share price, employee morale, and trust. Cascio (1993) notes that downsizing due to debt reduction may become a cyclical downward spiral for some organisations. Overall, downsizing organisations may be disappointed with results. Only 21% of 1005 firms surveyed in the USA

in 1991 reported satisfactory improvements in shareholder returns on investments, only 33% said profits increased as much as expected, and just 46% said the cuts reduced expenses satisfactorily over time (Cascio 1993, p. 98).

The assumption in the literature is that the effectiveness of downsizing efforts is measured by both its impacts on organisational effectiveness and by its success in minimising negative effects on individuals, whether victims or survivors (Kozlowski et al. 1993, p.267).

On Individuals

In regard to effects on individuals, the literature uses the criterion of individuals' job loss and departure from the organisation to discriminate between employees in organisations which have downsized. Those whose jobs have been abolished and who leave the organisation are referred to as 'victims'. Those employees whose jobs are not abolished and who remain in the organisation are referred to as 'survivors'. Both groups can include managers at various levels. These simplistic descriptions are problematic, given the following examples.

'Victims' experiences may be more favourable than the experiences of 'survivors'. Some 'victims' report procedurally fair experiences and a result that was advantageous for them and their families. Yet there are many 'survivors' who retain their job, but in an increasingly uncomfortable work environment where their workload and expectations of them increase without any commensurate increase in rewards.

Many 'victims' are able to choose their fate through electing either voluntary redundancy or redeployment, whereas many 'survivors' have no such opportunity because they are considered 'too valuable' to lose. In other circumstances where redundancy is not an option for anyone and all employees are required to take redeployment, all victims are survivors or all survivors are victims. Employees may or may not be considered as 'victims' if they lose their job but retain employment within the organisation. Many 'victims' experience job loss but retain employment in the organisation through redeployment to other jobs in another workplace within the larger organisation. In an increasing number of workplaces, employees are encouraged to be multi-skilled and job statements are increasingly generalised to generate more flexible internal labour markets.

Accordingly while the terms 'victim' and survivor may constitute a useful heuristic device at the organisational level, their use raises too many issues to be particularly useful when discussing the individual level perspective.

On 'Victims'

Leana and Ivancevich (1987) reviewed the literature and categorised the effects on victims in terms of psychological, physiological, family relations and economic well-being as follows.

Psychological effects were identified in the literature to include reductions in self-esteem, positive effect and life satisfaction; increased feelings of social isolation, apathy, passivity, depression, anxiety, and hostility; higher incidence of psychiatric illness and "exceedingly high" suicide rates. The identification of many of these effects was supported by subsequent research, which further added helplessness and anxiety, and even fatal and non-fatal self-harm on the part of those who could not cope (Macky & Haines 1982; Macky 1987; Archer 1987; Leana 1988).

Physiological effects included health deterioration; headaches, stomach upset, sleep problems and lack of energy; and increased cardiovascular dysfunction.

Family relations were found to suffer, with effects including increased marital friction and stress. Relationships with children were also affected, and children experienced strained peer relations and increased school problems. They became more moody, and felt distrustful, immobilised, helpless, and victimised. Fathers experienced a decline in their children's perceptions of their status and parental authority, and directed more aggression and hostility toward their children. Child abuse was seen to be precipitated by job loss, a finding supported by subsequent research (Archer 1987; Leana 1988).

The *economic well-being* of victims and their families is generally found to be negatively affected. Research consistently found that, in taking up new work, the majority of laid-off workers take significant pay cuts and very few gained increased salaries. The loss of earning power upon re-employment can be a significant issue. Ryan and Macky cite research in the USA where nearly half a million workers and managers between 1991 and 1993 accepted pay cuts of 30% to 40% to obtain new jobs (1998, p.34).

However the adverse employment effects have been found to dissipate over time, and re-employment was found to become more likely, at least for some. This may be the case, for example, if an individual was "aged less than 50 years; had been retrenched from a high skill occupation, a part-time job, a job with high tenure, or a permanent employee; or had been born in an English speaking country" (Murtough & Waite 2000, p.vii).

There is much research that evidences the significant negative economic effects of unemployment on victims and their families. For example, victims face potential unemployment for at least some time (Ryan & Macky 1998), and job loss may have permanent effects on careers. This may be reflected in feelings of uncertainty, lower commitment and cynicism, and be carried into future employment (Latack & Dozier 1986). These economic effects were supported by subsequent research by Archer 1987; Leana 1988; Hallier 1996; Bennett 1995; Latack 1995.

On 'Survivors'.

There has been significant research that examines the effects of downsizing on survivors. Noer identified what he termed 'lay-off survivor sickness', which he says is widespread and toxic to both the human spirit and organisational survival (1993, p.xv). The organisation seeks to cut costs and promote competitiveness but the negative effects of the process on survivors result in an anxious, depressed, angry and risk-averse group. On Noer's view, the individual survivors face a changing social paradigm and the challenge of coming to terms with a new psychological employment contract. They are often confused, fearful, and unable to come to terms with the 'passing of the old ways' of mutual dependency with the organisation. He characterised this as symptomatic of the 'survivor syndrome', otherwise described as the "negative effects the remaining workforce experiences after major organisational change" (Dawkins et al. 1999, p.55), such negative effects including, for example, declining commitment, morale and motivation, and high levels of job insecurity (Dawkins & Littler 2001 p.xi).

The effects on survivors can be manifold, and may be behavioural and/or psychological, and can include any, or a combination, of the following. Survivor productivity can be affected by their perceptions about the procedural fairness or justice of the downsizing, which can result in lowered commitment and job involvement, increased employee turnover, reduced risk-taking, and increased resistance to change. Individuals' attitudes can demonstrate disbelief, guilt, a sense of betrayal, anger, and animosity, loss of motivation, lower morale, mistrust, uncertainty, insecurity and lower commitment to the organisation (Brockner & Grover 1988; Brockner et al. 1990; Brockner 1992). Cascio (1993) too found low morale, increased insecurity, distrust of management, and reduced loyalty to the employer. The survivors' attitudes can be affected by their proximity to the victims, and whether the survivors had themselves previously been victims; the perceived fairness of the procedures used; whether the lay-offs were unexpected, or legitimate; the level of unemployment in the

community, and the perceived effects of the lay-off on employment opportunities (Brockner 1990). Reduced organisational commitment was seen to result in and be characterised by employee suspicion, negative attitudes, increased intention to leave, maximisation of opportunities to acquire new skills, greater time devoted to outside activities, and rejection of senior management objectives by managers when these conflicted with personal commitments (Hallier 1996). Behavioural reactions included increased caution, lowered risk-taking or exercise of discretion, increased absenteeism, key personnel seeking leave, increased turnover, reduced work performance and lower productivity (Konovsky & Brockner 1993). Survivors faced uncertain futures now that job security was no longer a part of their 'psychological contract' (see below), a situation compounded by their often changed tasks and responsibilities, longer working hours, and increased stress — feelings of guilt and anxiety were a likely result (Ryan & Macky 1998).

The 'Psychological Contract'

People have expectations of the organisation. Termed the 'psychological contract', it describes "individual beliefs, shaped by the organisation, regarding terms of an exchange agreement between individuals and their organisation" (Rousseau 1995, p.9) and is specific to the relationship. The primary requirements for a contract involves sufficient personal freedom for the contract to be voluntarily entered into, and the degree of social stability that enables parties to have confidence in each other's intention and capability to carry out the commitments made (Rousseau & Schalk 2000, pp.4,5). These requirements promise predictability and consistency in the relationship.

Such a contract is influenced by organisational practices and societal values. Social contract theory suggests that at the societal level, relationships are influenced by 'macro-social' agreements which define normative ground rules for micro-social contracts that are morally binding on all community members, including organisations. (For an exposition of Social Contracts Theory in the context of Business Ethics, see Donaldson & Dunfee 1994.) The nature of these contracts is fundamentally prescribed by moral absolutes (or 'hypernorms'), which include such things as basic human rights and an obligation to respect the dignity of others. Van Buren III states that "Both kinds of implied contracts are therefore binding to the degree that they represent norms and values that are widely shared in the larger social context" (2000, p.210). Rousseau and Schalk add, particularly in comparing international experiences, that organisational practices can mediate between societal

influences and individuals, and that the organisation "can actively mitigate the effects of the larger society" (2000, p.25).

So the effects are various and not easily quantifiable, but there is agreement that there are many factors that influence the psychological contracts entered into. The implied psychological contract sits alongside the institutional arrangements and legally enforceable requirements resulting from government regulation of employment relations.

The psychological contract concept may provide another way of analysing the balance between the extent to which government regulates the termination of employment relations, and arguments for either incorporating the factors considered to be important to fairness into legislation with associated penalties for non-observance, or at least incorporating them as aspirational values in such relations.

The changes to employment relations can to some degree be reflected in the changing nature of the psychological contract.

The analysis of people's reactions to redundancy can be assisted by reference to perceived violations of the implied psychological contract. Rousseau and Wade-Benzoni's (1994) Typology of Psychological Contracts is particularly useful in providing a summary means (cited in Rousseau & Schalk 2000, p.33). Their four part typology considered the relationships between time dimensions (i.e. short-term or open-ended contracts) and whether the contract requirements were strong or weak on specifics. This approach is useful in the way it represents the changes from one form of psychological contract to another and suggests implications from the change. For example, the relational psychological contracts describe relationships where the time-frame is not specified and employers commit to train employees and employees commit to the organisation, but where performance standards are not well defined. The other open-ended time-frame approach is the 'balanced psychological contract', which is similarly relationship-oriented but comprises clearly developed performance standards.

An organisation may find itself with a need to be more competitive, flexible, and market responsive. It may choose to offer shorter employment contracts. In this regard there are two other approaches: the 'transitional contract', which features a lack of explicit performance demands, and offers no guarantees about future employment. It is typically described as signifying the 'breakdown in the psychological contract'. The other is the 'transactional approach', in which shorter employment contracts are offered and are accompanied by more

specific performance standards, and where recruitment targets individuals who are already trained.

Presuming an organisation which has a longer term strategy, this move from the relational psychological contract to the transactional psychological contract will likely cause existing employees to consider whether their employment conditions, those that they and the organisation have until now embraced, and their psychological contract, to have been breached. Employees who are made redundant where they had expected long-term employment may be particularly aggrieved by the changes to their expectations. Typical job-related behaviours by employees in the short-term contracts, both the transitional and transactional approaches, include low trust and high turnover. The more open-ended contracts and the balanced and relational approaches, feature higher trust and organisational commitment and lower levels of turnover. As discussed in the earlier chapter on fairness factors (and will be further discussed in the next chapter on fairness factors and downsizing), these job-related behaviours have also been shown to be influenced by employees' judgements of fairness, especially at times of redundancy. For example, the psychological contract concept illustrates the importance of consistency in the employment relationship. Psychological contract breach, a divergence from expected behaviour, is a form of distributive injustice and is receiving increased attention (Morrison & Robinson 1997). Kickul found, using the referent cognitions theory framework, that when psychological contract breach was combined with perceptions of procedural and interactional injustice, employees reacted with deviant work behaviour and negative attitudes (2001, p.302).

It can be argued that Australian business has undergone an assault of theory from the USA that encourages movement from a traditionally highly regulated, protected, and secure employment relationship (Rousseau & Schalk 2000, p.44). More recently, enterprise theory and its accompanying managerialism view employees as human resources at the service of the firm. As with other resources, employees must serve the firm's needs for greater flexibility and competitiveness. Employees are encouraged to value achievement through hard work and competitiveness, through equality of opportunity where returns are higher for those who make the greatest contribution. The adoption of employment relations that enable this to happen is also encouraged.

These approaches conflict with people's experiences and expectations. Australian egalitarianism is founded upon notions of fairness that provide a "fair go for all" represented by the enforcement of a fair and reasonable standard for all; less tolerance of unequal wealth;

protection of the right to protest against perceived injustice; universal suffrage; and redistributive equality (Rousseau & Schalk 2000, pp.35–7).

Employment relations were regulated by an institutional framework which, in terms of the psychological framework, offered predictability, continuity, security, opportunity and protection. Australians seek greater equality of outcome and admire the "battler", whereas Americans value equality of opportunity and, while they expect that this will result in inequalities of outcome, they admire the most successful achievers (Rousseau & Schalk 2000, pp.30–1).

> The challenge for Australia is to achieve the benefits of more flexible, meritocratic practices without seriously violating the country's traditional egalitarian values, if possible (Rousseau & Schalk 2000, p.44).

Explanations for reactions to these continuing pressures for change to the employment relationship in Australia can be partially expressed in people's judgements of the fairness of their change experiences, especially their redundancy experiences. The theory of psychological contract can help in analysing these experiences.

As we have seen, the concept of 'psychological contract' provides a description of the employment relationship and so marks out the scope of our discussion — that is, we are focussing on the implementation of decisions to downsize and on employees' interpretations of the fairness or unfairness of how the implementation is carried out.

'Best Practice' Downsizing

Later in this chapter we will discuss the regulation of redundancy and institutional frameworks in Australia. For now we will consider the meaning of 'best practice' downsizing and calls for a Code of Conduct.

Why is the concept of best practice downsizing important? The commonly used concept of 'best practice' or even 'better practices' (coined by Feldman & Leana) can be contentious concepts in relation to downsizing (1994, p.252). One reason for this is that 'best or better practice' suggests an encouragement to downsize despite evidence showing this is generally an unsuccessful strategy. A more practical reason is the argument that the concept of 'best practice' is irrelevant because "no one method of preventing or conducting retrenchments is applicable to all enterprises" (Buchanan et al. 1992, Code of Practice, p.4). Enterprises' circumstances are generally unique to their own experiences, markets, international, national and local economic and political contexts, locales and the like. And so Buchanan et al. (1992)

use the phrase 'good practice' to describe a range of optional actions that organisations may take.

There is sufficient literature about 'good, better and best' practice downsizing, some of which refer to codes of practice. For example, the following more recent texts (and earlier work referred to within this study) are illustrative: for Australia and New Zealand content see Littler et al. 1997; Ryan and Macky 1998; and Lewer 1998. For the USA see Rosow, Casner-Lotto and Hickey 1996; Mishra and Spreitzer 1998; Golembiewski 1999; Hickok 1999; and in the UK, see, for example, Fowler 1999. Some of these are normative and prescriptive, others more empirically based and concerned with furthering analysis.

Accord Mk VII marked the commitment of the Commonwealth Government to "promote a best practice code of conduct in labour adjustment and encourage retraining and redeployment" (Spoehr & Shanahan 1994, p.12). Buchanan et al. (1992) examined the literature and interviewed managers, consultants, union officials and retrenched workers in order to recommend a Code of Practice for strategies and alternatives for enterprises facing implementing retrenchments. They categorised firms into two groupings: first, those undertaking 'long run initiatives', who were developing long-term perspectives for their product and labour market strategies; and secondly, those undertaking 'short run initiatives', where firms have little time to plan for fluctuations in labour demand.

In each of the groupings, formal employee involvement and consultation was seen by Buchanan et al. to be an important means to prevent and manage retrenchments.

Long run measures to enhance employment security included product diversification, productivity improvement programs, multiskilling to enhance redeployability, inter-employer labour-sharing arrangements, and an agreement on the conditions of a plan for handling 'labour displacement'.

Short run measures to retain labour included employment freezes and natural attrition; overtime reductions, and early use of recreation leave; retraining and skills upgrading; job sharing, rotations of time off, and short-time work; and pooling excess labour. The short run measures to shed labour were suggested to minimise the effects on employees who were staying and those who were leaving. The measures included consultation with employees about the issues discussed immediately below.

Prior notice was found to be important, but the desirable length of prior notice was found not to be consistent in their research, so they recommended this be discussed on a case by case basis. The criterion for selecting employees to be retrenched similarly differed in

different circumstances, including the whether the 'last in, first out' principle would be adopted, or whether a policy specifically targetting younger employees for 'separation' would be adopted because older workers would find re-employment difficult. Consideration may also be given to the need to retain persons with the skills needed to maintain productivity. Also important were the provision of financial and employment counselling and opportunity for government assistance; the use of employer networks to provide references and help find employment opportunities; and the provision of training and material support, such as making facilities and time-off available for job searching.

Finally, the role for government is important. Governments presently influence structural change in the economy and provide a wide range of services for businesses and employers adversely affected by such change. The Code assumes that governments will continue to ensure that the burden of structural change does not fall proportionately upon some sections of business, the workforce and the community (Buchanan et al. 1992, p.179).

These initiatives were seen to be the components of a Code of Practice. Such a code is important because:

> there are often inadequacies with the public policy environment and the practices of employers in handling labour displacement. There is a pressing need to become more innovative in preventing retrenchments and in conducting them more humanely when they are unavoidable. Many of Australia's OECD competitors handle these matters in a more sophisticated and successful way than most Australian enterprises (Buchanan et al. 1992, p.179).

Finally, they recommended that the Code of Practice be endorsed and followed by employers, unions and governments in formulating labour adjustment strategies and, in conjunction with the provisions of the Termination, Change and Redundancy provisions, be referred to when developing enterprise agreements. They also recommended education of the workforce, union officials and managers about better management of retrenchment and redundancy. Finally, they recommended that governments consider whether their income support arrangements flexibly support the intention of preventing and minimising the effects or retrenchment and redundancy, and that they should sponsor monitoring and review of the implementation of the Code of Practice.

As mentioned earlier, a detailed Code of Practice for Redeployment exists in the SA Public Sector (Spoehr & Shanahan 1994, pp.35–7).

By articulating what is seen to be good practice, it is possible to examine the reasons why these are seen to be important and particularly the roles that moral reasons such as 'fairness' may and do play.

Australian Institutional Frameworks

The institutional environment in which downsizing occurs is influential in the decisions taken and the ways that implementation occurs, and provides a necessary context for examining both downsizing decisions and judgements that are made about them. The institutional frameworks, policies and practices in Australia will now be briefly examined and some comparisons made to International Labour Organisation (ILO) standards and to US frameworks. Fairness factors, referred to in Chapter 2 and discussed in Chapter 4, are mentioned in the following discussion of standards. This discussion emphasises the absence of unanimity on standards and processes, and thus in regards to fair practice.

International Convention

Standards are partly derived from international comparisons and initiatives. The General Conference of the International Labour Organisation (ILO) adopted the *Termination of Employment Convention* (1982) (the Convention), to update the *Termination of Employment Recommendation* (1963), a move necessitated by the many changes to employment law and practices in many countries, international economic difficulties, and technological change since that Recommendation had been agreed (Preamble to the Convention). Australia is a member of the ILO and a signatory to the Convention (since 1994), together with 34 other countries who voluntarily agree to give effect to the Convention in their national laws or regulations and to be bound by the Convention (Article 1).

The Convention defines termination of employment to mean termination at the initiative of the employer. The Convention applies to all employed persons excepting those engaged in contract employment, those serving a probation or qualifying period of employment or those engaged on a casual basis for a short period (Article 2).

The international debate on dismissal sets regulation of dismissal — which protects employees' rights to employment security — in competition with an enterprise's productivity and flexibility through restricting hiring and firing which is seen to be important for the organisation to respond flexibly to change and to improve (ILO 2000, p.7. From the early days of economic liberalism there was demand for 'absolute freedom in hiring and dismissal'

(ILO 2000, p.7. The nearest to this in practice today in industrialised economies is the 'employment at will doctrine' in the USA where it is coupled with the doctrine of managerial prerogative which, while restricted by some extent by the courts, provides significant discretionary powers to employers over the employment relationship (ILO 2000, p.7–8). The 'employment-at-will doctrine' is the general rule in the USA that an employer may dismiss at any time an employee who was hired for an indefinite period, for reason or no reason, without incurring any liability. There are exceptions for dismissal on the basis of disability, race, national origin, age, gender, pregnancy or religion, and for violating public policy (e.g. some federal statutory protection exists for 'whistle-blowing') or where there is an implied contract between the employer and employee (ILO 200, 338).

Buchanan and Campbell observe that lay-offs in the USA have particular social costs to laid-off workers because along with their jobs they also lose employer-sponsored fringe benefits, especially health insurance. This is made worse by the practice of laying off workers in difficult times (for firms) and then re-employing them later. So in effect the costs of restructuring and reorientation are particularly born by the affected workers. They also observe that the US legislation aims to ameliorate conditions caused by lay-offs, not to act together with firms to prevent these from happening (1992, p.49).

The ILO nominated approaches that are important to redundancy: justification for dismissal; notice; avenues for redress; remedies that include compensation and severance pay; consultation and notification. These are relevant to our later discussion of downsizing and fairness factors.

The Convention refers to the provision of valid justifications for termination of employment (Article 4), and the avoidance of bias with specific mention of union membership, race, colour, gender, national extraction or social origin, marital status, pregnancy, family responsibilities, or political opinion (Article 5) or temporary absence due to illness (Article 6).

In terms of redundancy entitlements, workers' entitlements are to include reasonable notice or compensation in lieu of notice and severance allowance based on length of service and level of wages and unemployment benefits/social security (Articles 11, 12). Severance allowances are paid by the employer for terminating an employment relationship and are based on the need for social protection through income receipt while looking for another job or to assist with capital to start an own business. In Australia in relation to severance pay, employees are entitled to redundancy payments (in addition to the extended period of notice

or compensation) ranging from four weeks pay for one year's service to a maximum eight weeks payment for more than four years service. Obligations of notice or severance pay are generally seen by employers to be onerous, with 22 wage-weeks per worker being quoted as the estimated costs in a European Community survey in 1990 (ILO 2000, p.18). The rights of U.K. workers to redundancy payments, said to be the "key feature of redundancy legislation in Britain", and the philosophies upon which they are based are summarised by Wass (2002).

Correctability processes are addressed in the Convention, which identifies procedures including rights to defence against allegations and to appeal within a reasonable period of time to an impartial body (Articles 7–9). The ILO states that "the right and the exercise of an avenue of appeal against a dismissal are essential elements of worker protection against unjustified or unfair dismissal" (ILO 2000, p.20).

The fairness factor of representativeness is addressed where the Convention states that employers should consult with workers' representatives "in good time" and with relevant information including the reasons for termination, number and categories of workers to be affected and the period over which these will occur. It states that this is to give "an opportunity for consultation on measures to be taken to avert or minimise the terminations and measures to mitigate the adverse effects of any terminations on the workers concerned such as finding alternative employment" (Article 13).

In the USA, an employer is not required to bargain about a decision to terminate all or part of a business for economic reasons but may be required to bargain about the impact on the workforce. Accordingly the union can be advised after the decision is made and bargaining then conducted.

In Australia, there has been an absence of legislation which institutionalises worker participation or industrial democracy in workplaces. The sanctity of managerial prerogatives has been protected significantly. There are no legislative prescriptions for other *ex ante* provisions such as counselling, retraining, job transfer or search or other benefits employees might seek, although many employers provide these services in line with community expectations.

Action to minimise or prevent plant closures and subsequent worker distress and dislocation relies on the will of government, employers and employees to act and cooperate. While there are examples of innovative measures to deal with labour adjustment at enterprise level, these are inevitably not the result of government-led coordination and cooperation between education, training and employment policy but due to initiatives by firms.

In summary, the Convention institutes standards on the notice of and reasons for dismissal, correctability measures, benefits that include compensation and severance pay, and consultation. These have resonance in the fairness factors discussed later.

Commonwealth and State Legislation

In Australia, minimum entitlements and responsibilities in relation to the employment relationship have been prescribed traditionally in federal legislation: for example, the *Conciliation and Arbitration Act 1904* (Cth), much amended over time, and replaced by the *Industrial Relations (Consequential Provisions) Act 1988* (Cth) (IR(CP) Act 1988) that was introduced by the Hawke Labor Government. This Act was itself significantly amended by the Keating Labor Government's *Industrial Relations Reform Act 1993* (Cth) which in turn was replaced by the *Workplace Relations Act 1996* (Cth). The Act to which this thesis refers is *Workplace Relations Act 1996* (Cth) as amended by the schedules contained in the *Workplace Relations and Other Legislation Amendment Act 1996*. The Act deals *inter alia* with termination of employment. It does not apply to all workers and some are excluded for example, those covered by State awards, those not covered by awards at all, and other categories of workers in unincorporated bodies and small and medium-sized businesses .

The objects of the Act of particular relevance to redundancy are

- to maintain awards as an effective "safety net of fair and enforceable minimum wages and conditions of employment" (section 3(d)(ii)), on the basis of which employers and employees can establish their own agreements about wages and conditions;
- to establish a "framework of rights and responsibilities for employers and employees, and their organisations" (section 3 (e)).

Legal provisions about redundancy payments and transitional assistance can offer guidance to employers and employees and afford some protection to workers. The Conciliation and Arbitration Commission (the predecessor of the current Australian Industrial Relations Commission) formulated general standards in what became known as the *Termination, Change and Redundancy Case* (8 IR 34; 1984 AILR 256). Provisions can be increased or varied through argument at the Australian Industrial Relations Commission, such as the ACTU 2002 *National Redundancy Test Case* which sought to expand and review redundancy pay and associated provisions in federal awards (Creighton & Stewart 2000, pp.333–4). Attempts to vary established conditions, for example through enterprise agreements, were required until very recently to satisfy a "no disadvantage" test that was

intended to protect "well established and accepted standards which apply across the community" (Brereton 1993, p.2781). Community standards have been accorded substantial weight by the Full Bench of the High Court of Australia.

The ACTU 2002 *National Redundancy Test Case* claim attempted to expand the redundancy and termination provisions for notice of termination to long-term casual employees, earlier notice of and negotiation on planned redundancies, improved severance pay, removal of the small business exemption (then defined as less than 15 employees), and prohibition of unjust dismissal. The ACTU also sought to include, among many other matters, job search and financial counselling.

Apart from declared standards through legal codification, practices that are included in agreements and based on fairness principles such as those indicated earlier could, over time, constitute community standards. These standards could eventually become requirements in agreements and, as importantly, may influence the personal standards of decision-makers, the expectations of employees, and the interactions between management and employees at times of redundancy. It should be noted that while community standards are important influences on people's justice judgements, the major benchmarks arise from declared standards.

Summary of Australian Provisions

Labour adjustment provisions in the public sector in South Australia (SA) are superior to those in the non-government sector. SA public sector job protection provisions are underpinned by a 'no retrenchment' commitment which has operated since 1980. The detailed *Code of Practice for Redeployment*, which reasserts the no-retrenchment commitment, refers to the flexible redeployment of employees to meet changing organisational needs, the need for notification of excess employees and of redeployment, and the terms of redeployment, income maintenance and retraining. The public sector uses voluntary redundancy as a means of workforce reduction by offering Voluntary Separation Packages and Targetted Separation Packages and agreements exist which articulate the minimum conditions — for example, who can apply, the abolition of the redundant job, the quantum of the payment and its method of calculation, and the disqualification for working in the public sector for three years (Spoehr & Shanahan 1994, pp.35–7).

The poor management of redundancies is a significant cost to Australia. Campbell and Rimmer suggest that redundancy management is of growing importance and a first-order matter to be considered. They observe that it can be difficult to achieve negotiated agreement

in the details of retrenchment packages, given the somewhat differing interests of employers and employees (1994, p.46). The incidence of retrenchments also is sufficiently high to require policy attention, affecting up to 8% of the total workforce each year from 1982 to 1992, and retrenchments are the means preferred by the majority of employers to respond to demand fluctuations. However unquantified they are, significant costs result from retrenchments for all involved, including those retrenched, those who remain, the employing firm, and the community as a whole.

Campbell and Rimmer suggest that if retrenchment is managed poorly it will increase the harmful effects and costs (1994, pp.49–50). They conducted content analysis of 86 federal redundancy agreements between the years 1979 and 1992, and four contrasting case studies of enterprises that managed retrenchment between the years 1990 and 1991 using distinctly different management approaches. They concluded that Termination, Change and Redundancy (TCR) standards were not designed to be a comprehensive blueprint and are insufficient for retrenchment management (1994, pp.63–4).

In Australia the minimum entitlements for redundancy for employees covered by federal rather than State legislation are prescribed in the *Workplace Relations Act 1996* (Cth). The *ex ante* provisions are about notice and consultation.

Campbell and Rimmer expressed reservations about the comprehensiveness of the legislative and regulatory standards in relation to TCR (1994, pp.63–4).

Spoehr and Shanahan refer to arguments that guidelines do not appear to have significantly altered practices, and comment that there are few incentives for employers to consider alternatives to retrenchment (1994, p.42).

Pragnell and Ronfeldt (1994) concluded that Australian 'standards' are inadequate to provide a reasonable benchmark to which organisations could aspire (if they chose); or to provide minimal responsibilities (including procedural actions) against which organisations can be held accountable; and to develop community (including affected individuals) perceptions of fairness. They state that Australia needs:

> laws which not only facilitate innovation, as with enterprise bargaining, but which encourage (or compel) organisations to develop detailed policies and practices...about minimum standards in the interests of maintaining equitable community standards (Pragnell & Ronfeldt, 1994.).

This argument for increased regulation and improved benchmarks in the US context is made by Van Buren III, who argued that the issues of justice in downsizing rely "on abstract

notions of fairness that have not been codified into law" and are made complex by, firstly, the relative lack of government regulation which could otherwise provide socially recognisable benchmarks; and secondly, by the unregulated "moral-free" space of managers (2000, p.206). In regard to managers' moral-free space, he maintains that by the employment relationship being conceptualised solely as a private one between employee and employer, the accountability of employers is reduced and provides a scope for managerial authority and a moral-free space which may be too unbounded. He argues that this 'space' should be regulated in spite of a lack of *de jure* imperative and a market preference for private restraint over mandatory limits (2000, p.213).

Summary

This chapter has addressed the chaos that is downsizing and the many features that influence individuals' fairness judgements; for example, the confusion of reasons for downsizing, including more or less convincing arguments, and the significance of the great range of effects on employees and organisations.

We have reviewed the meaning of the downsizing practices of retrenchment, redundancy and redeployment, and discussed the reasons, incidence and effects on people and organisations. We have noted the role of language in the way that downsizing is discussed and justified. We have discussed the influence of the regulation of redundancy in Australia in the context of international and national institutional frameworks. In the various discussions we have made reference to the complexity of the situations that organisations and people find themselves in and have noted similarities with fairness factors which are discussed elsewhere in this study.

As discussed in the previous chapter, people's judgements are formed from their own and the observed experiences of others, and influenced by community standards, however difficult these may be to define. In this regard we noted that notions of 'best practice' can suggest desirable standards, and we considered the effects of institutional frameworks on standards and practices in Australia.

This chapter places into a broader context the next chapter, which addresses downsizing and fairness factors in the empirical research literature as a prelude to discussion in Chapter 6 of the results of my research on people's fairness judgements of their retrenchment, redundancy, and redeployment experiences in South Australia.

Chapter 4: Fairness Factors and Downsizing

In Chapter 2 we considered general issues about fairness judgements and in Chapter 3 some general points about downsizing. In this chapter we will review some studies which have been specifically about the fairness factors important to downsizing. This study's contention is that people make complex, multidimensional judgements.

If previous empirical research examined fairness criteria selectively and reported that certain behaviours or 'factors' were important to fairness, then managers may be led to think that addressing these factors separately is enough to achieve their goals. Their approaches may be misleading if this study shows that people do not make separate judgements but instead make 'whole of experience' judgements. In Chapter 2 we identified twelve fairness factors that are conventionally accepted as applicable to downsizing situations. In this Chapter, we will discuss the empirical literature's examinations of fairness factors used individually, examination of some used together, and where all the commonly accepted factors were used together in the same study.

Konovsky and Folger (1991) used the phrase "global measure of fairness perceptions", which describes the application of a range of fairness factors. In this sense, addressing 'whole of experience' judgements — through the application of global measures of fairness perceptions — would be a more effective way to comprehensively deal with needs when downsizing than by addressing factors separately. Moreover if such an approach was implemented in organisations, managers may consider taking a more comprehensive approach to applying fairness factors in achieving their goals.

Review of Fairness and Downsizing Empirical Research Literature

The significant empirical research literature on fairness and downsizing comprises 21 research projects, the focus of which has predominantly been on survivors. Of these 21 studies reported between 1980 and 2001, approximately 57% addressed 'survivors', 24% addressed 'victims' and 19% addressed both.

Of the 21, 17 were published in recognised journals and four were partial requirements for post-graduate qualifications (these being a Masters and three PhDs). Of the 17 published studies, five addressed victims, ten addressed survivors, and two addressed both. Of the 17 studies, five used students or a mixture of students and survivors/victims as subjects, with the

other twelve using people who had experienced being either victims or survivors or both. Of the four post-graduate studies, two used actual survivors as subjects, the remaining two used students as subjects.

In summary, there were twelve published studies which used people who had experienced lay-offs. Of these studies four used victims as subjects for their research, six used survivors and two used both. Only one of these studies used an interpretive approach to analysis.

The first four of the 21 studies were published in the three years 1985–88, and three of these studies were about survivors. Then in the six year period 1990–95, there were eleven studies published, seven of which addressed 'survivors', two addressed 'victims' and two addressed both. In the four years from 1997 a further six studies were published with two about survivors and two about both survivors and victims.

To summarise, most research has been published in three 'eras': 1985–88 (4 studies), 1990–95 (11 studies), 1997–2000 (6 studies), with survivors being the dominant focus in all periods. Of the 21 studies, two have used a qualitative, interpretative methodology and the others used a quantitative, positivist approach. All studies were the result of research conducted in the USA

The following review will address research from the threes, identifying the predominant foci and drawing out issues.

A number of the following studies used methodologies in which laboratory simulations were used. In Chapter 5 we will discuss the limitations of laboratory simulations and those using relatively young students compared with field studies in actual organisational settings in which actual workers are participants.

Era One: 1985–1988

In the first period, from 1985 to 1988, three pieces of research focussed on decision rules, or reasons given for the interruption to the organisation and the lives of the employees; and two addressed ethicality, described as the payment and transition benefit entitlements for employees. Given that in the 1980s downsizing was in its early stages, it is understandable that the researchers in these years dealt with these issues which would have been seen to be the most immediate. All four pieces used positivist methodologies; and the first two articles addressed decision rules alone. The second article addressed these in conjunction with ethicality and explanations; the fourth addressed ethicality alone.

It should also be noted that three of the four articles involved Joel Brockner, the foremost and most prolific researcher of downsizing in all three periods. In the 1985 study, Brockner conducted an experiment with 78 undergraduate psychology students about the effects of downsizing upon 'survivors', particularly the influence of the lay-offs of co-workers. They found that the survivors actually produced more after the downsizing occurred although the quality did not improve; and the productivity of subjects with low levels of self-esteem was affected more than that of those with higher levels of self-esteem. The researchers observed that workers' reactions may have been affected by whether clear rules for lay-offs existed and were followed or whether lay-offs were due to apparently whimsical or arbitrary decision-making. They noted that, regardless of intentions, many lay-off decisions are actually perceived to be the result of whimsical or arbitrary decisions.

In 1986 Brockner et al. extended that earlier research and conducted further experiments involving 145 psychology and management undergraduate students. Similarly to the earlier study they found that subjects perceived co-workers' dismissals to be unfair in comparison with their own situation due to the decision rules that were applied. Where subjects perceived the lay-off to be random, they increased the quantity of their output. Where the lay-offs were seen to be based on merit, they rationalised that they had performed more favourably than their laid-off counterparts. In other words, they confirmed equity theory's contention that decision rules can affect the subsequent performance of survivors. They stated that this can have practical implications for managers charged with implementing lay-offs.

The third article also addressed decision rules but in conjunction with ethicality and explanations. Rousseau and Anton (1988) investigated fairness judgements about the criteria used by decision-makers to make decisions, the extent of severance benefits, and subsequent explanations to employees. The 171 students of Human Relations Management (HRM) courses completed 27 scenarios about fairness of termination decisions and gave their opinion on whether they believed there was an implied contract that obliged the employer to retain the employee. They found that how the decision-makers took into account seniority and employability as well as their own previous commitment to individual employees was important to perceived fairness of the termination decision, as was the existence of an implied contract identifying employer contractual obligations in job terminations. They also found that explanations for termination worked to legitimise employer actions. Their results also suggested that severance pay and after-termination programs might enhance fairness beliefs.

The fourth article addressed only ethicality. This study by Brockner et al. (1987) involved 132 undergraduates in a laboratory study which was about identification of survivors with the victim and perceived injustice. In this experiment, they manipulated perceptions of whether subjects who were laid off were treated fairly (compensated) or unfairly (uncompensated), and the researchers introduced the added notion of survivors' degree of identification (similar attitudes) or non-identification (different attitudes) with the victims. They found that productivity would reduce in those survivors who had high prior identification with victims who they thought were treated unfairly. When victims were treated unfairly but there was no prior identification, there was no difference to the survivors' productivity. They also found that when victims reacted more strongly against the perpetrator by reducing their productivity, survivors were more critical about the fairness of the lay-off.

Observations on the First Period's Research Findings

The complexity of fairness judgement-making in relation to downsizing was exemplified in these four studies from the first period. The multiple influences on justice judgements were commented on.

Brockner et al. said that whereas their results indicated the importance of the decision rule used to make lay-off decisions, there would be "countless other" relevant factors that would moderate the effects of lay-offs on survivors (1986, p.382). They speculated that these could be found for example in the characteristics of the work; differences among survivors; and within the workforce; organisational arrangements; and environmental conditions. They say that "the conceptual framework implies that many variables related to survivors' perceptions of injustice and identification with the lay-off victims could affect a variety of survivors' reactions", but their research about fairness perceptions and survivors' identification with victims was able to address only a small number of possible variables.

As noted further in Chapter 5 below, this period was also characterised by a growing realisation of the limitations of earlier methodologies. These associated critical and important shortcomings are addressed in this study.

Period Two: 1990–1995

In the second period, from 1990 to 1995, there was increasing familiarity with downsizing and its effects, and researchers' interests ranged more widely across the factors that had been identified, and factors were examined in different combinations. Foremost amongst those examined were ethicality (addressed in ten studies), explanations of decisions

(addressed in eight studies) and decision rules (addressed in six studies). This predominance of ethicality and decision rules continued the research trends of the former period, except for the increased attention to the effect of explanations. This can partly be explained by the increasing attention in the mid to late '80s and early '90s to interactional fairness and whether its emphasis on interpersonal aspects entitled it to separate justice theory status (see Chapter 2).

Of the eleven articles, Brockner was involved in seven, all of which focussed on ethicality usually in conjunction with explanations and decision rules. The first three dealt with ethicality in conjunction with decision rules.

Brockner and Greenberg (1990, p.65) investigated whether studying survivors' reactions can help predict the factors that affect an individual's preferred way of dealing with injustice. They analysed three laboratory-based experimental procedures, including the studies by Brockner (1985); Brockner et al. (1986) about survivors' attachment to or distancing from victims and the effects on survivors' reactions; and Brockner et al. (1987) about attachment to the victim and perceived injustice.

To provide a further perspective they conducted field research about perceived injustice and identification with the victims. In this study, referred to earlier, they investigated the views of 504 survivors of their organisation's downsizing over the previous year. The researchers administered questionnaires to predominantly female, white and married survivors with an average age of 37 years and who had been in the organisation for approximately 4 years on average. They found that survivors were less committed to the organisation after the lay-offs, and especially when they identified with lay-off victims whom they judged had been treated unfairly by receiving inadequate compensation.

In 1991, Davy, Kinicki and Scheck wished to test Brockner and Greenberg's (1990) model of survivor responses to a lay-off, specifically whether 'having voice' (the opportunity to present views or to have input before a decision is made) positively affected perceived fairness of a lay-off, job satisfaction, organisational commitment, and intention to withdraw. They focussed on the representativeness and consistency factors. Their initial survey was administered to 120 employees of a corporation before lay-offs were to begin but after a lay-off announcement had been made. A second survey was administered three months later. In the intervening period seniority-based lay-offs had begun.

They found that perceived fairness of the lay-off process affected survivor responses. The opportunity to have input was found to have positively affected survivors' responses to

lay-offs. They noted specifically that decisions are judged in the context of other and past decisions and so the focus for researchers should not be just on the lay-off decision process itself but also on the broader organisational decision-making, in which the lay-off decision process is evaluated (Davy, Kinicki & Scheck 1991, p.313). The related potential interdependence of fairness factors is discussed later in this chapter.

Another study in which Brockner was involved that addressed ethicality in conjunction with decision rules was by Brockner, Tyler and Cooper-Schneider (1992). They looked at the important issue of criteria, also called decision rules, used to decide which jobs to terminate. The fairness of the decision rule to determine who would be laid off was investigated. They conducted two field studies to see whether previously committed individuals felt they were treated unfavourably or unfairly during some experience with the organisation and as a result might show an especially sharp decline in commitment.

In the first study they administered surveys to 150 survivors to assess whether employees' work attitudes and behaviours changed as a function of their level of prior organisational commitment and their perceptions of the fairness of the decision rule used to determine who would be laid off. They expected that survivors' reactions would be influenced by their fairness judgements (of the decision rules) but that the influence of the fairness judgements would be moderated by survivors' prior commitment to the organisation. In the second study they conducted telephone interviews not specifically about lay-offs) on two occasions with 291 citizens to assess how citizen's commitment to legal authorities had changed as a result of how fairly they were treated in recent encounters with these authorities. They found that decision rules, used to decide which jobs to terminate, influenced fairness judgements of the termination decision.

All the other research carried out in this period examined the importance of explanations in combination with other factors.

The interplay between three factors, reasons, ethicality and explanations was examined by Brockner et al. in 1990. Uncertainty about the reasons for lay-offs and the importance to those personally affected were found to moderate the impact of explanations. Their field study explored the effects of lay-offs on the work behaviours and attitudes of survivors. Their questionnaire was responded to by 597 employees of a chain of small retail stores throughout the United States. Many stores in the chain had closed in the previous year and thousands of employees had lost their jobs, so those who answered the survey could be considered lay-off survivors (1990, p.395). This research addresses the content of explanations, including

explanation of the lay-off itself and explanation of the lay-off factors used (i.e. Greenberg's informational type discussed in Chapter 2). While other research studies by Bies, Shapiro and Cummings (1988) and Rousseau and Anton (1988) have shown the importance of adequate explanations to the acceptability of negative resource allocations, the study by Brockner et al. provided some reasons why explanations can have an ameliorative effect.

The study showed that clear explanations of lay-offs by management influenced attitudes to organisational commitment, work effort and turnover intention. They found that clear management explanations will have a more significant effect on survivors' work practices when their level of uncertainty is high, and the decision has importance, or personal significance, to survivors. Uncertainty can surround the unusualness of the lay-offs, avoidability, clarity of rules about whom to lay off, fairness in the choice of whom to lay off, and caretaking for victims after the lay-off.

The interplay between only two factors, *ethicality and explanations* was examined in two studies. The first was by Brockner in 1990, and the second by Brockner et al. in 1994.

In 1990, Brockner conducted field research by questionnaire of nearly 600 survivors and a follow-up laboratory experiment about the extent to which survivors included victims in their "scope of justice" or their "moral community" in making justice judgements about how the victims were treated in lay-offs and how this affected the survivors' work behaviours and attitudes. 'Scope of justice' simply referred to the extent to which survivors recognised the needs of victims. Accounts were found to be important to survivors' justice judgements. Brockner found that survivors' scope of justice, affected by what they observed themselves and by accounts from management, moderated their reactions to the unfairness of the lay-off management process (1990, p.102). He also found that management's genuine demonstration of willingness to be fair was important to engender impressions of fairness. Clear managerial accounts were most likely to affect employees when the reasons are not already clear, such as where the decision may have been inconsistent with past practice; and when the importance of the outcomes are great, such as where there is survivor identification with victims (1990, p.103). He also found that the length of advance notice (timeliness) was important to both the organisation and employees.

A few years later, Brockner, Konovsky et al. (1994) through field research using questionnaires about survivor and victim responses to lay-offs, found a similar relationship in each of the two groups between outcome favourability/negativity and procedures in peoples'

fairness judgements. They conducted three studies, one each of victims, survivors, and 'lame duck' survivors.

In the first, they researched the responses of 218 lay-off victims about the effects of procedural justice (advance notice, an aspect of ethicality, and interactional justice — i.e. explanations) and outcome negativity (the amount of severance benefits). They found that where severance benefits were higher, issues of procedural justice were less important; where severance benefits were lower, issues of procedural justice were more important, and victims would have a greater desire for third party (such as government) regulation of lay-offs. Severance benefits were, by themselves, found to have little influence on judgements of fairness, however they can be influential in conjunction with other factors. Procedural fairness was assessed in the first study in terms of advance notice (seen to be an aspect of ethicality); and interactional justice, that is, the manner and nature of explanations, consisting of three items about how the employers treated them. Interactional justice was subsequently described as 'the interpersonal aspects of procedural justice' (Konovsky & Brockner 1993, p.140). They then conducted research of two groups comprising 150 survivors in the first group where interactional justice was assessed with the degree of negative consequences being severance benefits including severance pay, extension of life insurance and extension of medical insurance coverage. The second group comprised 147 'lame duck survivors' where advance notice was assessed in conjunction with the degree of negative consequences being lay-off severity. 'Lame duck survivors' were "people who had been told they were to be laid off but had not yet departed their organizations" (Brockner et al. 1994, p.399). The results confirmed the findings of the victim research that "outcome negativity and procedural justice combine to influence the reactions of job loss victims, survivors, and lame ducks" (p.399).

There were two studies which also addressed the interplay of ethicality and explanations but introduced other factors, representativeness, and decision rules. The first was by Bies, Martin and Brockner (1993) and the second by Mellor (1992). Other notable studies during the period covered a multiplicity of factors. These included Konovsky and Folger (1991) and Brockner, Wiesenfeld and Martin (1995).

In 1993 Bies, Martin and Brockner examined ethicality in conjunction with explanations and representativeness. Their research involved 147 skilled employees who were scheduled to be laid off from a large manufacturing plant of 2,500 employees. The employees were laid off on the basis of seniority and were given twelve weeks' notice. They completed a

survey eight weeks into the twelve week period and again later in conjunction with the organisation's employee exit meeting.

The researchers sought to identify the effects of procedural and distributive justice factors upon what they refer to as the organisational citizenship behaviour (OCB) of the employees, and which fairness factors the employees identified as important. The procedural factors they examined were 'voice', or the opportunity to present views before a decision is made which is termed 'representativeness' in the literature; and 'appeal', the opportunity to correct the decision, expressed as Leventhal's 1980 'correctability'. They also examined four interpersonal factors including advance notification of lay-offs, which they said is a core characteristic of due process but which had received little empirical research attention; the quality of interpersonal treatment received (Bies & Moag 1986); giving an explanation for the lay-offs (Bies & Shapiro 1987, 1988; Greenberg 1990); and the adequacy of the explanation (Bies, Shapiro & Cummings 1988).

The outcome factors examined were about the laid-off workers' future needs. They asked how government assistance in the form of job search, retraining, and US unemployment insurance payments would meet their needs. The other question was about how well the organisations' assistance in terms of "severance pay, early retirement, and job search" would provide for their needs. Unfortunately while this approach enables some comparison of responses about government and company services, it lumps the issue of severance pay with those about transitional assistance thus potentially 'blunting' the financial importance of severance pay. These are referred to as 'ethicality' from Greenberg's work.

The respondents rated the procedural factors of adequacy of reasons given and explanations and interpersonal treatment as more important than having the opportunity to appeal and receiving advance notice (timeliness). The opportunity to have input (representativeness) was almost universally unvalued.

While receiving explanations was valued, the lack of value given to certain factors — such as representativeness, timeliness, and ethicality — raises questions about the nature of the comparisons and, importantly, suggests that every situation is unique and that individuals do not consistently value certain fairness factors above others.

Mellor (1992) examined ethicality in conjunction with explanations and decision rules. He surveyed 355 employees, who were also rank-and-file union members and who had survived lay-offs at 15 job sites. He examined whether the legitimacy of the accounts (i.e., whether employees believed them) affected employees' post-layoff commitment to the union

when the accounts implicated the union as causally responsible for the lay-offs, depending on the severity of the lay-offs. He explained that employees' reactions could be affected by explanations, including the organisation's efforts to be fair in explanations given for the lay-offs; the content of explanations, including justifications for decisions; and what information was considered in making the decision.

He found that the level of belief in the accounts given moderated the influence of the severity of the lay-offs upon commitment. The use of incorrect or inappropriate criteria in making the decisions, and the extent of redundancy packages and separation assistance can be influential to fairness judgements.

Mellor suggests that judgements about the legitimacy of the account "have the potential to effect how survivors redress injustice, especially as layoffs increase". Judgements about the legitimacy of the explanation for a lay-off decision had a greater impact on reactions as lay-offs became more severe. So, he concluded, "predicting survivors' reactions can be enhanced by examining the interaction between severity and communications used to explain the decision" (1992, p.594).

Other notable studies during the period covered a multiplicity of factors. These included Konovsky and Folger (1991) and Brockner, Wiesenfeld and Martin (1995).

Konovsky and Folger (1991) examined 353 lay-off victims who had been laid off from organisations across a variety of industries for an average of 4.5 months. They examined whether and to what extent procedural justice, social accounts (explanations with justifications) and the level of redundancy benefits affected judgements of the fairness of lay-offs. They asked victims to report on the amount of severance benefits received, and theorised that higher severance benefits should result in more favourable judgements and reactions in relation to victims' desire for legal regulation of lay-offs and willingness to speak positively about, and recruit for, the former employer.

Konovsky and Folger (1991) used 'procedural justice' in a wide sense, examining decision-making consistency; decision-making accuracy; absence of bias; representativeness; the benefits individuals receive when laid off (i.e. the extent of the severance benefits, including severance pay, extension of life insurance coverage and extension of life insurance coverage); the effects of social accounts, or the explanations management provides concerning why the lay-offs were necessary; and how the lay-off decision is communicated. All of these factors were important to lay-off victims' judgements.

Konovsky and Folger's results support other research which had shown that procedural fairness is significant to people's fairness judgements independent of outcome severity and beyond the effects of social accounts and severance benefits. They showed that procedural fairness decreases lay-off victims' desire for regulation of lay-offs and strengthens lay-off victims' willingness to recruit for their former employer. More specifically the structural elements of lay-off decision-making (e.g. advance notice, seen as an aspect of ethicality) and the manner in which those decisions were communicated influenced victims' lay-off reactions in a positive manner. The amount of severance benefits received and the actual justifications management provided for the occurrence of the lay-offs, on the other hand, did not particularly influence victims' lay-off reactions.

Konovsky and Folger referred to the two contrasting interpretations of procedural justice effects in the literature: the instrumental perspective of Thibault and Walker (1975), and the value expressive interpretation of Tyler, Rasinski and Spodick (1985). The difference between the two lies in the instrumental view seeing fair procedures as a means to ends, while the value-expressive view sees there is a more important reason, that of demonstrating to the victim and others that the decision-maker respects the dignity and self-worth of the individuals concerned. Konovsky and Folger found "support for a value-expressive interpretation of victims' lay-off reactions because [they] found an effect of procedural concerns over and above those of outcome concerns" (1991, p.644). They concluded that because victims attributed responsibility to employers, victims were especially attentive to how they were treated. Treatment accorded employees (or their perception of that treatment) can be taken by employees to indicate that the decision-maker respects the dignity and self worth of the individual and their rights, and so the victims feel valued, notwithstanding the outcome. So the components of the decision-making procedures became very important to judgements of fair treatment.

Konovsky and Folger noted that procedural fairness can have an ameliorative impact on a severe outcome, such as losing a job, and some victims are known to value procedural justice above severance packages (1991, p.644). They suggested that the implication of this for management is that companies should not confine their lay-off management measures to influencing reactions through severance packages and impression management or other ways of influencing the apparent severity of the outcome. They suggested that at times of significant negative events such as downsizing, the observation of individual rights may be a

paramount concern. If they are correct, companies should pay attention to these procedural aspects as well as the usual outcome aspects.

Four years later Brockner, Wiesenfeld and Martin (1995) examined all factors except for bias. They administered a field survey of more than 200 questions to 193 surviving production workers about whether decision framing would affect outcome favourability, and so interact with procedural fairness to influence individuals' reactions to the decision. Procedural justice was assessed by questions about overall judgements of procedural fairness, and questions specifically about representativeness, consistency, accuracy, correctability, and interactional justice. 'Decision framing' of the outcomes by the employer in their communication with employees was distinguished as either positive or negative. The wording of the questions was either positive (i.e. referring to survivors) about the criteria used to keep employees, or negative (i.e. referring to victims) about the criteria used for dismissing employees. Negatively framed outcomes were hypothesised to lead people to be more thorough in their analysis of information about the making of a decision and more likely to address the procedural fairness of the decision, whereas positively framed outcomes are less likely to require such analysis or to refer to procedural fairness of the decision. The reactions that were examined were survivors' trust in and support for the organisation. How a decision is framed in relation to outcome favourability in the explanation to employees was shown to influence survivors' reactions to a lay-off decision.

Ethicality, explanations, decision rules and bias were addressed by Ruden (1995) in her doctoral research about the effects of procedural fairness in the downsizing of organisations and the importance of the 'broken psychological contract'. She administered vignettes to 244 20 year-old students about the interactive effects of affective reactions (commitment, anger and hostility, belief in organisational obligation) and behavioural intentions (e.g. altruism, getting even) with strength of relational psychological contract (job tenure) and organisational action (how fairly the lay-offs were handled in terms of bias suppression, timely feedback, justification, credibility, respectful treatment, and caretaking). These fairness variables are related to the fairness factors that we have decided to use. Bias suppression is included; timely feedback and respectful treatment are the interpersonal sensitivities referred to in 'manner of explanations'; justification and credibility are the reasons given and the information relied upon, herein described in 'accuracy' and 'nature of explanation'; and 'caretaking' is the severance packages and transitional assistance in 'ethicality'.

Ruden found that reactions to the organisation's handling of a lay-off situation was influenced by the employee's perceived psychological contract with the organisation and perceived procedural injustice. She found that the organisation's breaching of a strong relational contract "resulted in greater anger, greater intent to engage in high impact retaliatory behaviors, and decreased intentions toward helping behaviors" (1995, p.85). She also found that perceived procedural fairness resulted in "lower levels of retained anger and hostility and both low and high impact retaliatory intentions toward the organization" (1995, p.90). Here, the implication for downsizing organisations is that people's perceptions of fairness are influenced by their individual circumstances and are critical to their subsequent reactions and can be ameliorated by procedural fairness.

Observations on the Second Period's Research Findings

The complexity of fairness judgement-making and downsizing was further illustrated in these eleven studies in the second period. The multiple influences on judgements that had been mentioned earlier were further commented on by Brockner and Greenberg (1990), Mellor (1992), and Brockner, Wiesenfeld and Martin (1995).

Not all influences were seen to be fairness related. Brockner et al. (1990), in discussing the limitations of their research, noted that there are numerous factors that can explain the variations in people's reactions, and that perceived justice is not the only factor that might mediate survivors' reactions

Examples of other influences that included the actions of managers were the subject of a number of studies, including Brockner and Greenberg (1990), Brockner (1990), and Konovsky and Folger (1991). In relation to managers' 'willingness to be fair' Konovsky and Folger (1991) said that in negative events such as lay-offs, the observance of distributive justice (such as the provision of severance pay and similar benefits) may not be enough; the manner in which procedures are applied will be important to individuals who also value being treated with dignity and having their self-worth valued. If so, managers need to ensure both fair procedures and respectful implementation. They added that attempting to reduce outcome severity through separation benefits and impression management without addressing the manner and fairness of procedures will be self-defeating.

Prior experiences and expectations were seen to be influential. Brockner, Tyler and Cooper-Schneider (1992) found that employees' attitudes depend on the relationship between their prior beliefs and expectations and their subsequent experiences. If the organisation's

managerial practices are seen to be unfair, those most affected will be the most committed employees who, ironically, are those most important to the future of the organisation and so needed (and needed to be motivated) at these times of downsizing and organisational change. Ruden (1995) extended the observations to the influence of employees' attachment to the organisation and their related interpretations of psychological contract breach.

The context of the study and individuals' personal circumstances could affect their judgements (Davy, Kinicki & Scheck 1991; Bies, Martin & Brockner 1993).

Davy, Kinicki and Scheck observed that decisions are judged in the context of other and past decisions, and so the focus for researchers should not be just on the particular lay-off decision process itself but also on the context, which preferably would be as a part of 'global' organisational decision-making in which the lay-off decision process is evaluated (1991, p.313). From the Bies, Martin and Brockner (1993) research we can observe that where subjects were already scheduled for layoff ('lame duck' survivors) and presumably knew about their entitlements, it is reasonable to anticipate that they would focus their attention more on the justification for their predicament and whether they were treated respectfully throughout the process. Other factors such as appeal, advance notice, and representativeness. while less-valued in this study, may have been more important to employees if examined earlier in the downsizing process.

The interpretations given to what the different fairness factors mean are not clearly distinguishable across researchers, and the somewhat arbitrary distinctions contribute to much overlapping of factors. This was evident in the studies of Brockner and Greenberg (1990); Brockner, Tyler and Cooper-Schneider (1992); Mellor (1992); Brockner et al. (1994); Brockner et al. (1990); Bies, Martin and Brockner (1993); and Konovsky and Folger (1991).

Mellor's (1992) research demonstrates the close and possibly confusing relationship between reasons for decisions and explanations of the decisions.

Konovsky and Folger (1991) commented that companies should not confine their lay-off reactions to "ameliorating layoff reactions through severance packages, impression management (e.g. social accounts) or other means of alleviating outcome severity; rather, companies should attend to managing the procedural fairness of the layoff decision-making process".

They added that

> One important question remaining for the practitioner is how to implement layoff procedures so that employees actually perceive them to be fair. In this regard, we would like to emphasize that procedural justice should not be regarded as a cheap way to co-opt employees. If procedures are used in this Machiavellian manner, the positive impact of procedures is likely to disappear, and employees' support for their management and organizations will suffer (1991, p.647).

Brockner et al. (1994) later observed that providing concrete support such as severance pay and outplacement counselling was costly, but would reduce judgments of negative outcomes by victims and survivors if fair procedures have been applied, such as providing advance notice, clear and adequate explanations of the reasons for the lay-offs, and dignified treatment of both those who leave and stay. They concluded that the most prudent and cost-effective way to manage reactions is to couple adequate caretaking provisions (such as benefits) with high levels of procedural (and interactional) justice. This demonstrated the interdependence between factors.

Era Three: 1997–2000

In the third period, between 1997 and 2000, the quantity of research declined to three published papers and three pieces that were in partial completions for post-graduate (PhD and Master's) degrees. Maintaining the trend from the second period in downsizing and fairness research, focus on explanations became more prominent, ethicality remained of importance, and there was an increase to four items in the number that addressed all factors. All research in this third period addressed explanations, four in conjunction with ethicality, and the remaining three addressed all the fairness factors.

Combining investigation of explanations with ethicality, Naumann et al. in 1998 examined the role that interactional justice and organisational support play in relation to the organisational commitment of employees facing a lay-off. They examined questionnaire responses from 147 'short-term' survivors (also called 'lame duck' survivors by other writers) who had been notified of their impending lay-offs. They examined whether interactional justice issues such as the quality of interpersonal treatment (an adequate explanation and showing concern for those affected by way of respect, sensitivity, compassion and dignity) influenced people's judgements of the fairness of the lay-offs. They asked whether the perceptions of fair treatment (interactional justice) were more influential than experience and expectations of how the organisation will provide support (e.g. whether the organisation demonstrates care for the individual) and they assessed this in terms of the degree of

organisational citizenship behaviour (OCB). OCB is described as the degree to which the organisation "takes care" of its employees, such as by valuing their contributions and caring about their well-being. They referred to research by Eisenberger et al. (1986) and Eisenberger, Fasolo and Davis-LaMastro (1990) which found that such caretaking can result in individuals developing a close sense of identification with the values, norms and fortunes of the organisation and lead to positive OCB.

Naumann et al. found that the means to influencing OCB could be either justice judgements or organisational support or a mixture of both. They suggested that it may be the degree of support derived from previous organisational experience that influences employee reactions rather than justice perceptions. Further, they commented that "the relationships between dimensions of organizational justice and employee attitudes and behaviors may be more complex than the literature suggests" (1998, p.367).

Their findings suggested that providing adequate explanations and showing concern contributes to the belief that the organisation cares for employees' well-being and that doing this over time will elicit greater organisational commitment.

In 1999, Wanberg, Bunce and Gavin looked at explanations and ethicality in conjunction with correctability. They used surveys to study 108 laid-off individuals (victims) in terms of how characteristics of a lay-off and characteristics of an individual are related to lay-off victims' attitudes and perceptions of lay-off fairness. They examined how procedural justice and distributive justice variables could predict victims' judgements of lay-off fairness, willingness to endorse the terminating organisation, desire to take the previous employer to court, and willingness to commit to future employers.

The three layoff-specific procedural variables were: the extent to which individuals received explanations of how and why lay-off decisions were made; the extent of severance benefits and access to counselling to assist laid-off employees to adjust to their job loss; and the opportunities available for correcting perceived wrong decisions (i.e. to modify or reverse managerial decisions or procedures used to make the decisions).

In the study, two person-centred variables (the nature of the negative experience and prior organisational commitment) were predictors of victims' judgements of lay-off fairness, willingness to endorse the terminating organisation, desire to take the previous employer to court, and willingness to commit to future employers.

They also assessed whether reemployment might be seen as a positive result and so act as a mitigator of negative reactions of the earlier lay-off — that is, had resolved an unpleasant situation and faces them towards the future and away from the past.

They found that previous organisational commitment influenced fairness judgements. They found also that victims' intentions to commit to future employers were not negatively affected; when reemployed they held their past employer accountable for the lay-off practices and procedures, and did not generalise these across their present or future employers. Correctability and severance benefits were not found to be significant — that is, associated with higher levels of fairness — for both unemployed and reemployed victims.

Simerson et al. in 2000 was one of the studies in this period that addressed all fairness factors. A decade earlier Greenberg (1990) had called for further research on underlying justice principles in organisational contexts, specifically what justice principles workers refer to when faced with organisational events with negative consequences. Simerson et al. (2000) investigated the principles that may be influential to fairness judgements of such events, including lay-off and non-layoff experiences, by seeking perceptions from both victims and survivors and from diverse organisations, occupations and job levels. They claim their research approach was distinctive because there has not been "an empirical investigation of the justice principles to which workers refer when organizations make and implement decisions with negative consequences for employees" (2000, p.444). Their study was designed to be primarily descriptive, to connect workers' experiences with previous conceptualisations of justice. They state that their study differed from previous research in a number of ways. They examined the perceived fairness of a variety of organisational events, not just lay-offs and their respondents were both victims and survivors and from diverse organisations, occupations and job levels.

Their participants were predominantly white (92.2%), male (55.3%), from the ranks of supervision, middle management and professional staff, who had been on average in their job for 3 years and in the organisation for 4.25 years. They were predominantly not union members, and had no role in the decision-making or implementation processes. Survivors and victims were equally represented. The negative events were predominantly terminations or lay-offs (40%), early retirement (7%) or effects on pay or benefits (33%). The 248 respondents were also part-time students who answered an open-ended questionnaire in which they described recent negative events in their organisation, answered whether they were affected personally (such as by being "laid off" or their duties being affected); their

judgements whether this was (un) fair; and the reasons. Simerson et al.'s research is one of the two interpretive studies in the downsizing and fairness empirical research literature.

The responses were coded using content analysis, and resulted in 13 categories of principles of which 5 principles described outcome fairness and 8 described process fairness. They state that these categories of principles were not restricted to those of other authors and new principles were defined and the data was thus fully accounted for (Simerson et al. 2000, p.448). They found empirical support for existing justice conceptualisations and generated new principles.

Simerson et al.'s findings were seen to corroborate five of Leventhal's (1976) six rules: and four of the five lay-off procedure characteristics of Brockner et al. (1990, cited in Simerson et al. 2000, p.452), that is, avoidability, clarity of decision rules, fairness in the choice of who to lay off, and caretaking for victims after the lay-off. Their results also supported the work of Tyler and Bies (1990) about the communication aspects of procedural justice or interactional justice, specifically interpersonal treatment and proper conduct of decision-making during enactment of the decisions. They also stated that their data clearly supported Greenberg's (1990) 'fourfold' model or Taxonomy of Justice Classes. This work was discussed in the previous chapter and is addressed again later in this chapter.

Having now examined the three published papers in this third period, we will consider the remaining three research works which were in part-completion of higher degrees. The first by Hemingway (1997)and the second by Lavelle (1999) addressed all factors; the last, by Brennan (1999), addressed the explanation factor alone.

In her doctoral research, Hemingway (1997) examined the relative importance of all justice factors and the usefulness of Greenberg's (1993) justice taxonomy in determining the perceived fairness of lay-offs. Her very small, homogeneous sample of 23 students and post-graduates of an MBA program rated the fairness of scenarios. Her study's small sample size limits the generalisation of the results, and the results contradicted existing research, a point which we shall consider later.

She examined the relative importance of a range of fairness factors, including consistency, bias, official policy, input, appeal, severance practices, transitional assistance, explanation of lay-offs, explanation of factors used, manner of communication, and expression of regret. These factors are largely consistent with those we have previously identified.

She found that the use of an unbiased policy, the size of the severance package, and managerial consistency in implementing lay-offs were most important (1997, p.47). She said that, whereas previous research by Konovsky and Folger (1991) had found the level of severance benefits did not predict lay-off victims' reactions, in her study severance benefits were the most important factor. She said that, as equity theory would suggest, people might judge inadequate severance benefits as an underpayment for their inputs into the employer-employee exchange relationship. However her 'severance benefits' factor was not clearly defined in her research instruments, and could have been interpreted by students to include all or any of lump sum payment, assistance with planning, maintenance of benefits (such as medical insurance), job search, and continuation of other benefits. She separately asked about transition assistance, which could also be understood to include those items in 'severance benefits', the influence of which was found to be relatively unimportant. She said this might be discouraging to employers, most of whom provide transition assistance and who might wish to focus their resources onto practices that have the greatest impact, in this case severance benefits. The other two practices that were rated to be important were unbiased policy and consistency which, like severance packages, are to do with short-term and personal outcomes (1997, p.50).

She also found, contradicting other research, that informational and interpersonal types (i.e. social aspects) were relatively unimportant and played only a minor role in the formation of justice judgements compared to the configural types. This contradicts the findings of other research by Bies with others (Bies & Moag 1986; Bies & Shapiro 1987).

She says that configural justice, Greenberg's distributive justice category referred to earlier, is the primary determinant of fairness judgements, and a certain minimum level must exist for lay-offs to be judged to be fair regardless of the levels of the other justice categories. However, "when configural justice is low, individuals turn to other aspects of organizational justice, such as an opportunity to appeal, in making fairness judgements" (1997, p.54). She says this is consistent with Greenberg's (1986) suggestion that negative outcomes will energise behaviour and the direction of the behaviour will be determined by the fairness of the procedures used. It is also supportive of Brockner et al. (1994) and Greenberg (1986) that positive outcomes (e.g. high configural justice) are judged to be fair regardless of the procedures used, whereas negative outcomes will prompt examination of the procedures used.

The ranking of practices resulted in the following order: consistency, bias, severance practices, transitional assistance, explanation of lay-offs, official policy, explanation of factors used, and manner of communication, appeal, input, and expression of regret.

Two years later Lavelle in his doctoral research also addressed all the fairness factors and examined 106 questionnaires from survivors to assess how and why survivors' commitment to different organisational groups was influenced by different types of justice in the downsizing context. Interactional justice was represented by interpersonal sensitivity (the manner and nature of explanations); and procedural justice by proper rules and procedures to determine who to lay off and the decisions about who to lay off (accuracy), and consistent and unbiased method (consistency; bias avoidance). He found that differentiating the effects of interactional and procedural forms of justice was possible by observing that individuals sought out the sources of the injustice; that is, who was accountable. In procedural justice the organisation is accountable, whereas organisational agents are held accountable for interactional injustice. This suggests where retaliation or revenge might be directed.

In summary, from Lavelle's work we can observe the importance of various fairness factors in interactional justice (the manner and nature of explanations) and procedural justice (accuracy, consistency and bias avoidance). The implication is that to address judgements of accountability and to avoid retaliatory actions, a range of fairness factors should be addressed. His observation should also be noted that when outcomes are negative, which is most of the time in relation to downsizing, managers tend to distance themselves from events and from those involved, and this action can compound problems and lead to unfavourable judgements by having the flow-on effect of making it difficult for managers to be interpersonally sensitive (1999, p108). Thus while managers manage their own reactions, they become less able to deal with the reactions of the affected employees. Accordingly, having adequate procedural justice policies and practices will not guarantee a successful outcome where the sensitivity of the manager is not also addressed.

Finally, Brennan in 1999 addressed the explanation factor alone, but while most research on lay-offs has addressed the effects of situational factors on individual's responses to downsizing, Brennan in her Master's thesis addressed the influence of the role of personality in partnership with justice judgements. She focussed on employees' perceptions of interactional justice (nature and manner of explanations) during a lay-off, its effects on OCB, affective commitment and intent to stay and the influence of personality.

She argued that high levels of interactional justice positively influence survivor's OCB, affective commitment, and intent to stay, especially when survivor's personalities are taken into account. She found that personality moderates the relationship between perceived fairness and the three organisational outcomes. She researched the views of 93 survivors, of whom 70% were male, from five organisations, public and private, in Canada. She gained their views via self report and peer report questionnaires.

She concluded that supervisors should concentrate on providing high levels of interactional justice to all employees at times of downsizing and not focus only on those thought to be of higher need. More anxious, worried, angry employees may need careful attention but employees who appear to be calm, rational and handling things well might be precisely those employees who are most sensitive to low levels of interactional justice because they might not be used to the stressfulness resulting from downsizing (1999, p.71).

The implication is that people are complex; their reactions to similar situations can differ; and organisations comprise people with varied attitudes and needs. So researchers and managers could potentially benefit from addressing the whole person and the 'whole situation'.

Observations on the Third Period's Research Findings

In this third period, we continue to see complexity identified in the judgements people make about fairness in downsizing situations. The dangers of attempting to 'tailor make' fair treatment to manage individuals' reactions are observable from the research and methodology of Hemingway (1997). To some extent the sort of problem that this study wants to draw attention to is illustrated in Hemingway's study. She addressed all the factors but made judgements and conclusions some of which this study does not support.

In her doctoral research she examined the relative importance of justice factors in the downsizing context, including consistency, bias, official policy, input, appeal, severance practices, transitional assistance, explanation of lay-offs, explanation of factors used, manner of communication, and expression of regret. She wished to identify whether individuals discriminate between factors sufficiently so that it would be possible to identify which fairness factors trigger which fairness responses. Her intention was to provide information which managers could use to focus their policies and procedures on practices that have the greatest impact while also conserving resources and managing people's reactions to bad news. For example, she found that severance benefits were much more important than transition

assistance, and so suggested that managers might focus their resources away from transition assistance (such as financial and psychological counselling and job search assistance) and onto improving the quantum of the severance benefits (1997, p.49).

She clearly stated she was not advocating that managers cynically use this information to unethically manage individuals' impressions. Yet the implication seems to be that managers might put resources into only some fairness factors while ignoring others. In what follows below, it will be suggested that there is one sense in which this is true: managers need to be attentive to what is important in each situation. But it will also be suggested that this cannot be done in any routine, automatic way.

Hemingway's results are contentious in a couple of ways. She found the level of severance benefits predicted lay-off victims' reactions, whereas other research (by Konovsky & Folger 1991) has found the opposite, and there has been no later research to resolve this issue.

Fairness Factors and Downsizing

In the earlier discussion of fairness, reference was made to factors said to influence fairness judgements. We will now discuss the empirical fairness literature in regard to these factors including those reviewed in the previous section about the downsizing context.

Consistency

The research literature about fairness indicates that the three significant influences on people's judgements of fairness in relation to consistency are consistency across people, over time, and in reference to standards.

The fairness literature is clear that consistency is important across people and over time (Leventhal 1980, p.40; Tyler 1988, p.111; Tyler & Bies 1990, p.85; Sheppard & Lewicki 1987, pp.168–70; Greenberg 1986, p.340; and Simerson et al. 2000). Research about fairness in the downsizing context confirms these findings, particularly that the choice of whom to lay off is important to fairness (Brockner et al. 1987, cited in Davy, Kinicki & Scheck 1991, p.315; Konovsky & Folger 1991, p.633; Brockner 1995; and Simerson et al. 2000, p.454). In their research in the downsizing context, Simerson et al. cited an example where the act of applying staff reductions uniformly across people and areas was valued for its consistency (2000, p.450).

Consistency in the application of procedures over time is valued where procedures are kept stable "at least for the short term" (Leventhal 1980, p.40), such as for the duration of a particular situation; and if changes are to be introduced, they are consistent with the organisation's practices and stated values, and when compared to earlier experiences, that is they are stable over time (Tyler 1988, p.111).

Consistency across individuals includes avoiding bias has been variously expressed: by applying similar procedures to all potential beneficiaries and giving special advantage to none (Leventhal 1980, p.40), not 'playing favourites' (Sheppard & Lewicki 1987, p.168), and applying the procedures consistently across employees (Simerson et al. 2000, p.450).

People make judgements of fairness by reference to standards which may be sourced from organisational or social principles, policies and practices; by comparison with others' experiences; or with reference to their own personal values; or a mixture of these depending, for example, on the issue and the settings. Standards can be formally established and articulated in official policy, or derived from formal decision-making procedures, past practice, and by the exercise of managerial discretion. Standards are important as providing precedents for decision-makers and others who will judge the procedures and outcomes (Tyler & Bies 1990, p.85). Managers often find themselves required to exercise discretion with only organisational principles to guide them, and in the absence of specific policy in the form of recognised procedures. In these circumstances employees will expect consistency as well as flexibility, a seemingly contradictory position (Tyler & Bies 1990, p.92), but reconciliation of the seeming contradiction may be achieved if flexibility in regard to procedure still embodies consistency in regard to principle.

Throughout this study we will note that managers face challenges from the complexity and the dynamic nature of fairness judgement making, and in Chapter 7 we will recognise the difficulties managers face from such pressures as the varied and often unique contexts of each individual's experience, the complex brew of reasons for downsizing, the usually individual effects and the variety of ways in which downsizing is implemented.

Because of expectations about consistency over time, once standards are established they become the benchmark for future performance and "a sudden or marked deviation from them will be perceived as a violation of fair procedure" (Leventhal 1980, p.40). Such benchmarks can be specific, for example, following the chain of command in implementing changes (Sheppard & Lewicki 1987, p.169).

Norms are influential. They can possess procedural qualities, that is, develop degrees of formality in the minds of employees; and when learned, for example through customary practice, can be viewed as an implied contract with procedural qualities (Tyler & Bies 1990, p.89). Consistent decision-maker behaviour over time can create expectations that require the behaviour to continue. Employees' expectations, which derive from customarily being consulted, may have no formal status, but may be perceived as a quasi-procedure analogous to a standard operating procedure. Where consultation subsequently does not take place, employees may feel unfairly treated. So, customary behaviour can create expectations of continued behaviour in enacting procedures, and even in determining what a procedure is (Tyler & Bies 1990, p.89).

Norms can also be established purposively. Tyler and Bies argue that judgements are socially constructed to the extent that decision-makers can seek to manage employees' perceptions (impression management), and that employees attribute meaning to decision-maker intentions and actions, and decide if these intentions or actions meet their (employees) necessary factors (1990, p.90).

Accordingly, both agreed and documented procedure and social norms are important in shaping judgements about organisational procedural justice.

People require sufficient information to make judgements about consistency, but in some situations there may be insufficient information available, such as where functions are specialised. For example, managers and officials may have important information not generally known or shared with others that may influence judgements about a downsizing episode. An example of the importance of having and understanding such information was noted by Tyler (1988, p.130), in that while he failed to find strong positive references to consistency common in previous studies, he attributed this to the citizens in his study lacking the required information for them to judge whether actions had been consistent.

In the downsizing context, Davy at al found that decisions are judged in the context of other and past decisions, and so the focus for researchers should not be just on the particular lay-off decision process itself but also on the context, which preferably would be as a part of 'global' organisational decision-making in which the lay-off decision process is evaluated (1991, p313).

Overall there is sufficient evidence that consistency of treatment in various respects is important for perceptions of fairness in a downsizing context as in a general context. There are examples of concern being generated due to increased unfairness perceptions in

downsizing episodes where treatment is inconsistent: for example, through arbitrariness or carelessness. There were also indications that relevant rule-based approaches were not always available or sufficient for peoples' judgements, which were affected not only by policies but by their personal values, by the issue and the context, and by their interpretations of decision-maker intentions and actions.

Bias Suppression

Bias implies preference or prejudice, towards or against a particular opinion, person or event, but more especially an unfavourable one, and is described as an attitude formed beforehand or an action based on inadequate facts, self-interest, nepotism or the like. It can involve negative discrimination, such as 'playing favourites' and can also include positive discrimination where a group or person is favoured to overcome some unfair disadvantage, for example, age, race, gender.

Leventhal's 'bias-suppression rule' states that "personal self-interest and blind allegiance to narrow preconceptions should be prevented at all points in the allocative process", and "unrestrained self-interest, or devotion to doctrinaire views" will suggest a violation of procedural fairness (1980, p.41). Bias-suppression has been shown to be significantly associated with judgements of procedural justice (Tyler & Bies 1990, pp.84–5), and evidence of bias suppression seen to invoke stronger perceptions of justice (Lind & Lissak 1985, p.20). In the specific downsizing context, bias suppression was found to be important by Konovsky and Folger (1991), and Hemingway (1997, p.47).

In relation to judgements of managerial fairness, it was found to be important that managers act in the interests of the organisation, not for themselves, and not waive rules for personal favourites (Sheppard & Lewicki 1987, pp.168–9). Suppressing personal biases is an aspect of decision-maker conduct in enacting formal decision-making procedures which is important to perceived fair interpersonal treatment above 'mere' formal procedures in organisations (Tyler & Bies 1990, p.90), and because the appearance of impropriety such as decision-maker bias would render the procedure suspect, even though it were otherwise fair (Lind & Lissak 1985, p.20). Where fair distributive patterns, such as where the lay-offs have resulted across positions, levels and parts of the organisation, the decision-maker can be viewed as having acted neutrally (Tyler 1989).

How hard the authorities attempt to be fair is very important. In his study, Tyler examined both "whether the justice of the procedures involved had influence with citizen

satisfaction with outcomes and evaluations of legal authorities", and "how citizens define 'fair process' in such settings" (1988, p.103). Lack of bias, honesty, and the sincerity of the representative and the resulting trust were seen to be important, whereas perceptions of deception can have the opposite effect. He noted that respondents "looked beneath the surface at motives" (1988, p.127). Tyler noted that these sorts of judgements require more effort than simpler behavioural judgements, and so while respondents might be expected to avoid doing making such judgements, they did not. He said that workers have been shown to infer the motives of authorities, such as the benevolence of political leaders, and the sincerity of managers. Without a perception of management sincerity, there is a lack of employee trust in managers. While these comments are not restricted to matters of bias but have more universal application across other factors, such as in regard to the manner and contents of explanations, there are examples which reinforce the importance of bias suppression. One such example is the provision of information by way of explanations about the enactment of procedures to allow people to determine whether bias has been suppressed (Bies & Shapiro 1987, p.215).

Bies and Moag found that improper questions, such as those of a racist or sexist nature, and prejudicial statements reflected a biased procedure and were considered "patently unfair" (1986, p.50).

In summary, bias suppression influences people's perceptions of fairness and their subsequent reactions. While managers' efforts to be fair are assessed by the evidence, such as fair distributive patterns of lay-offs, their stated intentions may be questioned and behaviour scrutinised. People's perceptions can render even a fair procedure suspect despite evidence to the contrary. Access to appropriate information can help.

Bias is seen in policies based on doctrinaire views and blind allegiance to narrow preconceptions; on inadequate facts; on people's personal characteristics, such as race or gender. Bias is identified where policies and/or actions are seen to serve self-interest rather than the interest of the organisation; and where people are singled out for special favour or disfavour.

Decision Criteria

We will consider decision criteria in terms of the accuracy of information that is used in the decision-making process; the decision-making process itself, in the way that information is processed; and the decision rules that underpin the entire process.

The importance of accurate information to the quality of decision-making was found to be of fundamental importance in general studies about fairness factors (Tyler 1988, pp.112–13; Leventhal 1976, pp.231–2). Thibaut and Walker (1975) referred to 'decision accuracy or quality' as "the information needed to make good decisions about how to handle" a problem. In comparison with Leventhal's six justice rules (referred to earlier), accuracy was rated highly, especially in formal rather than informal settings; in co-operative more than in competitive settings; and in co-operative, informal settings more than in competitive, informal settings (Barrett-Howard & Tyler 1986, p.303).

Leventhal talked of a desirable allocative process being based on relevant and accurate information, and informed opinion gathered competently and processed with a minimum of error (Leventhal 1980, p.41). Accurately utilising available information, expertise, time and resources, and as necessary in the decision-making process, was important in judgements of managerial fairness (Sheppard & Lewicki 1987, pp.168–70). Similarly, being provided with "an accurate picture of how things would be", being treated in an "open and forthright manner" in recruitment experiences, and being truthful was valued (Bies & Moag 1986, p.48).

Leventhal suggested seven categories of procedural components that may comprise a person's 'cognitive map', and influence their fairness judgements when they address most decision-making processes. Among these components he identified decision structure, for example, procedures that define the structure of the final decision process (1980, pp.38).

Greenberg identified the importance of the criteria used to make decisions about measuring performance and how such information is processed. He found that the relationship between performance and rating, and between rating and subsequent action, was important to fairness (1986, p.340). Participants valued rater familiarity with their work because it increased the accuracy of the considerations and thus the likelihood of receiving a fair appraisal (1986, p.341).

Overall, the literature suggests that information should not be based on subjective views, but on that gathered competently, and processed accurately and transparently. The reasons used and given should be adequate, not illogical, and the action taken should be shown to be the best at the time. Expertise, time and other resources should be actively sought and shared.

Correctability

One of Leventhal's procedural justice rules, the correctability rule, holds that fairness will be more likely perceived when formal and informal appeal procedures exist, that are safe, inexpensive, and easy to use, and which enable timely review and modification of decisions at various stages of the process, not just at the end. Perceived fairness would require that the original decision-maker whose decision is the subject of appeal is bypassed and the decision made by others higher in the system (1980, p.40).

Greenberg found in regard to performance evaluations, that the 'ability to challenge/rebut evaluations' was important to procedural fairness. This, Greenberg noted, corresponds to Leventhal, Karuza and Fry's (1980) identification of appeals procedures (1986, p.340). Sheppard and Lewicki found that correctability was important in judgements of managerial fairness. They described 'correctability' to mean that actions or decisions must be modifiable when wrong — for example, not refusing to change drastic course of action with faced with new data (1987, pp.168–70).

Accessibility to appeals processes is important, for example official policies and procedures should be easy to use (Leventhal 1980, p.43) and be accessible to all organisational members. Having knowledge of the existence of an appeals process was important. Publicising an agency or organisations to which people could complain can achieve opportunities for affected parties to correct perceived errors in the process.

Timeliness was found to be important in a number of studies. We noted above that timely review and modification of decisions at various stages of the process, not just at the end is important (Leventhal 1980, p.40). In the downsizing context, Bies, Martin and Brockner (1993) found that advance notice was valued. Folger and Konovsky found, in relation to performance assessments, that providing employees with adequate notice of performance factors (i.e. decision rules) in advance of an assessment increased employees' capacity to challenge the assessment both during and after an evaluation. They noted that this action of treating people with respect and dignity was a component of procedural justice, and resulted in greater organisational commitment and trust in supervisors. In contrast, the organisation in their study had no uniform formal system of performance appraisal ratings (i.e. no official public policy); supervisors would inform ratees in private, individual meetings; and no records existed of the content and decisions or whether explanations had been given (Folger & Konovsky 1989, pp.118–22).

It should be noted that in the downsizing studies, correctability was not always the most important factor in all research. For example, the opportunity to appeal was judged to be less important than interpersonal aspects of the lay-off process, specifically adequacy of reasons for lay-offs and interpersonal treatment (Bies, Martin & Brockner 1993, p.236).

Representativeness

Decisions which offer both process control (i.e. to have one's views considered before the decision is made) and decision control (e.g. having input into the decision) were perceived to be fairer and more acceptable than identical decisions where no control was available (Greenberg 1990, pp.403–4). While people may not have the power over the final decision, having the opportunity to express opinions to influence the final decision can enhance perceptions of fairness (Folger & Cropanzano 1998, p.31). Tyler found that the extent, and not merely the opportunity, employees had to present their problem or case before decisions were made, and the degree of influence they had over the making of the decisions were particularly important (1988, p.111). Because these process and outcome control factors were highly related, Tyler combined them into a single measure called 'representation'.

The concept of process and outcome control that enhance perceptions of just procedures can be seen as analogous to Leventhal's (1980, p.43) procedural justice rule, the representativeness rule, which states that the allocative process will be perceived to be fairer when all stages represent the needs and interests of those affected by the process. That is to say, affected parties have the opportunity to express their views and have other input, or can be represented by others in doing so (Sheppard & Lewicki 1987, p.168). For example, such representation can be by subgroups, such as local committees; participation by a representative from outside the organisation, such as a union official; and even power sharing and participatory decision-making.

Greenberg (1986, p.340) found in the context of studies of performance evaluations, that 'soliciting input' and 'two-way communication' were important to process control.

People perceived procedures that allow people input to the decision to be fairer than those that did not, even when a decision was unfavourable to them (Bies & Shapiro 1988, p.682). This is similar to other organisational justice studies including comparisons of input with no-input procedures and participatory decision-making (Greenberg & Folger 1983), performance appraisal and compensation (Folger & Greenberg 1985), and conflict management (Sheppard 1985) (all cited in Bies & Shapiro 1988, p.676).

Simply put, there is strong evidence that people judge process to be fair when they have the opportunity to express their views either directly or by proxy. These fairness judgements can be further enhanced when there is some evidence that their views were considered, that is, by contributing input and being heard. Input by itself may be insufficient, and evidence may be necessary to show that peoples' views have been adequately considered. Tyler and Bies (1990, p.89) suggested that effective consultation, which adequately considered employees' viewpoints, was an aspect of decision-maker conduct in enacting formal decision-making procedures that was important to perceived fair interpersonal treatment above formal procedures in organisations. Such consideration is important to employees who hope to influence the decision-maker's decision.

In the downsizing context, the opportunity to have input positively affected perceived fairness of a lay-off and positively affected survivors' responses to lay-offs, job satisfaction, organisational commitment, and reduced their intention to withdraw (Davy, Kinicki & Scheck 1991). From this study we can see timeliness being introduced as an important aspect of representativeness. Survivors' responses to lay-offs were positively influenced when input was available both before lay-offs were to begin (but after a lay-off announcement had been made), and also later after lay-offs had begun. Davy, Kinicki and Scheck's research methodology included administering an initial survey to 120 employees of the same corporation before lay-offs were to begin, but after a lay-off announcement had been made. A second survey was administered three months later, and in the intervening period seniority-based lay-offs had begun. They also found that single specific decisions are evaluated in the context of past/other organisational decisions.

Issues about having input were found to be important in some cases of downsizing. While people were concerned about not being consulted about the decision to lay off employees, many more were offended by management not involving them in decisions about whom to lay off.

For example, a process was also judged to be unwise and contributed to judgements of unfairness when the 'right' people, that is those "that could have provided expertise on the restructuring", did not have input. On the other hand, people's judgements were positively affected by being asked to "generate ideas on how to best cut costs" (Simerson et al. 2000, p.450).

The method or avenue used to solicit views also influenced fairness judgements. A process was judged to be unfair if it was not driven by a formal voting process or by

provisions of a labor contract, whereas the opportunity for members of the union to vote made even a modest pay increase more acceptable.

In summary, the literature demonstrates that people tend to make positive judgements of the fairness of actions where they have had the opportunity to express their views and be listened to. This can mean influencing the final decision through input into the process — people affected by the process and decision having their views and needs represented either directly or by proxy at all stages. The importance of representativeness to fairness judgements has been shown in various topic areas. However, input may be valued less highly than other factors depending on the circumstances. (In Chapter 6 we shall see a variety of cases where circumstances affect the impact of this and other factors.)

Nature of Explanations

The empirical literature about the functions of explanations for people's justice judgments, particularly in the downsizing context, addresses the meaning of nature of explanations, their social construction; the various characteristics of explanations, and the various situational factors of, and functions served by, the nature of explanations.

People expect explanations of decisions. These may be the primary basis for judgements of fair treatment and of whether the decision-maker has acted properly. An explanation is an account with an accompanying reason (Tyler & Bies 1990, p.86) to justify and explain the decision, so as to enable the action to be understood and, in the current context, to be judged as acceptable as fair treatment. There are four generally accepted types of accounts, also called social accounts, which we will discuss in more detail later in this section. These are: causal, ideological, referential, and penitential accounts (Bies 1987b, pp.298–304).

Social Construction

Explanations are socially constructed, and explanations are important to judgements about whether social norms of behaviour have been reinforced or contravened (Folger & Cropanzano 1998, pp.37–8). There are also situational factors in regard to content and quality, including adequacy, sincerity and timing, that were found to be influential (Bies 1989, p.87). So, we will examine these main characteristics of explanations that are important to justice judgements.

People judge experiences by assessing the social conduct (behaviour determined by social norms) and its social consequences (that is, socially consequences relevant to the well-

being of people arising from exchange and determined in the context of social norms) associated with these experiences and evident through communications, which "loom large among morally relevant aspects of human interaction" (Folger & Cropanzano 1998, p.38). They see that social consequences and social conduct are important for the maintenance of social norms and judge explanations to determine whether they contravene social norms.

Adequacy

The content and quality of explanations have been found to be influential. Providing adequate explanations and showing concern was found to contribute to the belief that the organisation cares for employees' well-being and contributed to organisational commitment of employees facing a lay-off. Interactional justice issues — such as the quality of interpersonal treatment, an adequate explanation and showing concern for those affected by way of respect, sensitivity, compassion and dignity — influenced people's judgements of the fairness of the lay-offs (Naumann et al. 1998, p.11). Even procedurally unjust actions involved in discretionary decision-making can be overcome by explanations (Folger, Rosenfield & Robinson 1983, cited in Tyler & Bies 1990, p.87; Folger & Martin 1986, p.541).

Explanations that were adequately reasoned and justified, and sincerely communicated, influenced procedural justice judgements positively, and can mitigate or prevent conflictual responses (Bies 1987, p.88; Bies, Shapiro & Cummings 1988, p.391; Skarlicki 1998, p.125; Bies & Shapiro 1988, p.683).

In two laboratory simulations and one field setting, providing causal accounts which adequately claimed mitigating circumstances, even for an unfavourable outcome, reduced feelings of injustice about the actions of the 'harm doer' (the manager) and disapproval of the 'harm doer' (relative to no causal account being given), and the appearance of impropriety of the harm doer may also have been minimised (Bies & Shapiro 1987, p.214; 1988, p.682). The 'harm doer' includes decision-makers, managers and supervisors whose role involves deciding or implementing policies and practices that may disadvantage someone else.

The 'evidence' in support of the explanation, such as informational cues like adequacy of reasoning and sincerity, are key determinants of whether causal accounts are influential (Bies & Shapiro 1987, p.214; Bies, Shapiro & Cummings 1988, p.385). These findings were significant even where participants were aware that they may have gained through alternative outcomes had the harm doer acted differently.

Tyler and Bies (1990, p.91) note that employees are not passive in this process and that an account needs to meet certain standards or norms for it to be believed and accepted by employees, such as demonstrating that employees' views had been considered. For example, an inadequate account can be very influential, but in a negative way by exacerbating people's feelings of outrage (Folger & Martin 1986, p.541).

Brockner et al.'s (1990) study found that clear explanations of reasons for lay-offs by management influenced survivors' perceptions of fairness as evidenced by changed attitudes to organisational commitment, work effort and turnover intention. This was shown to be even more so when there was uncertainty surrounding the decision and the decision was important to the survivors.

Sincerity and Authenticity

Sincerity and authenticity have been shown to be important. The account can be a demonstration that the authority is trying to be fair (Bies & Shapiro 1987, p.216). Managers are faced with potential moral dilemmas about whether and in what manner and to what extent to explain events to employees. They will be held accountable for the results and the morality of the actions that bring about the results.

The choices may be many. The manager is challenged to be honest, and risk sanctions and loss of credibility, or manage the situation by distorting reality. Unlike procedural factors where it is possible for managers to follow a script, explanations rely largely on the individual manager's values, skills and attitudes. Folger and Cropanzano refer to the 'spontaneous character' of explanations, pointing out that a preordained set of procedural rules cannot dictate every word or nuance of style, for example body language and expressions which add persuasive content and which can affect perceptions of fairness (1998, p.29). In these situations managers are challenged to be authentic and sincere.

If the account is perceived to be deceptive, then feelings of distrust and injustice may lead to retaliation (Bies, Shapiro & Cummings 1988, p.393).

In Simerson et al.'s downsizing study, when communication was inadequate, inaccurate, incomplete, or deceptive, the process was judged to be unfair: for example "Management told us that anyone remaining after the first restructuring was probably 'safe' – they were not truthful" (2000, p.450). We shall see in Chapter 6 that the present study also identified the importance of accurate and complete communication to perceptions of fairness.

Timing

The timing of explanations and feedback has been found to be important to perceptions of fairness. Bies says that the effectiveness of accounts is influenced by three situational factors: one is timing, the others, the perceived adequacy of the accounts and the perceived sincerity of the account giver, have already been discussed (1989, p.87).

Timing in this context is whether the account is given before or after the decision. Providing an account *before* an unfavourable outcome will be more effective in reducing conflict than giving it afterwards; and the extent of the delay in telling the account will also influence the level of conflict (Bies 1989, p.88).

Timely feedback after a decision is an aspect of decision-maker conduct in enacting formal decision-making procedures which is important to perceived fair interpersonal treatment above formal procedures in organisations (Tyler & Bies 1990, pp.81–2). Timely feedback after a decision has been shown to enhance perceptions of procedural fairness, while unduly late feedback had the opposite effect (Tyler & Bies 1990, p.85).

Functions of the Nature of Explanations

Managers may use explanations to affect people's judgements. Such judgements, being socially constructed, are influenced by people's experiences, and people attribute motives to the decision-makers who may seek, through explanations with the purpose of impression management, to influence these judgements (Tyler & Bies 1990, p.90). Social accounts are "explanations aimed at explicating an actor from a social predicament by minimizing the severity of a decision's results or minimizing responsibility for them" (Konovsky & Folger 1991, p.632).

Explanations in the form of causal accounts can reduce the perception of injustice, feelings of moral outrage, and negative perceptions of, and reactions against, the harm doer (Bies & Shapiro 1987, p.215; Bies Shapiro & Cummings 1988, p.390). They are excuses designed to mitigate the harm doer's responsibility for an unfavourable outcome: for example, maintaining 'there was no other choice'. If a subordinate comes to believe that the supervisor's causal account was deceptive, the resulting feelings of betrayal and distrust may lead to behavioural reactions of retaliation and conflict (Shapiro 1986 cited in Bies, Shapiro & Cummings 1988, p.393). Influential factors include the harm doer's apparent responsibility for the outcome, how undesirable the outcome is perceived to be, and the extent to which the harm doer's behaviour "appears to contradict an important aspect of the harm doer's social

identity" (Bies 1987 b, p.297) and the harm doer's previously stated motives (Bies 1989, p.84).

It is worthwhile to note the difference between an excuse and justification: an excuse is an account where there is admission that the behaviour was bad but a denial of full responsibility, whereas a justification is where the behaviour is not admitted to be bad and responsibility is accepted. The purpose of the excuse is for bad news to be legitimated and ensure the action appears intelligible and warranted (Bies, Shapiro & Cummings 1988, pp.382–3).

When an inadequate or no explanation is given, people can experience moral outrage, whereas adequate explanations can serve to increase people's level of trust and belief.

An injustice is likely to be a violation of a social norm, cause harm to someone, and cause a 'social' predicament for the harm doer. The harm doer could be subject to retaliation because of people's moral outrage about the attack on the social norm and, by implication, on the social group. People seek to know the reasons for decisions, and they seek to attribute responsibility (Bies 1987b, p.295). The harm doer's reputation and social identity can come under threat as the harm doer's behaviour is analysed. As one means of defence, the harm doer uses social accounts, "verbal strateg[ies] employed by a person to minimise the apparent severity of the predicament or to convince the audience that the wrongful act is not a fair representation of what the actor is 'really like' as a person"(Bies 1987b, p.294).

Penitential accounts are sometimes used, and are essentially apologies to reframe others' perceptions of the harm doer. The apology consists of a public expression of guilt and remorse designed to elicit forgiveness and to reduce the punishment or sanctions imposed. Ideological accounts redefine the action or result so that the harm doer is no longer seen to challenge a social norm. In an ideological account the harm doer acknowledges responsibility but claims legitimacy via an appeal to a superordinate or 'noble goals' of the organisation, eliciting a form of 'patriotic' response. That is to say, it is an explanation containing an appeal to basic belief systems based on important shared values and goals that makes the decision seem more legitimate.

Ideological accounts can suggest that managerial discretion has been guided by 'higher order motives' and in this way serve to unite managers and staff through emphasis on their common goals (Bies 1989, p.86). Another kind of ideological account can reframe the action in positive-laden terms: for example, 'character-building' rather than 'mean-spirited' (Bies 1987b, p.301).

Explanations can have persuasive functions. Research shows that explanations can directly affect fairness perceptions (Bies 1987a,b) and can be as important as the enactment of the procedure or decision (Bies & Shapiro 1987, p.216). In the downsizing context, how a decision is presented or 'framed' in relation to outcome favourability, and its interaction with fairness factors (including explanations) was shown to influence survivors' reactions to a lay-off decision (Brockner 1995, p.64). The positive (i.e. in discussion of survivors) or negative (i.e. in discussion of victims) way the decision was framed influenced survivors' reactions to a lay-off decision. Negatively framed outcomes led people to be more thorough in their analysis of information about the making of a decision, and more likely to address interactional fairness factors, including the nature and manner of explanations; and procedural fairness factors including representativeness (process and outcome control); consistency; accuracy; and correctability.

Explanations can influence perceptions even when negative outcomes are involved, and can mitigate negative reactions (Bies & Shapiro 1987, p.214; Bies & Shapiro 1988, p.62; Greenberg 1993, p.95),.

In the downsizing examples where negative outcomes are generally the rule, full explanations of why and how termination decisions are made were found to be important in the lay-off process, and victims were more likely to perceive the lay-off as fair and be willing to endorse and not litigate against the organisation (Wanberg, Bunce & Gavin 1999, p.72).

Explanations can also in combination with other factors affect fairness judgements. This was addressed earlier in this section when we referred to the effects of combining adequate explanations with demonstrations of concern, which is an attribute of 'manner of explanations' that will be discussed in the next section. These explanations coupled with the degree of organisational caretaking and management's genuine demonstration of willingness to be fair and the amount of advance notice given, moderated their reactions to the unfairness of the lay-off management process (Brockner 1990, p102).

Clear managerial accounts were found to be important to survivors' justice judgements, especially when the reasons were not already clear and when the outcomes were particularly important, such as where there was survivor identification with victims and where the victims were included in the survivors' scope of justice (Brockner 1990, p103). The impact of explanations on survivors' judgements was moderated by uncertainty about the reasons for an action and the importance of the action to those personally affected (Brockner et al. 1990, p.404).

People may share accountability to some extent for the outcomes when they are given 'choice' and 'voice' to people before unfavourable decisions. The degree of acceptance of the reasons given for the decision, and the relevance and accuracy of the information used, can influence judgements. Both of these factors — that is, representativeness and decision criteria — can influence the effectiveness of explanations.

In summary, explanations have been shown to be important to fairness judgements and for a number of reasons. People expect explanations which can influence judgements of fair treatment and proper behaviour especially when negative outcomes are involved, such as at times of lay-offs in which the uncertainty and personal significance is important.

Explanations are influential in both ethical and deceptive attempts to affect perceptions and reactions. These include efforts to mitigate the severity of the outcomes and people's reactions particularly of moral outrage to perceived injustice.

Explanations can be used to manage negative perceptions of the harm doer and justify the actions taken through claims of mitigation (Bies & Shapiro 1988, p.681). Explanations in the form of excuses for bad behaviour or outcomes can legitimate reactions through claims that the action was intelligible and warranted; and explanations may use ideological accounts to appeal to common and superordinate goals.

Reframing can be used to put a more positive and general view of the changes, for example by pointing to possible opportunities that the change might be presenting to the individuals concerned.

The importance of adequacy of explanations has been well researched and found to be critical to fairness judgements; and meeting expected standards and norms is also important. Explanations can serve to demonstrate management's efforts to be fair and in this regard the personal characteristics of the individual are influential to justice judgements.

Explanations that are found to be deceptive can lead to retaliation and conflict; and the timing of explanations is influential in correctability, in judgements of managerial conduct and about decision-maker conduct in enacting formal procedures.

Manner of Explanations

Sensitivity was variously described in the literature as connected to the quality of interpersonal treatment and embracing respect, dignity, courtesy, honesty, sincerity, politeness, civility, compassion and concern for rights. There is considerable evidence in the literature that the sensitivity of explanations is very influential in people's justice judgements.

Lay-off victims were found to respond positively to explanations which were sensitive to their situation and showed concern for their needs and treated them with dignity and respect (Tyler 1988, p.129; Mikula, Petri & Tanzer 1990, p.142; Konovsky & Folger 1991, p.644; Bies, Martin & Brockner 1993, p.236; Naumann et al. 1998, p.11) whereas "inconsiderate, impolite or aggressive conduct, treatment which violates a person's dignity" was regarded as unjust (Mikula, Petri & Tanzer 1990, p.142).

Compassion and consideration can be demonstrated through showing understanding by expressing regret for the effects on those affected and apologising or acknowledging failings or fault that the event happened; and through showing thoughtfulness towards those affected, treating people as individuals and explaining things in a timely manner.

Judgements are socially constructed and influenced by the quality of interactions. Tyler and Folger's (1980) research about the public's encounters with legal authorities found that citizens expected police to "show concern for their rights, to be courteous, and to otherwise conform to their conception of the appropriate behavior of public servants when dealing with citizens" (cited in Tyler & Bies 1990, p.82). They found that honesty and ethical appropriateness (e.g. politeness and respect for rights) rated consistently high in independent factors that people used to assess fairness. In the downsizing context, interpersonal sensitivity (the manner and nature of explanations) influenced survivors' commitment to different organisational groups in the downsizing context. This was identifiable by the way that individuals held organisational agents accountable for interactional injustice (Lavelle 1999, p.98).

Tyler and Bies argued that procedural justice judgements are socially constructed, that employees' judgements are influenced by their experiences, and by their attributing motives to the decision-makers (1990, p.90).

Folger and Bies contended, based on a review of empirical evidence, that "being truthful in communication" by explaining things honestly and candidly and "treating employees with courtesy and civility" are two responsibilities that influenced fairness judgements and the acceptance of authorities' decisions (1989, p.84). They argued moreover that these are more than pragmatic "sound managerial practice", but derive from moral philosophical underpinnings about the treatment of others (e.g., employees) as fellow human beings. They argued that these principles underpin a lawful society and should be extended to the management of an organisation's employees.

In downsizing, the communication process was considered important to fairness. There were concerns of unfairness where there was a lack of respect for employees or for proper protocol and when managers trivialised issues. For example, "Our supervisor should have told us in person that our department was going to be reorganised, reading it in a memo was insulting" (Simerson et al. 2000, p.451).

People might feel unfairly treated even though they would describe the decision-making procedures and the outcome to be fair. The decision-making process can mean more to those involved than the mere application of formal decision-making rules, and the conduct of the decision-maker (involving both interpersonal treatment and the proper enactment of formal procedure) has been found to be critical to the formation of views about procedural justice (Bies & Moag 1986, p.46).

The manner of explanations is important to perceived fair interpersonal treatment, above and beyond formal procedures in organisations: "Once a decision maker enacts a procedure, it is an interpersonal process that employees evaluate in terms of procedural justice" (Tyler & Bies 1990, p.81).

Greenberg observed that perceptions of procedural justice are influenced by formal decision-making procedures, but major factors in people's judgements of fair treatment have been found to be the quality of interpersonal treatment received, specifically honesty, courtesy, timely feedback, and respect for rights, regardless and independent of the outcome (Greenberg 1990, p.411).

The manner of explanations can be seen in the above research to be closely linked to the nature of explanations discussed earlier. We shall see in the data from this study that they are sometimes difficult to separate. There are further illustrations of the interplay between fairness factors. For example, Folger and Konovsky found that feedback through adequate explanation was associated with judgements of being treated with dignity and respect and was a component of procedural justice and together these factors positively affected organisational commitment and trust in supervisor (1989, p.122).

Bies and Moag found that together the nature and manner of communications involved in the enactment of procedures were important to peoples' fairness judgements. The communication factors of fairness, or their interactional justice type, suggested that people were commonly most concerned in recruitment processes about truthfulness, respect, propriety of questions, and justification (1986, p.50). Truthfulness meant that recruiters will be open and honest in their communication: for example, not misleading or lying to

candidates and being candid by not giving an unrealistic portrayal of the job. To show respect, recruiters will avoid deliberate rudeness or attacking behaviours: for example, by avoiding discourteous or attacking communications.

In downsizing, respondents rated adequacy of explanation and interpersonal treatment as the most important procedural fairness factors and more important than outcome fairness such as packages and transitional assistance (Bies, Martin & Brockner 1993, p.236).

To summarise, judgements of the fairness of decisions or actions can be affected by the manner of explanations which can refer to treating people in a considerate way, thoughtfully, honestly, kindly and politely, with sympathy for their position and expressing sorrow for their situation and apologising that the action has happened.

Ethicality

Ethicality is a very broad justice concept. As discussed earlier, people judge how fairly they have been treated by comparing their treatment with that accorded others, but also by what they personally believe to be right. Leventhal's ethicality rule addresses the personal nature of judgements. It says that allocative procedures

> must be compatible with the fundamental moral and ethical values accepted by that individual. Perceived fairness will be reduced when allocative procedures violate personal standards of ethics and morality (1980, p.45).

Ethicality is about the outcome or practical support provided or expected as a result of redundancy or redeployment. Sheppard and Lewicki broadened the concept of ethicality in judgements of managerial fairness to incorporate acting according to prevailing organisational law, policy or standards (1987, p.169).

Ethicality, as a dimension of fairness, is used in this study to encompass judgements about whether benefits arising from retrenchment, redundancy or redeployment meet declared legal and community standards. These benefits include such things as 'separation benefits' like redundancy payments, and 'transitional assistance' such as assistance with finding another job. Often, of course, individuals will have identified with these standards and made personal judgements.

In developing notions of comparative legal provisions and community standards, we discussed (in the earlier chapter on downsizing) the legal provisions in regard to redundancy and termination in Australia and compared these to international provisions.

For the immediate discussion we will address fairness judgements in relation to the importance of packages and transitional assistance. There were studies where severance benefits (including caretaking for victims) were important to judgements of fairness. Caretaking, including retraining and outplacement services and severance pay, has been found to influence employee fairness judgements (Rousseau & Anton 1988, p.285). Naumann, Bies and Martin (1998, p.11) examined the role that organisational support plays in conjunction with other factors (including interactional justice) in relation to the organisational commitment of employees facing a lay-off. They found that providing adequate caretaking contributes to the belief that the organisation cares for employees' well-being, and that doing this over time will elicit greater organisational commitment.

Organisational caretaking of victims was seen to influence survivors' judgements of fairness (Brockner et al. 1990, p.404), and to reduce negative reactions against the organisation (Ruden 1995, p.85). Brockner et al. found that the perceived lack of care for laid-off workers influenced survivors' judgements of the fairness of a lay-off decision on the victims, especially where there was perceived personal significance to the survivor. In this study caretaking included concrete assistance to ease the pain of job loss, including severance pay, outplacement counselling, and assistance with finding a job elsewhere. While survivors may have concerns for the laid-off employees (as they are within their 'scope of justice'), any perceived lack of care for laid-off workers will also concern survivors for it is likely to increase the fear that they may receive this same treatment, both while still with the organisation and in the future, if they are later laid off. This was especially so if they believe that further job losses were likely, as then they would be concerned for their own economic security (1990, p.393).

Studies generally agree that outcome fairness in the form of separation benefits, procedural fairness in the form of advance notice, and interactional fairness in the form of the nature and manner of explanations, are all important to people's justice judgements. This will come as no surprise, and the important observation from the literature is the relative importance of the various fairness forms which are brought into focus from the interaction of the elements of outcome, procedural, and interactional justice. The importance of the interaction of the various fairness factors is a recurring and significant theme throughout our examination of what it is that influences people's fairness judgements at times of downsizing.

There are some differences in the literature about the extent to which the amount of severance benefits by itself is necessarily influential to people's fairness judgements. A

number of studies have found that it is not. Konovsky and Folger examined lay-off victims' responses about whether and to what extent the level of redundancy benefit in conjunction with procedural justice and social accounts (explanations with justifications) affected their judgements of the fairness of their lay-offs. They theorised that higher severance benefits should result in more favourable judgements and reactions in relation to victims' desire for legal regulation of lay-offs, and in terms of their willingness to speak positively about and recruit for their former employer. They found that the amount of severance benefits received and the actual justifications management provided for the occurrence of the lay-offs did not particularly influence victims' lay-off reactions. While severance benefits were valued, elements of lay-off decision-making (e.g. advance notice) and the manner in which those decisions were communicated were more influential to fairness judgments (1991, p.630).

In another study, outcome fairness was seen to be more influential than procedural justice. Bies, Martin and Brockner, as discussed in the earlier review of literature, found that severance benefits had little influence by themselves in judgements of fairness influencing what they refer to as OCB. However they were important in interaction with measures of procedural justice. They surveyed 147 employees who had been notified of their impending lay-offs, similar to the 'lame ducks' described earlier by Brockner et al. (1994). They found that outcome fairness — as measured by the level of severance pay offered or by the length of time other benefits (such as health insurance) are offered — was judged to be less important than the perceived fairness of the lay-off process, specifically adequacy of explanation and interpersonal treatment (Bies et al. 1993, p.236).

There were a number of studies that found that procedural and outcome fairness measures together influenced fairness judgements. Brockner et al. (1994, p.404) found that the redundancy benefit by itself had little influence on judgements of fairness, but has a part to play in conjunction with other factors. They conducted three studies of the interactive effects of procedural justice and outcome negativity on lay-off victims, survivors and 'lame ducks'. Outcome negativity was assessed in relation to respondents' views of the level of their company severance pay, the extension of their life insurance and medical insurance coverage, company assistance in finding a job elsewhere, government assistance and unemployment insurance. The measures of these factors included respondents' willingness to speak positively about the former employer and not to wish for increased government regulation of lay-offs. They found that when outcome negativity is low (e.g., a sizeable redundancy benefit), then the extent of procedural justice has little effect on victims' willingness to speak

positively about the former employer and not to wish for increased government regulation of lay-offs. However, when outcome negativity is high (e.g., a minimal redundancy benefit), then the extent of procedural justice has great effect on victims' willingness to criticise the former employer and to wish for increased government regulation of lay-offs. They conclude that combining reasonably adequate caretaking provisions (such as severance pay) and high levels of procedural justice (such as advance notice, clear and adequate explanations of the reasons for the lay-offs and dignified treatment of all involved) may be the most prudent way of managing people's reactions to lay-offs.

Graduate student respondents to the questionnaires of Simerson et al. (2000, p.450) linked separation benefits to principles that were important to fairness at times of negative organisational events. They judged the process to be fair or unfair depending on the provision of outplacement and other support systems. Comments were made such as "The Company provided an excellent severance package" and "They could have given assistance with job hunting and interviewing skills given that we were told to find new ones."

In another study, lower severance benefits were associated with lower perceived fairness of the lay-off for victims who remained unemployed but not for reemployed individuals (Wanberg, Bunce & Gavin 1999, p.73). The possibility of reemployment or redeployment could be seen to be a positive result and so act as a mitigator of negative reactions to the earlier lay-off. In other words, new employment had enabled the victims to resolve an unpleasant situation and faced them towards the positive future and away from the negative past.

The menu of severance benefits comprising payments and transitional assistance was dissected and compared by Hemingway (1997) who stated that, while the provision of severance benefits is a common practice, there has been little research explicitly about severance payments, which is the financial payout. She said that a low payment may be perceived as undeserved and that, according to equity theory, people will see this as inequitable. On the other hand, a generous overall severance package will reduce feelings of injustice by making the financial aspect comparatively more acceptable. In her restricted study, Hemingway found that while the level of the severance payment was important, the transitional assistance provided was relatively unimportant (1997, p.48). Hemingway's definition was very broad, referring to the severance package as including a lump sum payment, extension of life insurance and medical coverage. Her study examined people's views of the fairness of transitional assistance, which was referred to as: "the degree to which

victims are cared for prior to and after the lay-off ... involv[ing] such things as outplacement and other counselling." Referring to Eby et al.'s (1997) study that the most common form of benefit was outplacement services, secretarial services and retraining, she found that these were relatively unimportant to people's judgements of the fairness of lay-offs.

An important issue raised by these studies is whether people make judgements about outcomes without consideration of the procedural justice of the processes they experience. While there are differences amongst the relative importance of findings of the studies, a number of studies indicate that ethicality as outcome justice is not valued as important to fairness in its own right but is in conjunction with other fairness factors, for example in conjunction with manner or nature of explanations.

Other Fairness Considerations —Timeliness

The eight fairness factors discussed clearly influence people's justice judgements. Although it has not often been identified as a separate factor, we have also seen that timing or timeliness may be a significant consideration in a number of contexts. Sheppard and Lewicki (1987, p.172) said 'timeliness' was mentioned frequently enough in their study to warrant separate attention. They said timeliness, as well as two others, 'reasonableness' and 'golden rule', had not appeared in previous organisational fairness literature because of difficulty in operationalising it, or because it was not exclusively a fairness issue in its own right but related to the general quality of a decision or action, or may carry little weight in actual judgements.

Timely review and feedback has been found to be important. Timeliness was referred to in Leventhal's correctability rule, one of six rules which have proved to be significant in fairness research. In this rule, Leventhal states that fairness will be more likely perceived when timely review and modification of decisions are enabled at various stages of the process, not just at the end through formal or informal appeal procedures (1980, p.41).

The timing of explanations and feedback, that is, providing an account *before* an unfavourable outcome, was a situational factor found to be important to perceptions of fairness (Bies 1989, p.87). Timely feedback after a decision is an aspect of enacting formal decision-making procedures which is important to perceived fair interpersonal treatment above formal procedures in organisations, and has been shown to enhance perceptions of procedural fairness, while unduly late feedback had the opposite effect (Tyler & Bies 1990, p.85).

Advance notice in an adequate form has also been found to be influential to people's judgements. Folger and Konovsky (1989) found that providing employees with adequate notice of decision criteria in advance of performance assessments increased their capacity to challenge the assessment both during and after an evaluation. Advance notice was also found to demonstrate sensitivity for people's predicament. Simerson et al. (2000, p.451) found that an outcome was judged to be unfair if no forewarning was given before it was implemented. For example, "Layoffs were unfair because we found out when security escorted us out of the building that morning". Timeliness of advice can be argued to reflect sensitivity for people's predicaments which is important to their justice judgements. Brockner examined survivors' perspectives influenced by the extent to which survivors included victims in their "scope of justice" or their "moral community". He found that the amount of advance notice (timeliness) was important to survivors' justice judgements about how the victims were treated in lay-offs, and this affected the survivors' subsequent work behaviours and attitudes (1990, p.103).

Future events are important to survivors who will question the legitimacy of the lay-offs and be concerned about the maintenance of fair standards when they worry that the lack of caretaking for the laid-off workers will also be the treatment they will receive both while still with the organisation and if sometime in the future they also are laid off (Brockner et al. 1990, p.393).

Sheppard and Lewicki found that timely action was important in judgements of managerial fairness in relation to 'manner of communication'. They reported fair behaviour to be implementing decisions in time to affect the problem, and unfair behaviour to be seeking input after the decision is made. They noted that managers should take timely action and provide sufficient lead-time and should not seek input after the decision is made (1987, p.168).

These references to variations of timeliness are represented across all of the eight fairness factors drawn from the literature. This visibility suggests timeliness is an important area for future research, and we will later discuss the possible usefulness of Greenberg's Taxonomy in guiding such research. This discussion will show that while timeliness is not easily located on the Taxonomy, it does reinforce Sheppard and Lewicki's (1987) view of timeliness as deserving specific attention.

Taxonomy to Focus Research

In his historical overview of the field of organisational justice (1990, p.424) and his later (1993) work on *The Social Side of Fairness: Interpersonal and Informational Classes of Organisational Justice*, Greenberg proposed a conceptual distinction which differentiated between procedural justice's structural mechanisms and interactional justice's social aspects, otherwise described as the quality of interpersonal treatment received during enactment of those procedures. He argued the case for an integrated approach to organisational justice, one which addressed both the distributive and procedural aspects of justice and provided a means to overcome the 'conceptual confusion' about whether distributive, procedural and interactive justice classes are separate constructs. He argued that an integrated approach to understanding the processes which may be responsible for individuals' reactions to both organisational justices and injustices can assist in enhancing positive effects and ameliorating negative effects on individuals and organisations.

In this chapter we have seen the extent to which specific factors have been investigated in regard to judgements about fairness in downsizing and closely related situations. In a number of studies, it has emerged that there is some interaction amongst the different factors, but researchers have not focussed much attention on this interplay.

Research has predominantly focussed on structural explanations of fairness judgements such as *in what situations* are various distributive norms (e.g. providing adequate severance pay) relevant, and *what procedural elements* (e.g. voice in decision-making) are appropriate to achieve just allocations. In this context, the Taxonomy developed from Greenberg's, in Chapter 2 above, is a useful way to focus research. It highlights and brings together both structural and social determinants of reactions to procedural and distributive justice (1993, p.83).

The fairness of both distributions and procedures are important. Greenberg argues that individual actions, not formal procedures, reflect concerns for the rights and well-being of others, and that there can be both procedural and distributive unfairness in perfunctory, undignified and impolite actions. Arguing that undesirable social treatment should be seen to be an element of both procedure and outcome, he states that "It is not only the fairness of procedures but the fairness of outcomes themselves that demand the use of socially fair treatment" (1993, p.99).

Greenberg argued that the use of his Taxonomy could overcome the distraction about the independent role of interactional justice. He said the "social determinants of justice - that

previously have been recognised in an unsystematic fashion - will now be legitimized as a coherent, systematic complement to the structural determinants of both procedural justice and distributive justice" (1993, p.100).

He also contended that there is sufficient evidence that the quality of interpersonal treatment received (social determinants of justice) can affect perceptions of fairness which are not satisfactorily dealt with by the structural emphasis (structural determinants of justice) within distributive and procedural justice concepts (1993, p.80).

He stated that the Taxonomy could address the social determinants involved in both distributive and procedural justice and, by using both social and procedural aspects, expand research approaches beyond the existing distributive/procedural dichotomy (1993, pp.83–6). At the end of Chapter 2, Greenberg's Taxonomy was developed into a form which explicitly takes account of factors like "consistency", "bias" and so on. In the present chapter we have seen how these factors have figured explicitly in discussions about downsizing. In what follows, we shall use the Taxonomy developed from Greenberg's to focus our research into perceptions of fairness in some actual downsizing situations, and will consider the extent to which the Taxonomy is a useful basis for research and practice.

Chapter 5: Methodology

The objectives of this study are, firstly, to contribute to understanding about what influences people's judgements about fairness in their downsizing experiences; secondly, to contribute to discussions about reasonable expectations of fairness when downsizing happens; thirdly, to influence the fairness of corporate governance and management practices in future downsizing; and, lastly, to contribute to the direction of research about fairness and downsizing.

The research questions are:

#1: What factors influence people's judgements of fairness at times of downsizing?

#2: How useful is a Taxonomy based on Greenberg's (1990) Taxonomy of Justice Classes for focussing research efforts about Fairness and Downsizing?

This area of research is important because downsizing in its various forms has increased in frequency and there is evidence that people are dissatisfied with and judge as unfair their downsizing experiences, with resulting repercussions to the productivity of organisations.

Theoretical Paradigm

It is necessary to consider the theoretical paradigm associated with this study. A paradigm is a "basic set of beliefs that guides action" (Guba 1990, p.17 cited in Denzin & Lincoln 2000, p.19). The guiding paradigm or belief guiding this study is comprised of three interlocking beliefs: that facts exist in the context of belief systems; that people's individual experiences are at least partly the product of individual interpretation and are influenced by their belief systems; and that any theories that seek to accurately predict how people might behave and which guide actions by taking account of people's perceptions and responses, need approaches that include understanding of people's beliefs. In this way facts and value systems are interdependent.

Accordingly, this study follows an interpretive approach which values individual experiences, enables interactive exploration of their judgements, and within the contexts of their actions recognises the complexity of their experiences. The aim is to reveal individual experiences, not to compare or generalise experiences across people.

Justification of a Qualitative Methodology

The qualitative method that this study has employed is phenomenology, a subject-directed approach to understanding everyday life through examining people's assumptions that have become somewhat uncritically accepted over time and use (Sarantakos 1993, p.54). Quantitative, positivist, and qualitative interpretive approaches are each potentially able to produce useful data, however, through different methods and in different forms (Sarantakos 1993, p.56). In this study a qualitative, interpretative approach is preferred essentially because the contexts (including interpersonal contexts) and issues are shaped by people's perceptions, and by the interpretations that people adopt in relation to those contexts, interactions and any issues that arise. Such complex situations require an approach that enables a more in-depth inquiry into the processes people follow to make sense of the issues, an approach that is flexible and inclusive enough to be able to consider the complexities of and relationships between the various issues and identify possible multiple influences.

It may appear paradoxical that this study adopts an interpretive/qualitative approach while most of the literature examined in Chapter 4 has a positivist/quantitative perspective. As we noted in Chapter 4, there were only 21 significant empirical research studies into fairness and downsizing. There are other studies, for example from the U.K. which refer to the 'real circumstances' of redundancy/downsizing and are not positivist/quantitative for example Fox (1965); Fryer (1973); and Martin & Fryer (1973). However these do not specifically research matters of fairness in downsizing. Thus while of importance, they are not specific to the objectives of this study.

Of the 21 studies all but two used quantitative, positivist approaches, resulting in few opportunities to examine the applicability of interpretive methodologies.

The researchers themselves made many comments about the limitations arising from their methodological approaches and associated choices. The design of their studies limited consideration of the multiple influences on justice judgements; and there were limited observations about the interrelationships within interviewees' experiences. Also subject to criticism was their experimental setting and research subject selection procedures. Many used experimental designs that involved laboratory settings rather than naturalistic settings; and many used students, relatively young and inexperienced, as research subjects rather than involving people who had experienced the downsizing themselves within the real contexts of their complex daily lives.

It was therefore decided to explore the extent to which a qualitative interpretive methodology would address these design limitations and provide new insights from whole-of-experience perspectives on people's judgements of the fairness of downsizing processes.

It is important to note that

Methods

The data collection method was primarily semi-structured, in-depth interviews which enabled whole-of-experience observations.

This study examined the reactions of four broad categories of people: those who lost their jobs; 'survivors' who remained employed; managers; and employee representatives. Sometimes, an individual fell into more than one category: for example, managers who lost their jobs. On occasion, interview data from these individuals will be reported from one point of view, or the other, depending on the issue being addressed.

The interviewees involved were nearly all people directly affected by or involved in the downsizing unlike much other research in this field which has used students and others not affected by downsizing, calling on them to imagine what their judgements would be in hypothetical situations. They were drawn from white-collar and technical jobs and from the private and public sectors and were of different gender, age groups and job classification levels.

The research methodology that is best suited to seeking individuals' whole-of-experience judgements in different contexts are in-depth, semi-structured interviews. Such interview methods enable us to appreciate the interviewees' bases for their judgements. Most earlier research used closed-format questionnaires which limited people's range of comments and restricted the principles of fairness that researchers were able to deduce from these studies (Simerson et al. 2000, p.445).

Individuals were involved as partners in the research process. Such a cooperative approach (initially proposed by Reason 1988 and discussed by Easterby-Smith, Thorpe & Lowe 1991) is based on the idea that all people can be self-directing and capable of giving meaning to their own experiences. This is reflected in the semi-structured interview mode and the strategy adopted which avoided direct reference to 'fairness' so as not to lead individuals' comments.

The use of interactive interviews in preference to questionnaires in the data collection and analysis is congruent with this interpretive approach. People's downsizing experiences occur in real life, in naturalistic settings and so make it appropriate to use naturalistic methods. Interviews were conducted in various field settings including in workplaces, people's homes, a coffee shop, at the University, and in a redeployment 'lounge'.

An initial test interview was conducted with a sample participant who had recently experienced retrenchment. The interview enabled refinement of the interview engagement and process, and provided reassurance that the preparations had addressed all important issues and that any ongoing adjustments should only be about minor issues.

In the interviews people recounted their downsizing experiences and were asked periodically about what judgements they made of these experiences.

The interviews were tape-recorded (with consent obtained as noted below), transcribed professionally, and then the researcher followed a rigorous process of coding the interview transcripts in four identifiable stages.

The initial coding using NUDIST software identified interviewees' fairness related comments. Then these codings were re-coded to eliminate insufficiently relevant data. The recoded text was then analysed by factors and themes across organisations. Finally the 'themed' text was compared with the empirical literature. The use of this program for sorting words, concepts and passages complemented identification of significant themes, patterns and categories. This approach is consistent with that discussed by Easterby-Smith, Thorpe and Lowe and which is seen to be appropriate when dealing with transcripts of in-depth interviews (1997, pp.108–15). Yet it should be noted that in the early codings, the researcher sought to follow an approach akin to that of grounded theory adherents which requires the generation of categories and concepts from the transcripts. It is a difficult task for the coding not to be influenced by theories and relevant empirical research with which the researcher is familiar, such as the fairness factors that are significant to people's fairness judgements. Objective observations were achieved, and were assisted by the researcher's strategy of not asking subjects directly about 'fairness' per se, but asking them to focus on their judgements of their downsizing experiences.

The quality of the interviews was assisted by the researcher's experience and skills. The researcher's abilities to conduct interviews and elicit information and comment are significant and derived in part from study for his Bachelor's degree in Social Work and Master's degree in Conflict Management, both of which taught academic knowledge and professional skills in

interviewing and facilitation. Experience of engaging in cross-cultural contexts has also taught the importance of attending sensitively to what people say. The researcher's professional experience as a mediator enhanced these skills and his experience as a long-time senior manager with the responsibility to downsize organisations on multiple occasions assisted in questioning.

Preparations for the Interview

Before the commencement of the interview, a Research Consent Form was explained to the subject who was asked to complete it so the interview could proceed. This form clearly explained the subject's rights, gave undertakings of confidentiality, and ensured that the subject understood the purpose of the project and their role and that the interview would be tape-recorded. The subject was given a copy to retain.

At the commencement of the interview, the subject with the researcher's assistance completed an Interview Demographic Information form that asked for information about the subject's age, sex, education, number of dependents, and employment details, including the date of the downsizing episode and details of any change of employment they underwent. Slightly different Interview Demographic Information forms were given depending on the nature of their employment 'category'. It was deemed sensible to identify the respective forms in as innocuous fashion as possible. The forms were headed: 'Generic, suitable for union officials'; 'participants - public', that is those who were redeployed or took voluntary redundancy and might otherwise be described as 'victims' and those who did not lose their jobs and might otherwise be called 'survivors'; 'managers/supervisors; 'non-affected – private', employees who might otherwise be described as 'survivors' ; 'redundancies - private'; 'redeployees - private'; 'supervisors - private'. Copies of these forms are at Appendices 3–9.

Sampling

Selection of interviewees for this study required sampling. Non-probability sampling strategies were used for two reasons: firstly, because of the difficulty in selecting probability samples that would mathematically represent the proportions of the categories within a larger population, (Berg 2001, p.32); and secondly, and more importantly, because we are examining people's individual perceptions of fairness, in which examination what is important is the interviewees' "relevance to the research topic rather than their

representativeness", to clarify and deepen understanding rather than generalise across a population (Flick 1998, p.41, cited in Neumann 2000, p.196).

Three non-probability sampling strategies used to achieve the appropriate interviewees were quota sampling, purposive sampling and snowball sampling. As a guide and record of interviewees recruited into the different categories, a variation of quota sampling was used to identify the categories and numbers of interviewees sought so that there would be a range of background and experiences. Within the constraints of subject's availability, willingness to participate, and the study's time and resources, the goal was for at least two interviewees to be in each category and organisation. A matrix was developed as a tool to represent these targets and to record achievement of them as time passed. It soon became clear that quota sampling would be unlikely to achieve these quotas in all categories. Accordingly a purposive sampling strategy and snowball sampling strategy were introduced to recruit multiple interviewees from required categories.

While all categories were represented and included at least two interviewees, as Table 3 indicates, there were no retrenchments in the public sector (due to the SA State Government policy of no compulsory redundancies) and there were no voluntary redundancies in the private sector. However this was not the biggest research design problem encountered. A greater problem was that it was not possible to enlist the participation of two people from each organisation as had been first hoped. While there were six organisations and unions from which at least two people were drawn, there were five from which only one subject was recruited. All these were from the public sector and were covered by the same general policies.

To verify the interpretation of data, triangulation is used wherever possible. 'Triangulation' generally means the use of multiple data gathering techniques to observe the same phenomenon (Berg 2001, p.5), however Denzin (Denzin & Lincoln 1994, p.295) referred to data triangulation which includes three types: time, space and person; and Neumann (2000, pp.124–5) referred to this as triangulation of measures in which multiple measures are taken of the same phenomenon. The phenomena about which this study is concerned are people's subjective perceptions of the fairness of their downsizing experiences. In relation to triangulation, while a single-method study of semi-structured interviews was used, several 'lines of sight' were achieved by interviewing a mixture of interviewees of different sex, of varying times after their experience, from four different employment categories, and from two sectors. Sarantakos notes in any case that there is not unanimous

agreement that triangulated procedures guarantee more valid results or are suitable for every issue and says that "the number of methods that are most appropriate in each research design must be evaluated in the context of the project in question" (1993, p.156).

This study interviewed a total of 43 interviewees, of whom 17 were from the private sector, 24 from the public sector and 2 from unions. They represented 6 categories including 2 union officials, 8 managers, 6 'survivors', and in there were 27 in categories that are often (but not without contention) referred to in the literature as 'victims', comprising 6 who were retrenched, 3 who took voluntary redundancies, and 18 who were redeployed.

TABLE 3 : Numbers of Interviewees by Sector, Organisation and Category

Sector	Organisation	Survivor	Redeployment	Retrenchment	Redundancy	Manager	Union	Total	Sector Total
Public	CafeCo		1					1	24
	SecurityCo		6			1		7	
	WaterCo		1					1	
	ServiceOrg	4			2	1		7	
	CoordOrg		1					1	
	CommOrg		2			1		3	
	PaperOrg		1					1	
	SoilOrg		1					1	
	OfficeOrg		1		1			2	
Privte Private	BankCo	2		6				8	17
	FoodCo		4			5		9	
Union	UnionCo						1	1	2
	UnionOrg						1	1	
	Totals	6	18	6	3	8	2	43	43

We noted earlier that some individuals may fall into more than one category, a manager or retrenchee, redeployee or voluntary redundancy depending on the context of the reference to them. A number of BankCo personnel including Brendan, Frank, Kenny, Oliver, Steven, and William may be referred to in this study as either retrenchees or managers. Lily of FoodCo and Victor of SecurityCo may be referred to as a redeployee or manager; and Yves of ServiceOrg may be referred to as either a manager or a voluntary redundancy.

The literature refers to 'victims', that is those who were retrenched or made redundant, and those who did not lose their jobs are referred to as 'survivors'. However this use of these terms is too limited for our purposes. There were people who were retrenched from a bank who were adamant that they were not victims and other bank retrenchees who thought they

themselves were. There were public servants who had lost their jobs but, due to the SA Government's no-compulsory-redundancy agreement with the unions, had retained employment within the public sector. Some of these thought they were survivors and had benefited personally, vocationally and financially from the experience, while others thought of themselves as victims. Amongst the supermarket employees who lost their jobs but retained employment elsewhere in the organisation, people considered themselves to be either victims or survivors.

In addition, there were people who did not lose their jobs but felt disadvantaged because they saw their future options to be restricted. They saw those who had lost jobs doing comparatively better in employment and career opportunities, and there were those who wanted a redundancy package but were not offered one. They considered themselves, comparatively, as victims.

Gaining Access

The researcher was aware of the critical importance of the goodwill of organisational gatekeepers and significant others such as employee representatives, including trade union officials, and of the importance of gaining the confidence of those interviewed who had the capacity to influence others about the researcher's study. He was also aware of the need to approach organisations carefully and through people to whom he had been referred. Officially-sanctioned access was desirable wherever attainable within a reasonable timeframe and without unnecessary complications.

The interviewees of analysis are individuals drawn from a range of organisations in the private and public sectors. These organisations were a bank and a supermarket in the private sector; three privatised public sector organisations; six departments in the public sector; and two trade unions.

The eight BankCo interviewees were contacted through personal references from others who had been retrenched. The appropriate trade union provided some advice and assistance with background information, and the bank was not contacted for assistance because it was judged that it would not cooperate and might be likely to prevent employees from responding to private and direct invitations. Given the absence of officially-sanctioned access, 'snowball sampling' (Minichello p.161) was used effectively. Every interviewee who was contacted in this way agreed to participate.

The researcher became aware that FoodCo was expected to undergo organisational change that would involve the reduction of jobs and redeployment of staff. He contacted the relevant trade union which provided some information about the company's plans spoke positively about the company's generally co-operative approach and provided contact details of the appropriate senior manager. The manager was sympathetic to the research proposal and provided a contact person with whom to liaise, agreed to send invitations on University stationery to employees to participate, and agreed to be interviewed. Of the approximately fifty employees who received letters, nine employees responded and agreed to be interviewed. By comparison, the snowballing approach used to invite BankCo employees was more effective than this form of 'cold calling' to public sector workers, an experience similar to those reported by Buchanan, Boddy and McCalman (1988, p.56).

Gaining access to public sector employees required sensitive approaches to the Office of the Commissioner of Public Employment. There were political sensitivities that could easily cause a risk-averse attitude that would prevent officially-sanctioned access. Agreement to the study was achieved after a few months' consideration and negotiation by the researcher's supervisor, no doubt assisted by his reputation within the public sector arena. Liaison people were identified in two of the co-ordinating agencies and the researcher was able to successfully negotiate their agreement to identify potential interviewees and distribute University-enveloped invitations to approximately 65 employees and ex-employees. Their assistance was valuable in attracting willing participants through whom the researcher was able to gain access to others, again in a 'snowballing' manner. Eventually 24 public sector employees agreed to participate.

Organisations and Interviewees

In the private sector there were two organisations involved. There was a bank, called BankCo and a national supermarket, called FoodCo. There were two unions, called UnionOrg and UnionCo.

The first private sector organisation was BankCo, a prominent bank which, as part of a national review, determined to reduce labour costs through delayering a level of managers. The bank sought publicly to streamline its operations nationally by delayering, which involved retrenching about 300 staff that were on an average of $100,000 per year salary to save approximately $30 million annually (less the one-off costs of the redundancy packages

which would be large given the high earnings and lengthy average service of most of the retrenched staff).

Cutting costs through this streamlining was intended to bring them into line with their competitors, and improve profitability and the value of the bank's shares.

The wisdom of whether to streamline through a cost cutting strategy based on reducing cost to income ratios or to achieve revenue raising customer growth as the driving force of the bank's strategy was a moot point. In the past decade Australian banks have followed cost cutting strategies and have been seen to be world leaders in reducing cost to income ratios but, in 2002 alone, including reductions of more than 5,000 jobs. At the same time, according to contemporary newspaper accounts, the larger banks increased their profits and the salary packages of senior executives significantly.

FoodCo is the other private sector organisation studied and is a part of a national supermarket chain which underwent a review in 1999 and subsequent rationalisation of responsibilities. The rationalisation identified the need to refurbish a centrally located store. It had been hoped that the store could continue operating and the refurbishment be carried out in parts, however building asbestos was discovered and for health reasons the entire building was closed down for six months while the refurbishment was completed. The employees were offered redeployment to supermarkets in suburbs close to their homes; guaranteed transfer to jobs similar to those they filled in the closed store; and advised that their average take home pay for the previous 13 weeks and their working hours would be maintained for six months — by which time the refurbished store would be opened, and the redeployees would then be given priority in selection for jobs.

In the public sector interviewees were drawn from nine organisations. There were seven interviewees from each of two organisations and one or two from the other seven bodies.

SecurityCo was established as a GBE in 1996 after separation from a larger Government service. Its primary role was to inspect and service apparatus important to public safety. It competed with two national companies for the same clientele. In 1999, after two years of incurring losses, SecurityCo sought financial assistance from the SA Government ('the Government') and the authority to diversify its product and service range. The Minister advised SecurityCo in June 1999 that the Government had decided to undertake a review of its future options. While initially expected to report by September 1999, the Review eventually provided its report to Government and a decision made on 15 June 2000 to close SecurityCo the following week. SecurityCo was eventually sold to one of the national

competitors and two of 24 employees transferred to the new owners. The majority of the other employees were redeployed within the SA Public Sector. Seven interviewees in this study originated from SecurityCo.

ServiceOrg serviced Government facilities. Three years earlier it had been split into four regions and while three were outsourced to private contractors, the fourth — ServiceOrg — remained as a GBE to provide insurance against the private providers not succeeding and also to supply a benchmark against which the performances of these three newer organisations could be evaluated. The decision to retain ServiceOrg proved wise because when one private provider was unable to continue, it was able to take up the work at short notice.

The downsizing of ServiceOrg required making many jobs redundant, affecting tradesman with little other work experience or job-finding skills. A new, streamlined organisation was developed from the remaining staff to compete with private agencies to which similar activities had been outsourced. ServiceOrg was downsized from 240 employees to 70. Of the 240 strong workforce, 30% successfully competed for positions through selection processes, some 45% went into a centrally managed redeployment pool, 15% took voluntary redundancy packages, 10% transferred to the private contractors. While some of the 70 positions did not require interviews because there were not multiple applicants for the position, most did and this involved a lengthy, exhausting and stressful interview process for most people involved. Seven interviewees in this study originated from ServiceOrg.

CommOrg was part of a larger SA State Government department and, as a form of secretariat, supported the activities of a government commission which regulated employment in the State. It was a lean organisation with many employees professionally trained. Three employees were examined in this study, two of whom were redeployed from the organisation following a restructure.

CafeCo was a GBE which serviced Government departments. The employees were predominantly semi-skilled workers and there were a relatively high proportion of employees with current workers compensation injuries. At the time of privatisation, one CafeCo employee who was interviewed for this study elected to take redeployment.

WaterCo was a Government department that was privatised over a number of years. One redeployee from this organisation was interviewed.

PaperOrg was a Government department providing record services to other Government agencies and to the private sector. It was downsized following computerisation of its main services and one redeployee from this organisation was interviewed.

OfficeOrg was a Government department providing construction related services to other Government agencies and to the private sector. It was downsized following a change in Government policy about competing with the private sector and two redeployees from this organisation were interviewed.

SoilOrg was a Government department providing services in relation to land use to other Government agencies and to the private sector. It was downsized as a part of a restructure and one redeployee from this organisation was interviewed.

CoordOrg was a Government department providing central support services of an administrative nature, including coordination services to other Government agencies. It was downsized as a part of a restructure and one redeployee from this organisation was interviewed.

Benefits of this Study

Some limitations had been acknowledged by some of the earlier researchers themselves. The researchers in the following four early studies expressed doubts that their methodologies may not reflect the range of influences on workers' judgements and for which broader approaches may be required. Brockner (1985, p.242) commented that "laboratory simulations are apt to have far less impact than layoffs that occur in actual organisational settings" and as such their results may be too conservative. In the later research, Brockner et al. referred to the likelihood of "grossly underestimated" implications caused by the limitations of their research methodology which used experimental design. They said that more realistic reactions could be expected from research about the effects of layoffs when they are conducted in the more naturalistic settings of actual organisations where survivors are faced with a range of pressures and experiences (1986, p.382–3). In 1987, Brockner et al. conducted an experimental study which they thought raised questions about whether the study reflected the 'real' experiences and reactions of people in their 'natural habitat'. So as a follow up they conducted a field study assessing the surveys of 504 employees in stores that had been downsizing in the previous year. After this approach achieved complementary results, they concluded that this methodologically "reinforces the importance of a multi-method approach to organisational research" adding that "many of the methodological shortcomings of each study were addressed in the other" (1987, p.538–9).

Rousseau and Anton (1988, p.286) also expressed concerns that participants may not report the range of influences because of methodological shortcomings. They used policy-

capturing methodology in their research about fairness of termination decisions and whether participants believed there was an implied contract that obliged the employer to retain the employee. They said their methodology

> involves an artificially structured situation constraining the number of factors participants can be given to consider and requiring factors to be independent, which may not be the case in reality. Inevitably, some factors must be omitted that might otherwise be relevant to the judgement made.

Unlike most research in this field, the study was carried out in organisational settings enabling assessment of influences of organisational or social culture. It addressed a broader definition of downsizing than that sometimes used, enabling inquiry not only into retrenchment and redundancy, but also into redeployment; and it identified both positive and negative experiences people had. In addition to examining people's judgments of what was fair or unfair as many studies have done, the study has sometimes been able to note how injustices translated into behavioural reactions. Inability to do this was noted by Greenberg as a limitation of earlier research (Greenberg 1990(c), p.425).

In terms of research methodology, Mellor (1992) argued for the use of naturalistic settings. He commented on methodological advantages of his approach (in keeping with comments of Brockner et al. 1986) saying that there was high internal validity because it was field research carried out in naturalistic lay-off situations and accordingly could be extended across settings involving large numbers of lay-off survivors.

As we noted earlier in this chapter, the validity of using relatively young students in simulated studies in laboratory settings must be challenged for the significant limitations in drawing implications to the behaviour of experienced and mature workers in real settings. Unlike other research which has largely relied on experimental settings, this study has been conducted in 'real' circumstances and in doing so has addressed some shortcomings noted in the literature for example that there have been few field studies of survivors' responses to retrenchment (Lavelle 1999, p.100).

Limitations

The limitations of the study could be seen to include the accuracy of retrospective accounts. The great majority of empirical research about downsizing is carried out after the event. In most cases knowledge of impending downsizing is not available to researchers or, for that matter, to those employees whose jobs are affected.

Exceptions to this include a few instances of research in the USA in situations where employees were advised that their jobs were to be made redundant and that their employment would cease with the company. These individuals were referred to as 'lame duck' survivors. In these cases the researchers were able to research employees after they were advised but before they actually left the employment.

In this study, interviewees were interviewed about their recollections of past downsizing experiences. Attempts were made to enlist the participation of those whose experiences were within the previous six months but this was not always possible and demands of time for the completion of this study meant that interviewees were included whose downsizing experience was in excess of six months earlier. Of the 43 interviewees interviewed, 24 were interviewed within this period including 12 within the first three months of their downsizing experience.

Of the remaining 19 interviewees, 4 were interviewed within nine months and 7 within twelve months. Of the last 8 interviewees, five were from one organisation which had undergone change involving downsizing over a 15 year period. The particular downsizing experience to which they all referred occurred five years previously. One was a manager who led the particular downsizing and the other five were survivors. While there was a significant delay between their downsizing experience and the interview, there were multiple participants from that organisation included in this study. The remaining three interviewees included two whose responses were unclear and one other who was a union representative who spoke generally about downsizing in the public sector.

The accuracy of retrospective accounts has been considered in the literature by Golden (1992) and Miller, Cardinal and Glick (1997). Miller, Cardinal and Glick found that retrospective reporting is a viable research methodology if reasonable efforts are made to adequately report reliability and validity (1997, p.189). Validity can be improved by the use of free reports, where interviewees are enabled to freely discuss what they saw, in preference to forced reports, where they are asked specific questions. In this regard this study's use of semi-structured interviews and the interviewer's skills and experience enabled free expression of views and encouraged interviewees to connect recollections and in so doing interviewees were encouraged to cross-check their own recollections.

Golden (1992, p.849) proposed that the accuracy of recollection would be influenced by the salience of the issues under examination, the information considered, and the ways in which the matter was considered. As we will see in this study, the downsizing experiences had very significant meaning to interviewees' lives, the information considered was of vital

importance to their futures, and the processes were all encompassing. In this sense, we can expect a high degree of accuracy in the recollections.

Accuracy in accounts is improved where individuals are asked about recollections of fact and behaviour rather than about "past beliefs and intentions which are more subjective" (Golden 1992, p.855). In this study, interviewees were asked in semi-structured interviews to describe what happened and how it did so. In this way "simple facts or concrete events" (Miller, Cardinal & Glick 1997, p.201) were addressed thus improving the potential for accurate recall. In addition, individuals were asked to say what they thought about these things and their perceptions of the fairness of their experiences were elicited. In this way this study may have verged on the subjective and yet this is what was being sought: individual's subjective views of their downsizing experiences.

The use of multiple respondents, which had positive effects on the accuracy of retrospective accounts, may to some extent have countered these influences (Miller, Cardinal & Glick 1997, p.201). In this study, in many cases multiple interviewees were examined from within each of the private and public sectors and within the various organisations. As Table 3 indicates, of the 11 organisations, multiple participants are seen in six and in all of these at least two categories were represented. Of the other five organisations only one subject was in each, however all organisations were within the public sector and all the interviewees were redeployees and all were subject to the same general conditions of employment. Nevertheless, it is the case that there are no checks on the accuracy of the retrospective accounts of these five interviewees as there are for the remaining interviewees.

Chapter 6: Results

We have so far considered the theoretical perspectives about what influences people's fairness judgements and in this Chapter we will examine the judgements of participants in this study of the fairness of their downsizing experiences. The contention of this study that researchers should examine each individual's 'whole' experience will be supported where it can be shown that an individual's judgements are affected by their unique situations and the complex interaction of various factors. We will review people's views in terms of the eight fairness factors: consistency, bias suppression, accuracy, correctability, representativeness and ethicality; plus nature and manner of explanations as discussed earlier; and we will introduce other considerations.

As we discussed in the previous chapter, data analysis involved four identifiable stages. Initially the transcribed interviews were coded to eliminate insufficiently relevant data. Then the resulting data was coded for themes across organisations. The last step was to then compare the data with the empirical literature. This provided a means, in the early stages, to reduce the influence of known theories and empirical research findings until the last stage.

Consistency

We know from previous empirical research, and the findings from the current study support this, that consistency is important to fairness when approached comprehensively across different people and over time; in keeping with official policy; in accordance with accepted standards and customary expectations; and across different situations. Indeed, a key theme to emerge from this project is that people more often perceive things as fair when managers take a comprehensive approach to the sorts of complex employment change situations they are managing. This is in contrast to engaging in a series of simple procedural activities as part of a 'tick-box' approach to the downsizing process. The latter is more likely to result in negative perceptions of fairness.

As we will see below, demonstrating consistency over time — for example, being consistent with customary expectations — can positively influence fairness judgements

In the following example drawn from the ServiceOrg case, inconsistency with stated policy can be seen to result in unfairness. Employees who did not take redundancy packages accused management of inconsistently applying official policies that restricted a redundant

worker's right to return to work for a Government department within a certain period when some ex-colleagues were able to do so. Their knowledge of these policies had influenced some employees not to take voluntary redundancy because they had calculated that the policy meant that it would be more financially secure to remain in the public sector. Harry (survivor, ServiceOrg) said:

> *There was supposed to be a three-year period that you weren't supposed to work for government, but some people left and commenced work next week doing government work and were blatantly offered government work up front. Well the people who were left here were pretty disgruntled because if they could have taken government work as well as the package, probably the opportunities would have been a bit better for them.*

This inconsistency prompted this survivor to raise the comparison between 'victims' and 'survivors' saying, "*We are the victims. We are the ones being disadvantaged. The ones that left were the advantaged.*"

Inconsistency with employee expectations was also important in the SecurityCo case. Victor (redeployee, SecurityCo) had expected that management would seek his views but was not taken into senior management's confidence in relation to the planned privatisation, the justification being, he believed, that management thought him to be "*too close to the blokes*". In another more significant example, the acting CEO at SecurityCo did not take into account employee expectations created by their customary treatment in the organisation. He abruptly told employees to lock up their vans and leave them at the worksite that day, and to hand in their keys. Not only was his manner (here, the nature of his interactions) inconsistent with past interactions, the procedure demanded was inconsistent with the employees normal practice. The technical workers customarily home-garaged their vans in an agreement that suited both the organisation and the workers. Moreover, as the technicians' work schedules were based on starting the day from their home location, they had parts, tools, uniforms and other materials at home that now needed to be returned. To them then the instructions did not make sense and they thought it would be wiser to take the vans home and return them the next day with the equipment. They became incredulous, then angry, and they refused to do as directed. Eventually management backed down. Dennis (redeployee, SecurityCo) commented that:

> *This guy wanted the bloody thing there and then, without even giving us any notice or nothing. We were just kicked up the butts. No consideration for us guys at all.*

The CEO's intention was to prevent theft, but his actions could have been more likely to encourage theft or sabotage. As we saw earlier from the literature, when psychological contract breach is combined with perceptions of procedural and interactional injustice, employees can react with deviant work behaviour and negative attitudes.

Generally, when SecurityCo had been faced over the years with challenges, managers and employees had worked consultatively and cooperatively, creating a culture characterised by information sharing, mutual support, industry, and devolution of responsibility. Donald (official, Union A) described how in the past supervisors had consulted workers about decisions and the workers had been able to suggest possible effects of those decisions and also suggest where discussion with clients could have proven useful. The CEO's new instructions were inconsistent with such past practices. This inconsistency was at least in part the root of discontent which employees felt, quite apart from any inherent lack of respect with which they felt they had been treated.

The effects of inconsistent action demonstrate the importance of consistency. In SecurityCo, management incompetence was a factor that contributed to many examples. The acting CEO's systematic failure to consult meant he lacked the knowledge on which to be able to act consistently even if he had wanted to. For example, in relation to the return of the vans, ignorance stemming from a failure to gather relevant information regarding customary workplace practice and expectations resulted in actions that conflicted with customary practice, not only in terms of the actual physical movements of materials and personnel but also in terms of the way in which employees had come to expect to be treated. According to Donald (official, Union A), the acting CEO had little knowledge of the business, yet the latest decisions were not subject to any manager-employee consultation. Decision-making was "*very much done in secret*" and without knowledge of the likely impact on customers. He condemned the behaviour which he said made "*grown men cry and cut back on the last vestige of their self-esteem*".

Brenda (redeployee, SecurityCo) was critical of what she saw as the insensitive and poor decision made to appoint an acting CEO at a time of low morale and to charge that person with dealing with so complex a situation. The CEO was not based on site, lacked the requisite skills, and was not informed of past practice. She said such an appointment was not what employees ought to have anticipated at that time.

Inconsistencies with established expectations were thus important, as were inconsistencies observed between statements issued and decisions taken by management.

Over time, inconsistency in SecurityCo's communications with workers regarding possible outcomes, as well as inconsistencies between statements made to employees and decisions ultimately taken by management, led to uncertainty and conflict. The lengthy wait for the results of the SecurityCo Review (the Review) left Brenda (redeployee, SecurityCo) and others without a sense of direction and concerned about their future. This was further compounded by the receipt of conflicting messages. Brenda said:

> *There were two Christmas celebrations that we were going to have but we didn't because we figured that we wouldn't be there and it kept going right through to November and that was more the beginning of the year. They kept giving us closing dates and then we'd get to that date. 'No, no we'll be going for another 2 weeks yet' and they said 'We'll go for another 2 weeks' and get there and they'd go, 'No it will be at least another week.'*

According to Victor (redeployee, SecurityCo) these inconsistencies led to conflict not just between employees and management, but also amongst workmates, and caused stress on workers and their families. He said:

> *There were friendships that were destroyed. There were people who had worked together for 10 years or more openly fighting because the pressure of (a) you know you're losing your job, not knowing when and (b) turning up for work and having something different happen all the time. The guys would come into the depot once a week to pick up equipment and load up and drop off their paperwork, 'Have you heard any news, have you heard any news?' Well when that happens for 6 months, people can't plan anything and the stress upon them and their families it's huge and it doesn't need much to tick them off.*

In these examples inconsistency with past practices and associated uncertainty were felt to be unfair.

Inconsistency in the provision of information over time was demonstrated in the cases of both SecurityCo and CafeCo. In the SecurityCo case, technical workers (with the assistance of the union) had protracted negotiations with Government. However the inconsistency in the information provided by Government over time caused difficulties. Elliot (redeployee, SecurityCo) said that,

> *We were actually having quite heated discussions in Cabinet rooms because the [Department of] Premier and Cabinet were going back on what they were saying ... They would say one thing and the next meeting they would say something different.*

Similarly, changing accounts and reports over time caused difficulties for Vicky (redeployee, CafeCo) and her colleagues in the CafeCo case. She said:

> *[T]they kept on saying that nothing's happening. 'We are not being sold, it's not going to happen', in the beginning. And then the rumours started circulating amongst 300 people; you can imagine that it was a lot of it. It was out of context and then about two years later they started saying 'We are actually thinking of being sold. The government wants to dispose of this CafeCo. We are actually up for sale.' And then we were hearing 'We have got buyers' and 'No, we haven't got buyers.' And 'Negotiations have fallen down.'*

These experiences added to employee anxiety and lowered productivity. Here we can see that inconsistency can have various negative effects but, most importantly for our discussion however, these forms of inconsistency also produced perceptions of unfairness.

To a significant extent these preceding observations confirmed what has been found in the literature, albeit while still drawing attention to different ways in which inconsistency can be manifested. In addition, however, there were other observations that go further.

The complexity of downsizing situations interacted with the multi-faceted nature of consistency. At times of change, managers are challenged with how to achieve consistency in regard to principle while flexibly implementing procedures and exercising discretion. Managers often find themselves required, in the absence of established procedures, to exercise discretion where there may be only principles to guide their behaviour. In the SecurityCo case, when the acting CEO was faced with deciding how to successfully arrange for the return of the vans and minimise theft, he had not recognised that in that particular context, to achieve a successful outcome, his actions needed to be informed and constrained "by the prevailing norms that define proper and socially acceptable decision maker behaviour" (Leventhal 1980). Because of the recency of his appointment, he was not aware of the customary ways that decisions were made in the organisation. His failure to seek a solution that flexibly satisfied rules in an informed way contributed to the unhappy result. This case illustrates the multi-faceted nature of consistency, which may require managers to heed a number of elements that contribute to employee perceptions of what is consistent and what is not, and, therefore, to employee perceptions of what is fair and what is not. Effective consistency will require judgements about which dimensions are important in a given situation.

The case of ServiceOrg demonstrated a comprehensive approach that addressed a number of types of consistency at the same time. For the interview process for the jobs remaining, management tried to provide a consistent approach to all applicants and addressed

a number of factors, including the provision of information, the treatment accorded to all applicants, the composition of the selection panel, and the conclusion of the selection process. This approach seems to have been instrumental in employees judging that they were treated fairly.

Of the information provided, Andrew (survivor, ServiceOrg) said that "*the information part of the process was excellent and everybody knew what was going on and likely outcomes as far as they could tell.*" Harry (survivor, ServiceOrg) said all applicants were accorded opportunities for interview "*regardless of status, position, licensing, and abilities*".

In terms of the composition of the panels, the CEO participated in every interview. He considered the interview process of vital importance to the future of the business. Believing the interview process "*could either make or break the organisation*", he decided to delegate some of his duties to other managers and provide a consistent presence by participating in all interviews personally.

ServiceOrg management also took great care in concluding the selection process. They wanted to ensure that all applicants, successful or not, received the advice at the same time and from the organisation and not from another employee. ServiceOrg management was concerned for the effects of the results on unsuccessful staff and wanted to avoid the situation where successful staff tell others of their success when others may not have received their advice of success or otherwise. Given the large numbers of applicants to be advised about the results of the interviews, management decided to advise all candidates at the same time of the results by using a courier company to deliver letters. Henry (survivor, ServiceOrg) said the reason was: "*So if I got one and I was successful I couldn't say to [anyone] 'Hey look I got a job' and [they]'re still waiting for [their] letter through the mail system.*"

Despite this care and attention to detail, however, a problem arose. As Henry went on to say, that the use of couriers "*backfired, it didn't work*". One of the number of courier contractors failed to deliver the letters. The decision was taken that the managers, given they did not know whose letters had not been delivered, would ring every candidate to advise them personally. This made a large task even larger, and more arduous for the managers. This is an example of how management of consistency cannot be separated from the management of details of the whole, complex situation.

Establishing appropriate expectations and then acting consistent with them was seen to have positive effects. However what constitutes "fair" and "equal" treatment in one enterprise may not constitute "fair" and "equal treatment" at another.

The nature of the expectation in the FoodCo case was that, as with the management of other HR policies, the official policy in managing redeployments would be applied and people's personal circumstances would be taken into account in decisions about their redeployment destination. Their expectations were met when the FoodCo HR manager reasserted the official policy soon after the decision was made to renovate the store and redeploy staff to suburban supermarkets. She also reasserted this policy to the managers of the suburban FoodCo stores to ensure similar treatment in redeployment decisions at the store to which they were redeployed. These actions clearly influenced employee expectations and served as benchmarks for later judgements of fairness.

However, giving consistent information and treating people consistent with established expectations did not always occur so seamlessly. In FoodCo, expectations were established by stating a clear policy at the outset. However in the SecurityCo case, management found itself in difficulty because newly stated policy was inconsistent with expectations that had come to be established in practice.

Management of consistency does not simply require a policy statement matched by an intention to act consistently with it, but an ability and willingness to manage the details of a process, to ensure that contrary expectations do not emerge.

Efforts to apply policies consistently can fall foul of inconsistencies amongst the policies themselves, as we will observe in the following examples.

Procedures for determining employee entitlements in the public sector are generally clearly defined in official policies. One aim of this is to ensure consistency across employees. In the following example from SecurityCo, there is (arguable) consistency with such official policies but it fails to deliver consistency across individuals when administrative employees were offered entitlements that differed from those offered technical employees.

As the moves to sell SecurityCo progressed, management advised the technical employees of their entitlements. These varied across classes of employees, especially in relation to entitlement to remain within the public service upon the sale of SecurityCo. This was contingent upon the status of the organisation at the time the employee joined the body. Some individuals had been permanent employees with SecurityCo when it was a part of the broader security organisation, and others had been casual employees but secured permanency with SecurityCo after it became independent from the broader organisation. Those in the latter category were told they had no right of return to the public sector because they had not been permanent before the transfer. Herbert (manager, SecurityCo), said there were "*four or five*

employees who were left in limbo" about their entitlements and he said this different treatment "*was the cause of some angst with some of them*".

In the end the Government was keen to see the matter resolved and so made arrangements that met the workers' wishes for salary increases and entitlement to public service redeployment. In this case, consistency with previously stated policy was felt to be unfair because it involved more salient inconsistency with expectations that had been allowed to grow in practice. This case demonstrates the complexity of situations faced by management and the importance of a holistic view of the situation and of possible reactions.

The importance of managing the details of complex situations was demonstrated by combining consistency with principles and flexibility in implementation in the supermarket example. FoodCo's official HR policies created the expectation that redeployees' personal circumstances would be taken into account in the company's determination of their redeployment destinations. The supermarket management then fulfilled that expectation. They demonstrated a degree of flexibility in their decision-making processes, first consulting with employees and then taking personal circumstances into account in determining redeployments. The HR manager gave other examples of the company's consideration of the personal circumstances of employees from the city store, which illustrate a successful combination of flexibility and consistency. These included an employee unable to work on Saturdays for religious reasons, for whom an exception was made. Another was a single mother who needed to get her children to school and so could not start work before 7:30 am. In this instance, the manager said that this staff member was flexible about everything else but just could not start before 7:30. And so her needs were accommodated. The manager pragmatically reasoned that there was a need to be flexible: "*You can't expect people to be available 7 days a week, 24 hours a day. If you took that approach no-one would work for you.*"

The effects of the approach adopted by the city store manager and supervisor in speaking to every staff member was to be instrumental in the redeployees' general satisfaction with the process and the result. Glenda (redeployee, FoodCo) said that their discussion was realistic in that they were closing a store and they did not try to gloss over things and their 'up-front' approach was seen to be not misleading or deceptive. The consistency between words and actions led to compliments for the store managers' sensible and supportive behaviour and they were accorded increased respect.

However this case also demonstrates the need for judgement about which dimensions of consistency are most important in a given situation. Management could have determined to treat all employees and redeployees the same and not attend to their individual requirements, resulting in less complicated management challenges in the short-term but more likely a dissatisfied and less committed workforce in the longer term. Only through such judgement can flexibility and consistency be combined.

However, the dimensions of consistency and the importance of taking a holistic approach that uncovers 'hidden pitfalls' are also illustrated in the FoodCo example. Management made decisions that in retrospect that were judged unsatisfactory, in that the FoodCo redeployment did lead to inconsistencies for other people. The FoodCo redeployment policies embraced positive discrimination for redeployees in the sense that it required that redeployees' wages and hours be maintained for a certain period in the new workplace. When the managers of these workplaces did not receive wage subsidies for their staff, they reduced the hours and effectively the wages of existing staff to compensate for the extra costs. This positive discrimination in favour of the redeployees, while applied consistently across the redeployee workforce, led to inconsistency in employment conditions when viewed across the whole workforce.

Managers at the suburban workplaces found their resources strained by taking redeployees when stores, which did not receive redeployees, were not similarly under-resourced. Redeployees found that staff at FoodCo stores were unsympathetic to the redeployees, largely because some staff had lost hours and wages. Supermarket managers were transferred to stores many kilometres from their homes whereas redeployees were located near to their homes. While there was a shared expectation that managers would be regularly moved between stores, the redeployed staff were seen by some managers to receive greater consideration than the managers.

The inequitable treatment that resulted across the organisation, where things were not done so well, was something the organisation had to examine in the future, according to a senior manager. This case demonstrates two facets of consistency. First, that even with clear, well-publicised rules and with sensitive and consistent implementation, it is still possible for inconsistencies to occur and, secondly, that broader circumstances are important because efforts to be consistent in some respects can result in being inconsistent in other respects.

However, the case also illustrates an important general point (which we will revisit in Chapter 7). Whether treatment is consistent depends to a significant extent on the frame of

reference being used. Viewed within a frame of reference that includes the redeployees, their expectations and the policy stated at the outset, the actions taken were consistent (as a result of care and effort on the part of those managing the process). Viewed within a wider frame of reference that includes workers at other stores, and redeployed managers, the actions were not consistent. There are some important theoretical implications, which we shall consider further in the next chapter, but here we may note that, first, there does not seem to be any complete frame of reference that could always be used for practical purposes, and, secondly, which frame of reference it is appropriate to choose seems to require judgement on the part of managers It seems that perhaps it cannot be prescribed as a matter of routine, but requires "moral imagination" in the sense of Johnson (1993) and Werhane (1999).

This examination of the results of the interviews indicates two issues that contribute new perspectives to the literature about consistency. First, it has been noted that effective consistency will require judgements about which dimensions of the multi-faceted nature of consistency are important in a given situation and which are not, with such judgements enabling the combination of consistency and flexibility. Secondly, the complexity of the different contexts induced inconsistency and required special attention if inconsistency was to be avoided.

Bias Suppression

In regard to the influence of bias on people's perceptions of fairness, the overwhelming necessity that emerged from the data is the importance of managing perceptions of bias. There were a number of cases where managers, when talking about the same events as their employees, reported different perceptions of bias, and there were differences among employees themselves. It was clear that perceptions of bias had a negative impact on people's responses and judgement about fairness, but that is no novelty, and it is not necessary to report a great deal of data that simply confirms that point. Here we concentrate on other issues to do with perceptions of bias.

In the empirical literature, Sheppard and Lewicki (1982) and Lind and Lissak (1985) found that where managers 'played favourites' and did not act neutrally, they rendered even an ostensibly fair policy suspect. This was confirmed in the two public sector cases reported here: first, ServiceOrg, where the privatising of services led to the targeted offer of many redundancies; and secondly, CommOrg, where one position was declared redundant. In both

examples, management and employee perceptions clearly diverged on whether management did favour certain employees or act neutrally.

In ServiceOrg, Harry (survivor) said that employees generally thought that ServiceOrg management was biased, favouring "*mates*" and "*yes men*", and they believed that the results confirmed their views. The process of allocating redundancies allegedly lacked transparency and employees lacked sufficient information to make informed judgements. They suspected that management had access to as many packages as they deemed necessary to let go those they wanted to move on and keep those whom they wanted to retain. Harry said all staff were invited to nominate for packages. The reason they were offered a package was often not disclosed, and it was often perceived as a settling of old scores and a means of resolving "*character clashes*". He said those who applied successfully for the positions remaining were not the best of the employees with many being '*yes men*' who "*would say yes and never say no*".

However, that were views opposed to those of Harry illustrates the diversity of possible perceptions in a given situation. Andrew (survivor, ServiceOrg), commenting on the same processes, said that the redundancies of senior employees demonstrated that all employees were treated equally. He said:

> *Everyone's in the same boat, there's no favourites. You didn't feel cheated or anything. You didn't feel that someone got a job because they were favourites of the boss or anything, there was nothing like that.*

Yves (redundancy, ServiceOrg) commenting on the same events, added that the selection procedures for remaining positions were "*totally unbiased*" as demonstrated by procedures involving independent interviewers, employee representatives and strict adherence to guidelines and procedures. He said:

> *Personally I believe that those interviews and the final selection for those that were staying was very well done and above board. I don't know that it could have been handled any better. In fact I think we did such a good job that they actually blueprinted what we had done.*

These divergent opinions in the ServiceOrg case raise questions about individual opinions, experiences and contexts. The employees were all supervised by a manager who made comprehensive attempts to be fair which, according to research by Tyler (1988), should be positively influential, and yet their opinions varied. All were males so gender difference is not influential. One of the two supportive informants lost his job while both said they had

benefited from the downsizing. The most critical informant did not lose his job but wanted to and expressed unhappiness about not having the opportunity to take redundancy. Differences amongst individuals and their personal circumstances clearly affect fairness judgements.

The second example, CommOrg, involved a single redundancy. Olive (the redeployee), a professional person in her mid-fifties, said that she experienced bias due to a number of factors, including age, sex, disability, and her willingness to make unwanted observations. She said she had been discriminated against in favour of younger employees; that her age had been largely the cause of her boss's loss of confidence in her and was related to her redundancy. She said she had experienced age discrimination in many ways which were patently unfair. She had also applied for positions and had been told after missing out that she had failed because she was "*too old*" and that the department had wanted to employ younger people. She was told she would not be suitable because they wanted someone "*young, with-it, enthusiastic*".

She said she had also experienced discrimination because of a physical impairment that restricted the duties she could perform. Unlike his predecessors, the new CEO was not prepared to accommodate her disabilities. His predecessor had maintained that "*the main thing was that I could keep on working*" and had ensured that had occurred. Now she was being redeployed and she was fearful of her ability to perform.

Her suspicion that the new CEO was biased against her was confirmed in her eyes through his personal behaviour towards her. She believed he was motivated by two factors: the first, the role that she believed he had imagined her to have had in causing rumours about him and his personal assistant. The vehemence that he demonstrated in yelling at her, directing her to leave the workplace and his having her office door locked when she was made redundant (thus preventing her from retrieving her personal possessions) appeared to indicate a personal rather than professional dimension in the interaction. The second factor she believed to be the source of his perceived bias was her role representing employees with problems which required some degree of advocacy. She said she was "*blamed*", even though she was "*only the messenger*", adding that people experienced bias if they spoke out.

The new CEO gave a different account. He emphasised that he had strictly followed the organisation's procedural guidelines to ensure that the procedures were not compromised, and so that the decisions could not be open to contest later.

In this case, Olive's explanations could be accurate or her perceptions of bias could be heightened by her background and role in the organisation.

In these two examples, we see divergence between managers' perceptions and some perceptions by employees. In the ServiceOrg case, the managers' perceptions are consistent with those of some employees but not with those of others, but in neither case do we have conclusive evidence about underlying realities of bias or its absence. What we can see is the importance of perceptions, whatever the underlying reality might be.

The importance to people's fairness judgements of managers engaging with employees and providing explanations to manage employee perceptions of bias has been found to be important (Bies & Shapiro 1987), yet in this study employees' negative judgements were often not addressed by managers.

In the CommOrg case, Olive's perceptions do not seem to have been addressed at all. In the ServiceOrg case, on the other hand, some aspects of the process, such as the involvement of independent interviewers and employee representatives, seem to have been enough to affect many employees' perceptions.

The question that remains is whether closer engagement with employee's perceptions may have had an even greater ameliorative effect. It certainly seems clear that a failure to engage forthrightly with employees' concerns and perceptions can have a negative effect.

We will note in Chapter 7 that closer engagement coupled with sensitivity in explanations can be influential, but not necessarily where managers simply follow rules as seemed to be the case with Olive's manager.

In BankCo, negative views were not officially countered by any explanations beyond public, impersonal statements across the bank and the unwillingness of those delivering the news of retrenchments to discuss the matter further or justify the actions taken. Retrenched managers confirmed that they had been coached in how to retrench employees. They were to avoid apologising for the decision so as not to imply any legal responsibility and so avoid litigation; and they were told to avoid discussion or any attempt to justify the reasons for the decisions. The only explanation from management was that staff reductions were necessary to maintain bank profitability, but by not engaging in further explanation, management allowed rumour and conjecture to become commonplace.

The negative judgement of the process by staff and the managers subsequently confirmed the previous findings that appearance of impropriety, such as decision maker bias, can render a procedure suspect, even an otherwise fair procedure (Lind & Lissak 1985, p.20). Employees interpreted senior management's explanations of the delayering to mean that all employees across Australia at a particular classification level would be retrenched. Yet

inconsistencies in terms of staff retention were observed where operations in the larger states were favoured over those in the smaller states, with Frank (retrenchee, BankCo) saying that "*[t]here is obviously more to it than I was ever told.*" Sam (survivor, BankCo) suspected that the delayering was predominantly biased against older workers. He and others formed these suspicions because those retrenched were predominantly aged in their late 40s and 50s and every one of the retrenched managers had been good performers, indicated by their bringing in business to the bank in the previous period to the value of approximately $1 million. They suspected there had to be another reason for their retrenchment, and the only common reason was their age.

The seemingly impersonal nature of delayering had at first caused consternation. Then when searching for a reason, employees came to the view that bias had to be involved. The bank's management and the official policy ensured that discussions about reasons did not occur with employees who were being made redundant, which left employees to make their own judgements.

In these cases employees, in the absence of countervailing information or opinion, perceived bias and the results were interpreted to justify their perceptions. The distribution arising from the decisions can imply decision-maker bias and contribute to suspicion of the procedure and cause observers to doubt the motives and sincerity of the decision-makers (Tyler 1989). The most salient demonstration of bias is the observable results. However it is possible that management can give greater explanations to employees, before and after the event, to influence employees' understanding and perceptions of fairness, and their reactions. The transparent processes and results in the FoodCo and ServiceOrg cases largely reassured employees. However, the negative outcomes and unclear processes in BankCo and CommOrg were not addressed by management and so corroborated employees' suspicions of a biased process and biased decision-makers.

In our earlier discussion of consistency we saw that consistency can be evaluated along several different dimensions. In a similar sense, the FoodCo case of Juliet (redeployee) shows how what is perceived as biased depends in part on what dimension of evaluation is relevant. Juliet argued that age and long service should deserve positive consideration, and that failure to give these sufficient consideration constitutes bias. Others disagreed. In these situations, managers may not be able to prove that they are correct, but they can identify the point and state their disagreement openly. Transparency can mitigate judgements of bias.

In the cases cited above, when managers were interviewed, they claimed to be adhering to procedural requirements in a clear way. Where does the truth lie? Perhaps the employees' perceptions were incorrect; perhaps the managers were not being honest with the researcher and knew that they had shown bias, or perhaps they had shown bias without realising it. Those are three distinct possibilities, and it is not necessary here to resolve the issue, because the ambiguity itself demonstrates one important theoretical point: that perception of fairness is affected by perceptions of others' motives and intentions as well as by the realities of the situation. Just as affording consistent treatment may require managers to make judgements about the frame of reference to use, so managers have to make judgements about what may give an impression of bias. The point is, in one sense, not at all new: justice must not only be done, but must be seen to be done. Just as managers may have to consider what may be an appropriate frame of reference to determine what consistency amounts to in a given situation, so they may have to consider what employees' perceptions of bias may be in that situation.

How explanations are given can overcome bias perceptions. In later discussions we will consider the significance to perceptions of fairness of the nature and manner of explanations and we will see that managers' sensitivity in managing perceptions can respond to the interdependence of consistency, bias, and explanations. In the foregoing discussions we have noted the failure of managers to demonstrate bias suppression by way of explanations. Management may need to consider what can be done to ensure that true and comprehensible explanations are presented.

Employees' contradictory views discussed above show how individuals can differently perceive bias, whether real or not. These reported views also have methodological implications where the case study approach invites whole-of-experience comments, including contradictory ones, from participants. Such whole-of-experience comments bring out the importance of a particular context.

Decision Criteria

This discussion of criteria used for decision-making includes consideration of the accuracy and relevance of the criteria used. From the fairness literature previously discussed, we can identify the importance to fairness of three issues related to decision-making: the reasoning behind downsizing decisions, the decision-making process itself, and the information used in the process.

Many of the findings of this study have confirmed the existing literature. What has been observed however has been informants' quite detailed appraisal of the downsizing process, especially how convincing the reasons are for the downsizing. What we see in this data is the depth and variety of issues and points that arise in participants' assessments of those reasons. The degree of inquiry that people brought to bear on their experiences is partly explained by the complexity of people's private and employment circumstances and of the circumstances of the different organisations.

We will note in Chapter 7 that employees' detailed evaluations demonstrate that they are not passive participants and that managers will need to actively engage with them to influence their perceptions of fairness.

The literature agrees that accurate and relevant information gathered competently and processed efficiently is important to the quality of decision-making and influential in fairness judgments (Thibaut & Walker 1975; Leventhal 1976, 1980; Tyler 1988). These findings were confirmed in this study. For example, in SecurityCo decisions about the future of the organisation were based on the considerations and recommendations of a commercial-in-confidence review. The employees believed that those conducting the Review had made decisions without relevant and accurate information about the value of the organisation. While the Review found that SecurityCo required too much financial assistance to be viable, employees and the SecurityCo accountant disputed this. In this instance, however, we see a further consequence when employees are not convinced of the accuracy and relevance of information or decision criteria: they seek other explanations of decisions. The employees' judgement was that the purpose of the Review was to close the organisation and not to objectively determine options. Wally (redeployee, SecurityCo) said that over a four-year period SecurityCo had recovered from its initial high debt position and become a "*very organised and professional organisation*". Furthermore, the cost to income ratio would have been different if they had not been constrained from levying full cost recovery plus profit on the Government facilities they serviced, especially for services to rural and remote Aboriginal communities. Constrained from implementing full cost recovery plus profit, they saw themselves, and arguably were, disadvantaged by an unfair comparison with private sector organisations.

In the privatisation of WaterCo, the decisions about which staff were to be retained, transferred to the new owners, or offered redundancy was based on insufficient and inaccurate information gleaned from a simplistic questionnaire asking workers to tick a box indicating

whether they wanted to transfer or not. There was little explanation or discussion, nor were other alternatives provided. Wendy (redeployee, WaterCo) said that "*if you didn't say 'yes' and you didn't say 'no' and you didn't return your form, they considered that you did want to transfer.*"

The effect of the lack of options was emphasised where some workers wanted to exert some process control by trying to enhance their chances and to put their case. Wendy said,

> *There were some people that really wanted a package and they thought 'but if I just circle yes, they won't give it to me. I need to tell them why I want it.' There was no provision for that at all.'*

On the other hand, there are positive examples where a process generated accurate and relevant information, as was demonstrated in the cases of ServiceOrg and FoodCo where extensive consultation with employees and their representatives ensured that relevant and accurate information would be available.

In ServiceOrg, management and the unions agreed on the number of staff that would be needed to continue the downscaled operation, and on processes of calling for and deciding on the allocation of voluntary redundancy packages as well as on the subsequent selection practices for employees who wished to compete for the remaining positions. The result was that while there was the loss of many good staff: "*[T]he theory was that the remaining staff was going to be able to manage, and as it turned out, they were right about that*" (Harry, survivor, ServiceOrg).

In FoodCo, management consulted with all employees and took into account the location of each worker's home and their travel convenience, the similarity of the work to that which they had done, and their career aspirations. This consultative process provided accurate and relevant information, which was very important to the organisation and to employees.

The literature also notes that gathering information through informed opinion, utilising available expertise and involving those familiar with the matter under review are important to judgements of fairness (Leventhal 1980; Greenberg 1986; Sheppard & Lewicki 1987). In BankCo, the decision-makers were said to be uninformed because they concentrated only on financial criteria and lacked understanding of how the bank operated and the cultures of the organization. According to employees, this caused the South Australian office to be unfairly disadvantaged by the economies-of-scale comparisons with the Sydney office (Frank, retrenchee, BankCo). In the PaperOrg case, the selection panel members knew little of PaperOrg responsibilities and inappropriate criteria were used.

The literature also identified the importance of decision structures and decision criteria (Leventhal 1980; Greenberg 1986). In the case of BankCo, the criteria and information used to determine who were to be retrenched were criticised. Frank and Kenny (retrenchees, BankCo) believed that the selection should have been more related to performance, that is, those "*not pulling their weight*" should have been selected, yet this is not what occurred. The bank reduced senior manager positions Australia-wide by some 300 positions, not in terms of function performance but in terms of salary level, with those at a certain level of remuneration selected for retrenchment. This approach resulted in managers being retrenched who were good performers. There were many examples encountered during the course of this study where decision criteria were critically examined by employees, not only in relation to the decision on whom to layoff, but also in relation to the reasons underlying those decisions.

The influence of external factors that were considered beyond the control of the organisation and not simply due to mismanagement were also judged by a majority of respondents to be unfair because they were not due to anything that the victim or the organisation did. For example, in the public sector cases, the ideologies and motives of Government included withdrawing from competition with the private sector.

While the Government explained that SecurityCo and ServiceOrg were economically uncompetitive and so unsustainable, pressure on the Government from private sector competitors was perceived to be influential. Employees and union officials also suspected other reasons, including: raising revenue from asset sales; reducing Government debt, and Government spending overall (specifically wages bills); and reducing Government exposure to risk, including ongoing workers compensation claims.

In BankCo, the bank justified nation-wide retrenchments as reducing salary costs (Kenny, retrenchee, BankCo), but the reasons for the retrenchments were seen by a number of employees to also include achieving a share price increase for the benefit of share holders. Another theory was that management was "*clearing the decks for a merger discussion with somebody or other. It still might happen because these things happen slowly*" (Frank, retrenchee, BankCo). Once again we see employees working out their own explanations for decisions when they are not satisfied by the accuracy or relevance of information, and / or the decision criteria. They were concerned that the reasons supplied did not relate to anything that the individual employees had done.

On the other hand, in ServiceOrg, employee judgements were ameliorated by the process used. Employees disagreed with the Government's ideology, but the opportunity for a

small section of the workforce to remain, the use of a consultative process by trustworthy managers, an equitable selection process, and the provision of a good package and transition assistance ameliorated most negative reactions.

Employees' largely positive reactions were also reinforced by the processes used in the FoodCo case. Employees were generally accepting of the explanations for the changes, and consultative processes were successfully implemented by sympathetic managers who had existing relationships with the affected employees. These positive cases can again be contrasted with the SecurityCo case.

In the SecurityCo case, the processes used served to reinforce employees' largely negative reactions to the privatisation. Senior management justified not releasing information because it was considered to be 'commercial-in-confidence' and its public release and timing could disadvantage the sale process. The secretive nature of the process adopted to process the information, the limited information collected, and the outcomes, reinforced employee suspicions about the Government being ideologically driven in its decision-making and elevated their suspicions of its intentions. Once again there are intimations of employees arriving at their own conclusions (and making negative fairness judgements) where information is seen as incomplete and when they judge information supplied to be inaccurate.

That employees reach conclusions of their own is tied to the holistic nature of their judgements, which is also reflected in the interconnectedness of different factors. People's reactions to the justifications given were complex, influenced as they were by other fairness factors, such as whether they had been consulted. This 'representativeness' factor was very influential, as is demonstrated by the positive achievements of the organisations that did consult, such as in the cases of ServiceOrg and FoodCo where management decisions ameliorated or were reinforced by the process, and, conversely, by the quite unhappy experiences of those that did not consult, as in the cases of WaterCo, PaperOrg Office, SecurityCo, and BankCo. Further, earlier suspicion of the 'real' reasons for the decisions regarding downsizing (in the case of ServiceOrg) and store refurbishment (in the case of FoodCo) were addressed in by their respective managements carefully considering the process used, including two other factors to be considered further below, the manner and nature of the explanations.

The interplay between the two factors of consistency and accuracy is also important, and should be noted, for example, where decisions are justified by reference to policy.

Problems arise either if actions are inconsistent with the policy, as in the case of ServiceOrg, or, as in the SecurityCo and BankCo cases, if the policy is questionable in itself.

Organisational contexts variously influenced people's judgements of their experiences. Individuals also had quite different private and employment circumstances which constituted other contextual influences. When these were examined in connection with the various organisational contexts, the depth of people's appraisal of the reasons they were given is understandable. While the literature makes it clear that fair procedures can ameliorate reactions to unfair outcomes, and the examples above supports that finding, case study research shows the importance of considering the outcomes and the processes together.

Correctability

Correctability does not feature prominently in the literature of fairness in downsizing, largely for two reasons. Once an individual is retrenched or made redundant, there are generally no avenues to contest the decision unless procedural errors can be proven, and many employees do not wish to return to the job, now that events have shown that they are not wanted. Accordingly there has been little empirical research about correctability in fairness in downsizing, and in this study there were relatively few references made to correctability.

What has been evident is that while the literature has been largely confirmed in this study, two important points have arisen that have not previously been adequately addressed. The first and central point is that what matters in 'correctability' is whether the process is genuinely correctable in practice, not only whether formal procedures exist. The second point is the significance of whether employees are being genuinely listened to, or believe they are. While this point of 'having voice, being heard' will be discussed in the next section about 'representativeness', it is sufficiently important to correctability to be referred to in this section also.

The literature is clear in its finding that having the opportunity and ability to challenge decisions is important to people's judgements of fairness (Leventhal, Karuza & Fry 1980; Greenberg 1986; Simerson et al. 2000) and these studies were confirmed in this research.

Correctability can involve using formal and informal means to prevent or resolve problems. Most organisational dispute resolution policies will encourage line managers in the first instance to attempt less formal approaches using consultation and negotiation as a means to avoid costly and disruptive formal processes. The highly consultative approach observed in FoodCo's policies and managerial practice is one example. Another example had occurred

on a prior occasion in relation to BankCo. Evan (survivor) spoke of an earlier experience where he and others were to be retrenched because of a reduction in the number of positions and he had successfully appealed the decision changed despite there being no formal appeal mechanisms. He had written to the decision-maker putting forward his case and contesting the decision. His request for reconsideration was successful and he retained his employment and his position.

Appeals to independent third parties to resolve a dispute usually mark the start of a formal appeals process in organisations. There can be circumstances where formal requests for review of a decision or appeal against a decision can be made. Appeals may be possible about the outcomes, or the processes used, or both. In the case of BankCo, however, there was no such opportunity for a formal appeal (Brendan, retrenchee).

An alternative is to move the dispute into a different arena. For example, as noted earlier, a significant redeployment issue in SecurityCo was employee entitlement (specifically that of technicians) to return to the public sector after the business was sold. There were no formal means within the public sector to appeal decisions about such entitlements but employees moved the issue into an industrial arena by enlisting the relevant union's help to deal with management in the absence of a specific appeal mechanism, and further, threatening to take the matter into the public political arena. This move proved successful.

However, it is not simply a question of the existence of a corrective mechanism, whether a formal appeals process or, as in the earlier BankCo experience of one employee, an informal appeals process, or one available by moving or threatening to move what is effectively the jurisdiction in which the matter is adjudicated (as in the case of SecurityCo), it must also be accessible.

The accessibility of corrective mechanisms was also found to be important to fairness judgements in the literature. Accessibility includes knowledge of the existence of an appeals process, that process being easy to use and available to all organisational members, and of greatest advantage if it is specified in the organisation's policies and procedures (Tyler 1988).

While there may not have been a formal 'appeals process', there were examples in this study where the process was judged to be fair because it was actually possible to have a decision corrected. Informal means of resolving disputes were integrated into decision-making processes in FoodCo, for example, where informal mechanisms of consultation and negotiation were emphasised in both its redeployment policy documentation and in the way in which it implemented policies. The FoodCo documentation did not address formal appeals

mechanisms but, during the redeployment process, redeployment managers explained how redeployees could speak with senior management if they were unhappy with decisions (FoodCo 2001). The FoodCo policy document articulated the consultation to be carried out, and indicated the importance placed on the qualities of the person who was to be appointed to coordinate the redeployment process. Qualities listed include "approachable; good communication skills; interviewing skills; negotiation skills; conflict resolution skills; empathetic; suitably qualified to be accountable to make decisions." This importance placed on consultation, early identification of issues, and the competence of managers was responsible for much of FoodCo's success in its redeployment actions.

Detailed articulation of employee rights and responsibilities and of the procedures that managers should follow in resolving disputes is common in the public sector, and consultation and negotiation are often seen as a first step in the formal appeals process. However, FoodCo's policies and managers' actions emphasised these informal mechanisms as the main ways to deal with disputes, and as part of everyday managing and not particularly as the first steps of a more formal process.

Informal dispute resolution is assisted by advance notice of the decision rules and timely modification of decisions at various stages of the process (not just at its end), and is important to people's fairness judgements (Leventhal 1980; Folger & Konovsky 1989). FoodCo's consultative approach reflected these findings and enabled the various correctability components to be introduced to dispute prevention and resolution. There was adequate notice at the various stages, and if necessary the original decision-maker was circumvented.

These were examples where correctability and representativeness worked together to elicit fairness judgements. In the FoodCo redeployment case, Janet (manager) said that while there was no formal, written means to rectify a decision, management relied on intensive consultation with each redeployee to prevent situations that needed rectification. She said this process had identified a few potential problems and "*every one of those requests was actually met.*"

Mark (manager, FoodCo) was the manager selected to manage the redeployment process. He summarised the procedure to correct problems with redeployment to other workplaces. After redeployment, redeployees could maintain contact with him and the other operational manager of the redeployment process (Lily). Redeployees could also raise their problems with their store manager or directly approach their personnel manager. If the matter

was still unresolved, the personnel manager would refer the problem to the zone personnel manager who would, presumably, exercise their responsibility to deal with the problem. The mechanisms were publicised and gave the option for redeployees to use informal means to resolve any difficulty and, should these not be not successful, then third party assistance was possible.

The FoodCo manager's example of correcting problems concerned the jobs in which redeployees were to be placed. Mark explained the difficulties of placing redeployees into jobs identical to those they had filled at the old FoodCo store. He said:

> *We guaranteed them a position as close as possible to what they were doing before. Unfortunately, we can't have 600 fruit and vegetable managers, so it is not necessarily that you will be doing a fruit and vegetable manager job at the store you were going to.*

He said that these staff were placed in positions approximating their previous jobs, such as second in charge of the section or as fruit and vegetable assistant, while at the same time their hours and wages were maintained. However, even though this had been explained to them earlier, when the staff "*[got] to the store and face[d] those issues, all of a sudden they felt that they had not been downgraded but demoted.*" This was not an issue that was easily corrected. While the redeployees received all that was promised and that could be delivered, they had not accurately anticipated their own reactions and changing perceptions. These perceptions needed to be addressed. The redeployees were offered training to assist them become a department manager, and those accepting the offer received the promised training, thus effectively dealing with the matter raised (Mark, manager, FoodCo). Management's response was concrete and, while the redeployees could not be offered the higher status position (which would simply have generated another round of displacement, demotion and discontent), addressed the matter directly.

The next stage was the reemployment at the refurbished store of those redeployees who had successfully applied to return. Colin (manager, FoodCo) described how, after negotiations with the union, management changed the decision about whether to return a number of redeployees to the refurbished store. They had been reluctant to return these employees because of their productivity, age or previous worker's compensation issues. Thus even in the presence of good management skills and organisational awareness of employee needs, there can be a need for collective representation for employees and dialogue to enhance the process in terms of equitable outcomes for employees, or certainly outcomes perceived as 'fair' by those employees.

Overall, however, the data suggests that what matters are not details of formal processes, but employee perceptions of the extent to which their concerns are heeded in one way or another, and the extent to which decisions are genuinely correctable.

Expectation of a Result

While the literature notes that decisions must be correctible or at least modifiable when found to be wrong (Sheppard & Lewicki 1987), the findings in this research were more emphatic that employees showed they would appeal in a formal process only if they believed it offered some possibility of their achieving what they wanted. Relevant factors in their decision were whether there was something to be achieved; whether the process itself was easy to use; and whether there were thought to be real rather than apparent rights.

There are examples in this study where the possibility of correcting decisions was limited. Harley (manager, CommOrg) said that if a job was made redundant then there was no basis on which the employee could appeal, because the job had gone. He said there was even less reason to appeal in these circumstances in the public service because of the policy of no involuntary redundancy: although their job had gone, they had the option to remain employed even if in other circumstances and with other duties. Earl (redeployee, PaperOrg) said he would not appeal against the process because "*[t]here's no point, it doesn't get you anywhere.*" Like Olive (redeployee, CommOrg), he did not believe he could return to his job, or indeed wanted to do so. Returning to his job would have been personally uncomfortable and he believed that it would only be delaying the inevitable.

There were examples where the process adopted was not attractive to use. The employee in the PaperOrg case said that internal grievance appeals were not an option because they were combative and "*nasty*" and difficult to manage without outside assistance.

Others thought the right to appeal was real and would lead to some possible change whereas this proved to be illusory. For example, under public sector policy redeployees have grounds for appeal if they do not receive preference in selection for vacancies in the public sector. Jerry (redeployee, OfficeOrg) said that there are ways for employers to 'get around the rules' and these outcomes are non-appealable. He said:

> *It was pointed out that redeployees would get preference over other people. I found in practice that's not the case, because these departments had to find work for their own people. All they had to say was that they found that I or someone else was not suitable. They did not have to give any strong justification for that and I could not challenge or test their decisions.*

In these examples employees made judgements that the appeals processes offered them little chance to correct decisions.

The Importance of Being Genuinely 'Listened To'

In the CommOrg case referred to above, the manager was skilled in avoiding procedural errors and thus the potential for appeal. But he also did not recognise the importance to the employee of her having her 'own' job rather than simply employment, and he did not allow her the opportunity to express her views and feelings about what she saw as the unfairness of the decision. The employee did not want to appeal but did want some confirmation that she had been unfairly treated. Compounding all that has happened to this person was the victim's sense of frustration. She said:

> *I don't want anything more than just, 'You did the wrong thing.' It won't get me anywhere, but just to have them told by someone they had to listen to. I just want someone actually telling them to their faces, that they have failed. I might be part dreaming, but that's what I would like to see.*

In this regard the employee recognised that she would not change the decision but wanted the opportunity to express her point of view and to know that she had been heard and have her dignity restored by explicit confirmation that she had been wronged. She did not want her job back. She believed she would be unfairly treated if she returned and did not want further stress. So a successful appeal would have been of no use to her or perhaps to others in similar situations.

The importance placed by employees on being 'listened to' places demands on managers to genuinely listen to employees. FoodCo emphasised managerial competence in communication through documenting the qualities required of the manager who coordinated the redeployment processes. These qualities reflected the requirement for managers to devote time and to involve staff in decisions where flexible hours, arrangements and rosters are managed. The ServiceOrg manager's approach was similar. In contrast, managers in other organisations (such as the public sector organisations CommOrg and SecurityCo, and in BankCo) were criticised for their inability and unwillingness to listen to employees. In BankCo, we saw official policy for managers not to communicate beyond the essentials with retrenched workers and we heard the criticisms by employees of these managers.

The general point was that employees attend to the overall extent to which managers heed their concerns and the overall extent to which decisions are correctable, not to specific formal processes or statements about consultation.

The importance to fairness judgements of the complementarity of correctability and formal and informal consultative mechanisms has been demonstrated. This also illustrates the complexity of fairness judgements and appropriately introduces us to the discussion of the next fairness factor, 'representativeness', in which we will note again the importance to employees of policies that offer real results, not just processes.

Representativeness

'Representativeness' is about the needs and interests of those affected being expressed and heard by decision-makers. It includes such concepts as having input, directly or through representatives, having voice and being heard, and consultation.

Human resource management theory has moved from acceptance that consultation with employees about implementation of decisions is enough and now addresses the importance of more fundamental employee involvement, defining it as "the degree that employees share information, knowledge, rewards and power throughout the organisation" (McShane & Travaglione 2003, p.306).

The divergent views of management and employees in and between the organisations examined are evident in the following discussion and throw light on the differing views on what constitutes 'genuine' representativeness. This dissertation will use the term 'consultation' interchangeably with 'representativeness' or employee involvement.

There were two themes that were evident within this study: the difficulty of saying what genuine representativeness or consultation actually involves, and the relevance of context (in the sense that, just as consistency is relative to context, so is what people accept as consultation.

There were examples in this study where findings from the empirical research literature were confirmed. The studies that comprise the literature found that process and outcome control are important to people's perceptions of fairness (Thibaut & Walker 1975; Sheppard & Lewicki 1987; Tyler 1988; Greenberg 1990, pp.403–4; Tyler & Bies 1990, p.78; Folger & Cropanzano 1998, p.31; Simerson et al. 2000). Process control, the opportunity to have input, has been particularly subject to examination and found to be important (Greenberg 1990, pp.403–4; Davy 1991; Folger & Cropanzano 1998; Simerson et al. 2000). This study confirmed that the opportunity to have input on things that affected those interviewed and for them to be able to express choices was valued: a number of informants made statements to that effect.

There were examples where there was no employee input at all. We have already noted some details of Olive's case (redeployee, CommOrg). She said that her experience of redundancy was unsatisfactory in both process and outcome and that her input had not been sought. She said:

> *They decided I was to go in a re-organisation that no one knew about. I was the only person who went and the Union wasn't involved. I wasn't considered for other jobs. I wasn't consulted.*

In the BankCo case, Frank (retrenchee) added that the lack of opportunity to discuss his retrenchment was significant to him. He said that senior management saw no benefit in discussing what he believed to be an unsupportable decision and, while he accepted it was their right to make such decisions:

> *When the bloke came down from Sydney to tell us individually that we were being retrenched it all came as a bit of shock. The thing that upset me was that there was no debate about the logic of it.*

In other cases, however, attempts at consultation were made but were rendered ineffective by failure to take account of the details of the situation. We have already seen reference to the WaterCo case, where employees were given a questionnaire that asked "*just a simple yes or no*" to indicate whether they wanted to stay with the new owner or not. Wendy (redeployee, WaterCo) said:

> *It was one paragraph and it was simply a yes or a no and if you didn't register your interest either way then they considered that you did want to transfer across. So if you didn't say yes and you didn't say no and you didn't return your form, they considered that you did want to transfer. I was not interested and I requested that I not be transferred to the new owner because even if you wanted to be redeployed or if you were interested in a package, there wasn't provision on that form to say that.*

The employees were not consulted about whether that was the appropriate question to ask, nor were they invited to make other comments or indicate whether they had other questions, and it was presumed that a failure to respond was an affirmative reply. The questions were so narrow that the results would have been misleading and unusable. In some contexts, this degree and form of consultation might have been sufficient, but in this context it was not. Managers failed to take account of the detail of what was required in this situation, especially given the degree of impact the decision would have on the employees working and private lives. That it was a 'single paragraph' may signal to employees (correctly or not) that

management thought the decision equally minor. The failure to provide for more detailed interaction and exploration of options (genuine consultation) on the basis of greater knowledge, a process that would allow employees to come to a decision with which they were comfortable, can be seen to risk adverse fairness judgements in terms of both process and outcome.

FoodCo, on the other hand, appears to have had an interest in trying to meet employees' needs through consultation and negotiation, and a history of having done so. Colin (manager, FoodCo) implied that negotiation is indeed standard practice for FoodCo, and he described as an example their negotiation with the union about which staff to re-employ at the store. He consulted with the employees' representatives before final decisions were made about re-employment at the refurbished store. As the employees' representative, the union was able to encourage management to agree to the reemployment at the new store of three employees of long standing. Management determined that the symbolic effect of taking into account the long service of less productive employees in deciding to meet their needs would have a positive effect on other staff.

There were, however, limits to FoodCo's ability to meet people's preferences for placement. The number of staff that any one store could absorb was limited according to its individual budgetary constraints. Other factors included the availability of preferred jobs in the store that a redeployee nominated, and the limited availability of stores for managers where their career needs could be addressed. There were also time limits for redeployees to nominate the store to which they wanted to go. Eventually there were limits to the number of allowances that management felt they should reasonably be expected to make in terms of both the finite resources available and in terms of what could be considered reasonable in the circumstances. A further limit was the timeframe in which this special help would be provided. Employees were given two to three months notice of the closure date and this time enabled staff to decide whether they wanted redeployment (which most permanent staff did) or to look for other work (which most casuals did). Management appears to have correctly anticipated the majority of these decisions.

The literature identifies the importance to fairness judgements of involving people with expertise in the decision-making activities (Simerson et al 2000). In the case of FoodCo, this was demonstrated as important when, in order to ensure the success of redeployment (and partly as a means of ensuring effective consultation), FoodCo used competent managers who were familiar to redeployees and were sympathetic, motivated and informed about the

situations and the individual redeployees' needs. This facilitated the sort of communication required for genuine representativeness. By way of comparison, the way that SecurityCo downsized and made the job redundant achieved far less satisfactory results according to redeployees. In the case of the BankCo downsizing, management charged with the task of retrenching the managers lacked local knowledge and expertise. The supervisors of the retrenched managers were based outside South Australia; they gave the retrenchment notification over the phone from their interstate headquarters; they were not particularly good at people management; and they generally did not have close relationships with or knowledge of the managers retrenched. Brendan and Kenny (retrenchees, BankCo) each said that senior management's failure to consult gave them no opportunity to have input or to appeal.

Two points deserve particular mention: the difficulty in defining genuine representativeness or consultation, and the significance of context.

Difficulties with the Meaning of Consultation

In the case of CommOrg, the manager's approach denied employees the opportunity to supply genuine input into outcome or process. The employee and the supervisor presented quite different understandings of what constitutes consultation. The supervisor, Harley, emphasised the importance of seeking staff input in general, and discussed the importance of decision-makers' understanding what happens 'on the shop floor' from discussion with the workers and by their own observation. He said that when reorganisations are 'in the offing' staff are to be provided with information "*so that they can see what we're doing, why we're doing it, right through to the end result*". He also stated that input is encouraged, but he expressed reservations about the extent to which people can have input and the extent of their influence, saying:

> *Ultimately management has to make the final decisions but you can involve people and it's very important that they are involved because it helps you make a more quality decision with the input of people.*

He then added:

> *Well the affected person can't really have much input because the job's gone...you've got to talk to the incumbent about that, the fact that the job really is no longer there. Let them have some input, let them talk to you but you then make it very clear to them that in the end they can't disagree so you've got to get them really to accept that it was inevitable.*

Harley's views clearly demonstrates what 'consultation' means in practice — it is about how a decision is to be implemented. The decision has been taken, input is encouraged and 'heard' but not 'listened to', for there is no possibility of an amendment of the decision. There appears to be a clash of understanding about what constitutes 'consultation' between employee and supervisor in the report given by the supervisor: there is a 'venting' on the part of the employee with no possibility of return on his or her investment in time and effort in what is essentially a one-way 'exchange' where the supervisor's task appears to be to accustom the employee to the decision. There appears to be no detail of the process itself that the employee can affect nor any possibility of contributing real input.

The bounded nature of consultation was illustrated in the case of ServiceOrg where there were limitations on the extent to which employees could influence or change a decision, but they were given demonstrations that their views would be listened to. Cowan (manager, Service Org) said that they held regular monthly meetings, open to all staff and attended by union representatives and delegates, at which they shared information and views about the direction of the organisation and related matters. He observed that while they had admirable procedures in place and while they tried their hardest to sympathise with the workers, "*at the end of the day, regardless of what you are doing and the support you provide to these people, a person hasn't got a job*". Employees can participate and have degrees of process control without necessarily influencing the result.

Managers in both CommOrg and ServiceOrg saw the futility of offering an opportunity to appeal against a decision when the outcome, the loss of a job, was irreversible, but their approaches were very different. In CommOrg, employees were informed by management and were invited to comment but with no real effect. In ServiceOrg, employees similarly were unable to affect the decision on downsizing but were involved in other ways where they were able to affect some types of outcome control, such as which jobs might be retained, and they also were involved in matters of implementation. The efforts by management convinced employees that their comments were taken seriously.

Again, this was different to the case of SecurityCo where there was quite a clear view of the limits to consultation, and employees were effectively denied any real opportunity to have input into the review process or the decision, and there was, according to Donald (official, Union A), only an illusion of consultation.

The responsibility for decision-making is important to management, and the issue of choice is important to the employees. The mediation of these two values has a large bearing

on the degree of success of the downsizing activity. In this regard, FoodCo management gives many examples of a different approach where, while prerogative for the decision emphatically remained with management, the implementation took into account the person's needs. The FoodCo case was similar to that of ServiceOrg in that FoodCo management invited employees and their representatives to have some outcome control in regard to which stores employees might be redeployed. Management also provided opportunities for employees and their representatives to have process control of the decision-making methods that would be used to determine the stores to which they might be redeployed and how the redeployment process would be implemented.

In all the cases under examination, while there were some opportunities for employees and their representatives to have some limited input into outcomes, consultation was generally restricted to implementation matters. By and large, staff had only some input into the procedures or process or criteria used to decide the redeployment or retrenchment process. However they did have different degrees of input into the implementation, which sometimes enabled an exchange about interests that influenced the criteria used. In FoodCo, Janet (manager) referred to the contextual complexities facing management in mediating the various needs. She said:

> *We made the general decisions and the staff member had input into where they went but not the process. We knew that we were going to have to allocate staff to stores, because if we said to stores 'Tell us what you want,' it became unmanageable in the time frame we had. So we actually had to allocate the staff and say to the store, 'This is who you are getting.' And an employee had input and we were happy for them to tell us where they wanted to go and we would try and accommodate that. If they had transport issues and they brought it to our attention that it would be easier to get to such and such a store, we worked around.*

To employees the various issues of importance were those in relation to where they would be relocated (including proximity to home, means of transport), jobs, career development, religion, and other personal or family needs. These had not all been anticipated by management and came to be understood through consultation.

The foregoing discussion indicates the reality that management reserved the right and responsibility to decide that downsizing would occur and which positions would be made redundant. However, there were significant variations in degrees of outcome and in management's sharing of process control with employees. The criticisms of unfairness across the range of fairness factors were generally expressed about CommOrg, SecurityCo and

BankCo, all of which offered little or no input into either outcome or process; whereas ServiceOrg and FoodCo, which were largely regarded as fair employers, provided input into some aspects of outcome decision-making and comprehensively into processes.

We note in the summary in Chapter 7 that, in regard to both representativeness and correctability (which we discussed earlier in this chapter), whether the processes were genuine or only 'make-believe' clearly influenced employee perceptions.

The Significance of Context

Contexts can place many limits upon consultation and circumstances may limit managers' decisions. What is judged as fair may be partly a matter of what we judge is possible for those whose actions are being judged. Commercial constraints, such as privacy requirements and political demands, may restrict decisions to consult as in the SecurityCo example. BankCo senior management's goal was partly to achieve a positive share price outcome and so they had 'one eye on the share market' and developed their strategy accordingly. In ServiceOrg, Government and senior management had determined that there would be a spill of maintenance positions in order to downsize and outsource many of the workforce functions. In this regard the ServiceOrg manager was limited in the nature of the consultation he could initiate. Consultative methods may be limited by inadequate expertise, as in the SecurityCo Review; by geographical dispersion of stores and employees; or by complex and costly logistical challenges, and time limitations. In the study, some but not others of these contextual constraints seem to have mitigated employees' perceptions of unfairness.

Context affects managers' decisions and others' perceptions of them, but managers also have to take account of context of their actions. We noted above that in the WaterCo case the brief questionnaire used by managers failed to take account of the detail of employees' situations. On the other hand, there were again some limits on what was possible.

The indecision that some employees expressed in FoodCo and ServiceOrg presented management with further challenges to the practical meaning of consultation. Some FoodCo redeployees were ambivalent about which stores they wished to transfer to and management had to set a limit on their changes of mind by the imposition of time limits, and saying that the redeployees would have to be flexible as management was trying to be. Mark (manager, FoodCo) echoed this, referring to the practical constraints on all redeployees' having their choices met, and highlighting the complex logistical challenges that management faced.

Overall, it seems that employees' judgements of unfairness will be affected partly by the constraints on managers as perceived by employees. It will also be affected partly by the importance to the employees of the particular issues involved. We will note in the later discussion of ethicality that the significance of the material effect of downsizing decisions can be influential to the strength of people's perceptions of fairness and reactions to it.

In ServiceOrg, many employees were challenged by the uncertainty associated with deciding whether to seek packages or stay in secure but inappropriate jobs. In retrospect some regretted their decisions. Building into the consultative process the means to anticipate and address such decision-making difficulties could have influenced people's fairness judgements.

Interdependence of Factors

The repeated examples of employees and management having different understanding of what constitutes 'consultation' illustrate how individual perspectives can interact with employment circumstances and contexts.

We have noted that managers' decisions about how to consult also influenced the way they explained the decisions for the downsizing. We have also noted in discussions of bias, consistency and decision criteria, and will note again later in regard to explanations, that the extent to which managers actively engage with employees' perceptions and concerns have significant effects on employees' perceptions of fairness. We will also reflect later that there are occasions where it is not possible to reconcile employees' and managers' differing perceptions of fairness.

The interdependence of fairness factors has been a recurring theme in our discussion of representativeness and other factors and will be further considered in Chapter 7.

In the BankCo case, for example, the relationship between representativeness and manner of explanations was observable. There management offered no involvement for employees in the downsizing decision-making and accordingly the manager retreated behind a 'don't discuss, don't apologise' policy which was at least consistent with the organisation's consultative approach.

In SecurityCo, the importance of explanations in representativeness was further illustrated. There employees were not consulted, any explanations were abrupt or short, disconnected (in nature) and the means or manner used for retrenchment a letter. This combination was judged to be unfair. The failure by the SecurityCo Review to consult with people who had knowledge and expertise in safety services meant that the final decisions

were based on inaccurate and incomplete information and faulty reasoning. This example of the interplay of reasons and representativeness contrasts with the FoodCo experience where consultation led to a more comprehensive set of criteria for decision-making.

Satisfaction with transitional assistance, an aspect of the ethicality fairness factor, was influenced by consultation in the FoodCo case where employees' judgements of redeployment were positively influenced by the extent and nature of consultation. Finally, an example of the influence of individual needs was FoodCo's consultation with each employee, which resulted in the identification of a broader range of personal needs than first anticipated. Employees were very complimentary about the extent to which FoodCo involved them and met their needs.

Nature of Explanations

The 'nature of explanations' addresses the content of explanations given for the downsizing decisions. In what follows, we shall emphasise two themes in particular that emerged from the data of this study, and which go a little beyond previous studies. Both have already been touched on to some extent.

The first is that the complementary relationship of the nature of explanations with other fairness factors influences people's fairness judgements. The second and related theme, not adequately addressed in the literature, arose from employee comments about the importance of managers seeing the decisions from the employees' perspectives. This point is linked to the discussion of our previous section, since a view from employees' perspectives often could be achieved by managers attending to appropriate consultation earlier in the process.

Before turning to the data which illustrates these themes, however, we note that this study also confirmed many aspects of the literature. As we noted in the literature analysis, three situational factors, namely adequacy, sincerity and timing, were found to be influential (Bies 1989, p.87). We also noted that judgements of the fairness of explanations are socially constructed, and the content and quality of explanations are important to judgements of whether social norms of behaviour have been reinforced or contravened (Folger & Cropanzano 1998, pp 37–8). These findings about the importance of content and quality of explanations were supported in this study.

In an example in FoodCo, the store manager reportedly provided clear and complete explanations to the employees about what would happen to their jobs.

> *He said that we would be relocated and he asked us what area we lived in, where we would like to go. He said he would try to get us as close to our homes as possible. And we basically had a choice of where we wanted to go. He said senior management had made this undertaking. They would try to get us the same amount of hours as what we've been used to, and the money would still be the same. (Janet)*

In this engagement, the manager's reported explanations and discussion were two-way and addressed what was important to the employees. They were persuasive because they demonstrated management's efforts to be fair, and in so doing mitigated negative reactions and maintained commitment.

In the WaterCo example, management's efforts to be fair were evident from the ways in which they provided information as comprehensively and completely as they could. Wendy (redeployee) said management's efforts to inform all employees in various ways and regardless of location and in a timely fashion were well received:

> *The division managers would fly or drive or phone, email or whatever to go out and talk to them face to face and keep them involved. We were all brought together as a group and told the sale has gone through and the people who we couldn't reach, they were done by telephone hook-up.*

While the literature makes a distinction between the nature and the manner of explanations, this example shows that it is less easy to do so in practice, and it has been difficult to separate them in this study. The practical difficulty in disentangling the various factors is further noted in Chapter 7. In commenting on them, it should be noted that "nature" is defined as relating to the content and "manner" as being about the form and sensitivity of the explanations. There will also be sections of data that refer to them both and this is vividly illustrated in Wendy's statement above.

Not all explanations that were provided to employees proved to be useful. While Vicky (redeployee, CafeCo) welcomed the comprehensive information, she commented: "*In hindsight they weren't always informative, they were more a lot of talking.*"

FoodCo management was also faced with the challenge of how to structure the timing and content of explanations to achieve accurate understanding, and acceptance. In this instance the manager explained the situation, detailing what was known, acknowledging its incompleteness, and then giving information in a concrete manner which could help gain acceptance.

One manager gave two examples where incomplete explanations caused difficulties. He said that management had been unable to provide complete information in the early stages. The incomplete knowledge of what effects might result could challenge acceptance and contribute to suspicion. He said the lessons learnt were: to provide more information in the earlier stages, to be very precise about what is said, and to be clear about the facts.

He acknowledged the explanations given to receiving store managers were incomplete and inadequate and caused difficulties for some redeployees.

> *We could have done better in the way we had trained or spoken to our stores that our staff were going to. We had senior store management come and speak to the five area managers and said, 'This is what's going to happen.' They were then to communicate that information back to their stores, which didn't perhaps go properly. (Mark, manager, FoodCo)*

In BankCo, William (retrenchee) said that incomplete explanations were given. He demonstrates how both the nature and the manner of explanations can be significant to people's judgements when he said:

> *The thing that was done poorly was the explanation as to why. No emotion, no acknowledgement of how long you've been with the organisation. It was fairly cold and clinical almost.*

In SecurityCo, Herbert (manager) said that the incompleteness of the information received by employees contributed to much anger among them, and suggested that involving senior management in discussing the issues face-to-face with employees and giving explanations might have helped managers to deflect some of the criticisms.

In FoodCo, management was faced with the challenge how to structure the content and timing of explanations. Mark (manager, FoodCo) said they considered whether the explanations contained sufficient, and current, information. He said that complete explanations were provided though more was to come later. The explanations gave what was known and were provided in a concrete fashion, and acknowledged the incompleteness of the information. This contributed to employees' acceptance of the explanations.

Adequacy, combined with sincerity of explanations, was reported in the above discussion of the literature to be important, and this was reflected in this study.

Explanations to supermarket employees were consistent with prevailing social norms about entitlements and were accompanied by guarantees of fairness. Helen (redeployee, FoodCo) said that it was important that managers gave clear and honest ("*up front*")

explanations. Mark (manager) described the explanations given and implied that FoodCo's intentions were to give complete, truthful and clear explanations, saying:

> *Because we weren't sure exactly the dates that it was going to happen, we had several meetings prior to the actual announcement of the store closing. And we let everybody know that one of the decisions to be made was where they were going to be relocated. We explained that no one was going to lose their job. We would maintain the hours they are presently doing or at least their take home wage. We would never reduce their wage. From my point of view that is the first time I ever heard of an industry doing that. And that is also the casuals. I explained to them there would be a relocation process, and we would relocate people as close as possible to home. We asked them to come to myself or the personnel manager in the area that this store is based in, and to talk about any issues that they may have. And that's when we started to realise that transport was an issue.*

Through this consultative process employees were able to inform managers that Adelaide's public transport routes were such that the nearest supermarket was not always the best option and a store further away but easier to access might be preferred.

FoodCo managers' explanations were couched in principled terms, addressed employees' insecurities, were given sincerely, and offered the means to resolve individuals' problems. In so doing they were persuasive, even overcoming potential employee resistance. The explanations were made more persuasive by managers' willingness to make changes on the basis of the new transport information. This demonstrates the interaction of "nature of explanations" with the other fairness factor "representativeness".

When employees are given incomplete or inaccurate explanations they can become suspicious of both the explanations and those who gave them. Earl (redeployee, PaperOrg) said that he and others had been given inaccurate and misleading information. He said:

> *In the first meeting we had with the redeployment people, according to them there was not going to be any people made redundant from the PaperOrg. Then in the second meeting there was a different scenario.*

Explanations could have an unintended effect if they were considered to be suspect. In one organisation they led to disbelief and distrust. In CommOrg, Olive (redeployee) did not believe that a re-organisation or restructure had caused her redundancy, but suspected other reasons. What were seen to be deceptive explanations and the negative outcome confirmed her suspicions and led to management's failure to persuade her otherwise.

'What is known' and 'what is told', and 'when', are significant aspects of the nature of explanations, and present managers with difficult choices, especially in 'the heat of battle'.

Managers may be faced with decisions about how much information they can provide and when: that is, its quantity, quality and the timing of its delivery. The extent to which managers addressed employees' real needs and made personal commitments to assist the employees was observed by employees and influenced their judgements.

Wendy (redeployee, WaterCo), was critical about the senior manager who provided incomplete explanations and failed to respond to queries with answers promised.

Harry (survivor, ServiceOrg) said he and his colleagues had been provided with incomplete information in a way that they thought was designed to make the task easier for the manager providing the explanations. He said staff "*felt that they were being treated as mushrooms*".[1]

Harry said staff were suspicious and recognised deceptive conduct by management which affected their acceptance of the explanations. Staff believed that senior management's claims that political interference was the cause of the downsizing was an excuse not to be believed. Management claimed that the downsizing decision was taken by Government and so no blame was attributable to them, but evidence showed that the Government had chosen from a number of options proposed by the Department. Their deception exacerbated employees' lack of willingness to accept their explanations.

The nature of explanations was important to people's decisions about their futures. Staff were disadvantaged when they were told only part of what management knew, later than management knew it. Harry (survivor, ServiceOrg) was critical because this information could have helped employees decide about future work options, and would have given employees some control over the direction and timing of their reactions to the job loss, such as seeking work when there was less competition for employment.

The manner and timing of explanations can reveal real motives and lack of genuine concern for employees. Jerry (redeployee, OfficeOrg) was critical due to what he saw as a deliberate strategy by management to control people's behaviour and prevent political fall-out. He argued that management did this by providing information strategically (for example, piecemeal and at irregular intervals) and by keeping people "*in suspense*". This approach affected people's lives and was detrimental to their emotional well-being.

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[1] The colloquial expression in full is: "treated like mushrooms", that is "kept in the dark and fed sh--".

There can be suspicion that what management knows and provides by way of explanations might not be the whole truth, even when managers themselves are sincere and well-intentioned. Andrew (survivor, ServiceOrg) said that while management's explanations were not deceptive, he remained suspicious of politicians.

> *To be perfectly honest I never was worried about what was going on because I always feel that our management was pretty up front. The only sticking point at any stage really is the politicians and what they've got in their agendas.*

He said that unlike the politicians, managers made genuine efforts to attend to individuals' felt concerns, and they did not just "*go by the book*". One implication is that employee judgements of events as fair or unfair are not a full account of those events: sometimes, what is judged are the actions by 'particular others', whether managers, politicians, or others with some responsibility for the events, and the actions of some may be judged fair while others' are not.

In the case of SecurityCo, Victor (redeployee) said the time taken for the Government-initiated Review was a problem, and people suspected the Review was called to justify a decision that the Government had already made. The findings of the Review and subsequent outcomes for them confirmed their suspicions.

This is in strong contrast to the experience of redeployees in this SecurityCo case. Cameron (redeployee) said that in his regional team there had been a culture of forthrightness, truthfulness and accuracy about explanations for changes. He said that his supervisor was the union delegate and he gave his team complete and accurate information. He said

> *He wasn't pulling the wool over our eyes saying, 'No nothing's happening.' and give you a false sense of security or whatever. He used to say that 'We're screwed, it's going to happen and just be ready for it' and so we just kept working. I knew he'd be right because he'd been there for years. As for the hierarchy in general, the government, who actually made the decisions to close us down, no they didn't tell us nothing.*

In this example, the supervisor's explanations were more believable because they reflected the usual way that information was shared. It also illustrates that employees may expect that if management knows something, that information should be shared with or explained to employees (in so far as is responsibly possible) even if the information is negative.

In SecurityCo, the irregular release of the information and people's high level of commitment to the organisation led to angry responses when the decision to sell the organisation was announced. Herbert (manager, SecurityCo) said:

> *The people I spoke to said, 'We haven't heard anything about this for eighteen months. We knew something was going on but we weren't exactly sure what.' So when the decision was actually taken there were some people who were very, very angry, because they were passionate about the place.*

Sometimes, explanations were judged by the manager's subsequent actions, notably those given by a previous CEO who, according to employees, apparently must have had prior knowledge (or 'inside information') which he used for his personal benefit, as he "*announc[ed] that he was leaving; he just knew and just looked after his own nest*".

In the bank case, Frank (retrenchee, BankCo) said that senior management gave inaccurate, untrue and deceptive explanations:

> *They said they were going to remove a layer of management and we were never told what layer of management it was, but we assumed what it was going to be. We were also told that it would not affect people who had a customer contact position. Now that was an outright lie.*

In this case the deceptive nature of the explanation resulted in suspicion and doubt:

> *Cost cutting is cost cutting, to improve the bottom line. Well we were never told but we thought, just in discussions amongst ourselves, that they were clearing the decks for a merger discussion with somebody or other. It still might happen because these things happen slowly. There is in the press recently that they are having discussions with another company again. I still feel there is something behind it.*

This example illustrates how incomplete explanations can contribute to rumours that may later be difficult to dispel even after other explanations or information are supplied that may support the earlier explanations.

Oliver (retrenchee, BankCo) said the explanations given by senior management were deceitful in that they contradicted explanations of a week or two earlier. It seemed that the managers lacked the courage to provide a full explanation or at least to defer any explanation until after the imminent announcement was made.

Managers will be placed in situations where rules may be of little assistance and will be forced to rely on their personal moral perspective to operate. In the examples above, action based on an accepted workplace principle might have helped make the nature of these

explanations more convincing to employees. However, from the point of view of our discussion, an equally important point is the way that here problems with the content of explanations were tied to lack of consistency.

This leads us to discussion of the first of two themes that emerged from the data of this study, and which go a little beyond previous studies.

The Complementary Relationship of the Nature of Explanations with Other Fairness Factors

As we observed earlier, a theme identifiable from the study is that the significance to fairness of the nature of explanations is emphasised when considered with other fairness factors. This was evident in examples of both inadequate and adequate explanations.

To illustrate, Herbert (manager, SecurityCo) blamed the previous SecurityCo CEO and the union, the former for not passing information onto his/her colleagues and staff, and the latter for not passing information to members. While acknowledging that there was secrecy surrounding the Review, he said the CEO was involved in the it and yet did not pass information to SecurityCo staff. He said,

> *Up until the time of the Cabinet decision there was no information provided about basically what was going on and why, and what recommendations were going to be made.*

Ultimately the explanations that were given were doubted, and this was partly attributable to inadequate efforts along the way to explain what was happening, and the bad timing of the announcement. Consultation with employees might have been able to improve the content of explanations.

Victor (redeployee, SecurityCo) said that while the Government's reasons for closing the organisation were eventually put fairly clearly, the reasons were in dispute and were inconsistent with what employees believed was necessary. He said:

> *For eighty years we were seen as the watchdog for the industry then we were told there was no need for a watchdog, the government didn't require it, self regulation was the way it was going to be.*

Their belief in the necessity for, and importance of, their continued role could be said to have been fostered by the Government's previous long-term support. And whilst acknowledging there had been some problems, they believed the need for their role had been further proven by their hard work and recent results: "*there was a lot of anger because there*

was a feeling that we had turned it around and that we'd done a hell of a lot of hard work for nothing".

If management had entered into discussion with the employees about the reasons, perhaps the subsequent explanations may have been more persuasive and employees' levels of personal outrage reduced.

This approach and its success was illustrated more positively in a FoodCo example. Here adequate explanations were given. Glenda (redeployee, FoodCo) said the employees met in the manager's office and were given clear and complete information. She said that for twenty-five years she had heard stories of an intended renovation of the store but this time it was definitely happening and, due to the presence of asbestos the store would have to be closed for the renovations. Management deflected responsibility for the disruption to employees' lives by explaining the health-related implications. Lily (redeployee, FoodCo) said that complete information was given to the redeployees about why there were changes and what would happen to them. She said:

> *They said the store was in great need of an upgrade, it was worthwhile spending the money to do it up and attract more customers into the store and because the city is becoming so residential. They said no one would lose their jobs; people would be transferred out to supermarkets in the suburbs and closest to where they live. That everyone was safe in their jobs.*

In this case, the reasons 'made sense' and management made the effort to interact with employees to ensure that the subsequent explanations would be acceptable. That everyone's jobs were guaranteed to be safe was a key point which directly addressed employees' main concern and was influential in people's fairness judgements.

The Importance of Managers Seeing the Decisions from Employees' Perspectives

A second point to emerge was the importance of monitoring and addressing the effects of the explanations given. The importance for managers to follow up was demonstrated when Lily (redeployee, FoodCo) said that when redeployees went to the new FoodCo stores, existing staff were critical that the redeployees had taken work from them. She said that the store manager then ensured accurate explanations were sent to all staff to inform them that it was not the redeployees' fault. She said:

[W]e had probably 5 or 6 staff that went out there and they said other staff that were currently there were having a go at them saying 'Our hours have been cut because you've come into the store' but then the staff in the supermarkets were told that they were not to say anything to store staff as it wasn't their fault.

In this case, the question is how and whether it was reasonable to expect management to have provided information to everyone, including existing staff in suburban supermarkets, to prevent such incidents. There may be situations which are not able to be predicted and which can only be addressed after they occur. Monitoring the effects of explanations can allow them to be amplified, or other action taken, with possible remediation of perceptions of unfairness. Explanations are not just a 'one-off' event.

The boundedness of managerial autonomy in the public sector limited the explanations that managers could give. These were difficult situations for all involved in the public sector changes. Senior management and managers at other levels were faced with the realisation that, given the nature of political decision-making, they had limited control of the future. So, given it was likely that mistakes would occur, they became risk-averse. Errors of omission were seen to be preferable to errors of commission. Interviewees accordingly were regularly critical of incomplete explanations, changing explanations, and ever-changing dates for coming actions. Management was often in a difficult situation where they did not have the needed information.

Managers were faced with having to maintain productivity and keep employees motivated. This was also a challenge to employees who were previously committed to their job. It was not possible to provide an overall plan for what was to happen when there was neither a clear objective nor the means to achieve it. Providing too much information might cause rumours and unsettle the employees, and when the situation inevitably changed and a further explanation was provided, earlier explanations were seen to be inaccurate, inconsistent and incomplete because those explanations didn't contain the current information or views. Employees distrusted managers because they were suspected of having known the current information at the time of the earlier explanations; management were suspected of choosing to release information in some planned way that would disadvantage the employees. Employees experienced stress, wasting time in seemingly endlessly repetitive 'Groundhog Days' enduring misleading and unreliable explanations, while missing opportunities to compete for work. And each new day of changed explanations seemed to vindicate their suspicions of management's manipulation of the situation.

There is a close relationship between the nature and manner of explanations in people's judgements of fairness. By providing comprehensive explanations in a sensitive fashion, managers are addressing the importance of both fairness factors simultaneously. There were examples of this in FoodCo and WaterCo. Management's efforts to be fair were obvious in ServiceOrg and WaterCo where they tried to keep employees informed in a timely fashion. There was subsequently less suspicion, more trust, and a willingness to give management the benefit of the doubt and even to blame the politicians instead. In contrast, at SecurityCo the frequently inadequate explanations and consultation were judged by employees to be disrespectful and insensitive to their individual needs. Management's efforts to be fair were less obvious; employees were suspicious of the lack of information, the unreliability of the information actually received, and the motives of management. Management was distrusted for the changing content and incompleteness of what was seen as purposely deceptive explanations, and for poorly conducted and secretive processes. Results seemed to vindicate employee distrust, whereas open and honest explanations could have increased understanding of the reasons and served to ameliorate the negative outcomes and reactions.

The believability of the content of the explanations was influenced by whether employees agreed with the philosophies they believed were behind the decisions, reflecting research findings discussed in Chapter 4.

Manner of Explanations

The manner of explanations is about the form of the explanation and the sensitivity it displays. We will consider these aspects separately. As identified in the literature, its positive dimension includes treating people in a considerate way, thoughtfully, honestly, kindly and politely, with sympathy for their position and expressing sorrow for their situation and apologising that the action has happened.

We will discuss the results under these headings and then reflect on the influences of personal, employment and general circumstances, and also provide examples of the influence of other fairness factors in people's judgements about the relevance of the manner of explanations.

As noted above, there is a close theoretical relationship between the nature and manner of explanations and this closeness causes difficulties in making distinctions between the two in real situations. For example, while adequacy and sincerity are important theoretical qualities of the content and quality of the nature of explanations especially in seeing things

from the employees' perspective, so are honesty and sympathy to the manner of explanations. In this respect, the literature has not adequately dealt with the issue of process.

The Form of Explanations

Explanations might be given in a number of ways: confidentially or publicly, privately, face-to-face or in small groups or meetings, in writing or electronically by email and by telephone. They can be given informally by a colleague, or formally by the supervisor, or another supervisor who deputises for a supervisor.

The form of the explanation and demonstrating sensitivity to affected people's needs, for example providing respectful interpersonal treatment, has been associated with effects on people's fairness judgements (Tyler 1989). As discussed later in this section and elsewhere, the context and the individuals may also be influential.

In this study, there were some cases where people were advised in groups. Group communication and explanation is useful, not only for giving people information but also for letting them see that others are receiving the same information. Cowan (manager, ServiceOrg) gave four examples of how he advised people in groups that there were insufficient jobs. In three examples he found people willing to volunteer for redundancy. In the fourth example, there was a large-scale reduction of about two hundred jobs because the Government had decided to privatise three-quarters of its maintenance services. While many took redundancies voluntarily, many others decided to apply for the few remaining positions. They were advised together in groups about what jobs were available and the selection process that would be used. There were no negative comments that indicated perceptions of unfairness about this group approach to giving explanations.

Insufficient regard for the details of people's real needs and interests was demonstrated in the situation of Wendy (redeployee, WaterCo) and colleagues who were told in a large meeting that the organisation would be privatised and were then given an inadequate form to express their preferences for future employment or redeployment. This action was a failure in a communication process due to matters other than the form of communication. It arose from a failure to recognise the need to attend to the wider details of people's needs and of the situation.

In SecurityCo, there were three group meetings to announce the future of the organisation and the next steps. The first was for the employees' union representatives with senior management held early in the morning and at which they were told that SecurityCo was

being closed. Then a meeting of managers and supervisors was held. These were followed by a meeting of all staff. While the meetings may have been appropriate to the circumstances, the history of communication failures and mismanagement led to negative judgements about the meetings.

One difficulty of large group information sessions can be the difficulty in clarification, checking that information is needed, determining the nature and extent of the information required, and providing it in terms that are comprehensible to all. Cameron (redeployee, SecurityCo) said that the explanation about the future of the organisation given in a big meeting was a "*bit of a blur*" and "*very abrupt*". He reported, "*They didn't give us much time, they just said 'As from this date we're going to be shut'.*" However, there does not seem to be a problem with group meetings in principle.

In FoodCo, key staff were informed in group meetings about the immediate future of the store and the expected effects on employees' jobs. They each then met with their employees, also in group meetings, and advised them orally. Employees were also advised soon after by letter.

In one case (PaperOrg), it might have been thought that the group meeting was less problematic, but it is not clear whether the manner of explanation in that respect had any effect: the extent of what was said seems to have been more important. Earl (redeployee) said that the explanation about who was successful and unsuccessful in securing one of the remaining jobs was given

> *in a meeting of all the thirty to forty people who had been interviewed for the twelve jobs and in front of the people that interviewed us. They just read out a list of people that won the jobs and then they said if you didn't get one of these jobs you'd be redeployed.*

He said that he and others felt shocked by the news and "*sick in the stomach about what's going to happen for the next 19-odd years of your career*". But the way in which he was told did not cause him concern. He "*wasn't happy to hear it from anyone but it didn't matter*" because he felt that "*bad news is bad news*" however it is communicated; and "*we had to find out somehow. Nothing was going to ease the pain or the shock or anything, it didn't matter which way they told you.*"

It is notable in the PaperOrg example above, that Earl did not complain of unfairness in the process used, as the literature would predict (Bies & Moag 1986; Greenberg 1990; Tyler & Bies 1990).

Explanations were most often given face-to-face rather than over the telephone or by letter. These face-to-face explanations were given individually, in small groups or in meetings.

FoodCo's redeployment policies say that all affected employees should receive a personal interview. Lily (manager) said that in consulting with affected staff about where they would be redeployed, she spoke to them personally, sometimes face-to-face and sometimes over the phone depending whether they were part-time or casual employees. She said:

> *[O]ne by one I spoke to every staff member in the space of about two or three weeks. I spoke face-to-face with probably half. I was on the phone constantly ringing other staff, especially casuals. I spoke to a lot of the casuals over the phone but all the daytime staff, the part timers and the full timers, were all spoken to personally.*

Here, it is worth noting once again the relevance of the context and the situation. The manner in which explanations are given may have different effects between situations due to different people's expectations. They may differ, and where a manager may follow procedures without being aware of other factors such as the affected people's needs and wishes, this may lead to dissatisfaction with both the results and the process, and ultimately to judgements of unfairness. In BankCo, two employees were told the already anticipated news face-to-face by their manager who travelled interstate to deliver the news. The employees were told individually and face-to-face because the Bank's policy required this to be done. Another employee was requested to travel interstate to hear his news. While he was told face-to-face, he was interstate, separated from his support network, and 'in suspense' for five days.

There were different perceptions of the treatment received by this employee which reflect the egocentric nature of perceptions of fairness. In contrast to the anxiety indicated above by the victim, Sam (survivor, BankCo), a manager who was not retrenched, observed that the retrenched manager had been treated respectfully. He said:

> *From an outsider looking in I think he was treated with respect which is the least you should ask of any employer. He was flown to Melbourne. He had a financial markets background and while he was over in Melbourne for a day he could catch up with all the people there that he wanted to. The two chaps that provided the news to him had known him for a long time.*

Their accounts clearly demonstrate the different perspectives of the survivor and victim. Managers may judge that difficult circumstances prevent them from treating employees with the consideration and respect they seek. It might be unreasonable to expect that employers

will be aware of employees' personal issues that might be relevant to the timing of the explanations. However, it seems important, as we have discussed earlier, for managers to communicate sensitively with employees about matters that are important to an employee. We also noted that such empathy for employee needs is important for both the nature and manner of explanations, but in many cases it is not quite clear what this requires in practice.

We earlier discussed the case where the manager at CommOrg reported that he had adhered carefully to the procedural requirements in his face-to-face dealings with the employee. The employee, however, said that his behaviour was most ill-considered and unfeeling and added emphatically that it lacked human kindness. He had failed to recognise her wish to express what was important to her, and to know that she had been understood, and that her views had been treated seriously. His treatment of her was not empathetic, even though his adherence to procedure may have given him comfort that he had done all that could be expected.

The literature talks of the importance to fairness judgements of expressing regret for the effects of decisions and actions on people, and sorrow for their situation. In this particular case, it may have been inappropriate for the manager to express sorrow if it would have been insincere. However, some managers may decide that a 'degree of insincerity', otherwise called 'tact', where the sorrow is not truly felt may be justified in the circumstances.

Is there any general effect — either from face-to-face or other means — of giving explanations? Some of the examples in this study suggest there is not. Jerry (redeployee, OfficeOrg) said he received his advice only in a letter that was impersonal but that he came to expect this from a large government department. He said:

> *The letter that I was given was the same content that went to everybody. I was not spoken to personally. Being in the government, I'm used to rather bureaucratic methods of informing people, so I wasn't too surprised really about this. It was impersonal yes, but you know large government tends to be a little bit impersonal.*

In ServiceOrg, management was faced with advising about 150 employees of the outcomes of their applications for the remaining jobs. They eventually told employees with a mixture of written and telephone methods, notwithstanding their genuine preferences for the face-to-face method. Circumstances dictated the means to use. But the effects do not seem to have depended on the means used.

Yves (manager, ServiceOrg) said that it was a logistical challenge and too difficult to advise 150 employees at about the same time. They wished to inform them simultaneously so that the effects of bad news would not be compounded by hearing it later than others, particularly from someone else who may have been successful. The managers said they would have preferred to do it face-to-face because of their long-standing relationships with their co-workers. They considered it more respectful and dignified. Yves said:

> *I had worked with them for a long time and if they had questions I could have answered them there and then. It would have been more efficient and more personable. People like to hear good new or bad news personally rather than getting a letter or hearing over the phone. It's just natural that people like to hear things face-to-face.*

But the extent of the effect this actually would have had is hard to say. It was decided to notify applicants by formal letter of the outcome of their interview. A courier firm was to deliver all the letters at about the same time, as had been agreed with unions and other workers' representatives. Yves reported that the courier firm delivered some letters but not all: "*One of the couriers decided that he didn't have time to do the rest that night.*" He continued:

> *We had people ringing us that, 'We haven't got the letter. You promised it was going to be here today. So we had to ring everybody, because we didn't know who had got them and who hadn't, to tell them over the phone that they had a job or didn't have a job. It was a difficult thing to do.*

The managers were not able at short notice to discover who had or had not received their letter. So the managers shared the task and rang about twenty-five staff members each to advise them of the result of the interviews. Yves (redundancy, ServiceOrg) said:

> *Of the twenty five people that I had to phone there were six who hadn't got their letters. And basically the six that didn't get the letters were six who didn't get the jobs. I actually had to tell them over the phone.*

Perhaps the crucial point was not whether news was conveyed face-to-face or otherwise, but that these managers had a genuine concern for employees, as their efforts suggest. The managers demonstrated their concern for the needs of the employee and articulated the importance to the employee of the opportunity to express their point of view and even vent their feelings.

The letters to those who were unsuccessful in applying for jobs invited them to make contact for an appointment to discuss the result and their future with Cowan (manager, ServiceOrg) who reported that "*the majority did come back and talk to me about it*".

Henry (manager, ServiceOrg) said that he found it very stressful to tell people over the phone and would have preferred to do it face-to-face, but expressed his belief that no one approach would suit everyone. He said:

> *I did this at home and you know, I had people crying, I had people laughing. I had women on the phone abusing me that their husband didn't get a job. So in the end my wife said to me, 'Look don't do it like that any more; you're putting yourself under too much stress' She said 'Ring one that got a job. People didn't see how it affected people like us or the CEO who had to make the decisions.*

Yves said that the planned approach would have worked if the courier firm had delivered the letters as promised, but that he personally thought that the effect of missing a job "*was going to be there regardless of which way we did it*".

Oliver (retrenchee, BankCo) was also told by his supervisor over the phone which he found unsuitable. Brendan (retrenchee, BankCo) was critical of the way Oliver was dealt with and advised of his retrenchment. In Oliver's eyes the offensiveness of this approach was compounded when he was asked to keep it quiet for three days and then was told that another manager, not his supervisor, would visit to speak with him face-to-face to carry out the formalities required by the bank. Earlier research has shown that when a supervisor does not meet with the employee in these circumstances it is taken to show a lack of respect for the employee. Oliver's response confirms that research. He said:

> *I think I was the only one that was told over the phone. The rest were told face-to-face by their immediate manager. My boss is based in Sydney. He saw fit to ring me up and say he had something to tell me and wanted me to take it on board confidentially and not tell anyone until he said it was okay. So you know, being the good soldier that I was, so I said 'Yeah, not a problem,' and then he dropped it on me. I said 'Well I'm going to have to tell my wife.' But I didn't tell anyone else for 3 days, because he wanted me to go two days later to see someone else's boss who was coming over. I said, 'Well, he can't tell me anything that you haven't already told me.' He said 'Well you've got to receive your made-up redundancy kits and stuff.' And I said, 'I have no desire to speak with him. If you couldn't get your arse on a plane and come over and talk to me.' He said 'But he's doing it for 3 people.' And I said 'I don't care about numbers. He's not my boss, you are.' I told him a few home truths, and you know, it ended up getting back. The Human Resource people were the ones that I got the redundancy kit from and they agreed that it was very poorly handled.*

We have seen that the form of explanations can be influential to people's fairness judgements, but not that it in any way can be reduced to a neat, general formula. Not all employees see or react to the same experiences alike. The application of formal procedures, however efficiently performed, can lead to failure if the details of factors that may be influential are ignored, especially where the interests of employees are not considered.

Sensitivity of Explanations

The second aspect of the manner of communications is the sensitivity shown in making the explanations. What this requires in practice is affected by context, including individuals' circumstances and expectations, and we have noted already that for managers to influence peoples' perceptions of fairness they need to engage with employees' perceptions and concerns.

We noted that the theoretical distinctions between the nature and manner of explanations are less clear in practice. In a like way the form and the sensitivity of explanations are often fellow travellers, as we will note in the following discussion.

The earlier discussion of fairness factors covered the importance of the conduct of managers in both the interpersonal treatment provided and the proper enactment of procedures. The point was made that to those affected, the process was more than the mere application of rules.

There were examples where explanations were given, seemingly with only procedural considerations in mind, and the employees affected expressed their dissatisfaction. William (retrenchee, BankCo) described how he was told:

> *A senior manager gave the actual advice accompanied by a chap from HR. They try to make you feel sorry for them by saying, 'This is going to be a lot harder for me than you but positions at your level have been made redundant. And unfortunately we don't have another job for you.' And so he hands over the envelope and there were about ten pages in there and you quickly flick through to find the one with the numbers on it. So you eventually find that and there are various other forms and the HR guy's saying, 'We need this form back by that date.' And your head is spinning a bit. And this only lasts about five minutes but no longer than ten that's for sure. I was sort of dumbfounded I suppose, a bit shell-shocked.*

Evan (survivor, BankCo) said explanations were given "*by the book*". Steven (retrenchee, BankCo) said the lack of apology or expression of sympathy is a bank policy

where the bank schools managers not to apologise or to be seen to disagree with the bank's decisions. While legal and in line with company policy, it failed to show sensitivity to the individuals affected, who were disenchanted as a result. This is a recurring theme, the importance of treating employees as individuals with different needs and circumstances and communicating with them sensitively beyond the 'mere' application of procedures.

Frank (retrenchee, BankCo) said that he and the manager who were giving him the bad news felt sorry for each other but the manager was inept in the way he conducted the interview. He said:

> *I felt sorry for him because I don't think he's a real people person anyway and he had trouble. I suppose I felt sorry for him and he felt sorry for me. He had a script that he had to read out which I thought could have been done better.*

Fellow BankCo retrenchee, Frank said that he was accorded no expression of sympathy or apology by the managers. He said:

> *No-one said sorry. They were a bit cold and unemotional. You get any support from the people who are sitting next to you. And the person that I was closest to at work was a colleague and we both went at the same time. So any emotional support we got from each other.*

William, likewise, said that the manner in which he was told was dispassionate and did not allow for discussion. He said;

> *They just said, 'We've made this decision.' And that was it. There wasn't an open forum for discussion. The explanation was a little bit vague. It's as though he wanted to gush it out as quickly as he could and move on. The poor bugger probably did feel awkward about it, coming around and telling people that their jobs weren't there anymore.*

Evan expressed sympathy for the managers' difficult task:

> *How can you say to somebody, you're not redundant but you are redundant? In other words, don't get upset but you are, but don't get disappointed. People's circumstances are the way they are.*

There were other examples where the explanations were given with consideration for employees' needs as well as adhering to policies for implementing redundancies.

Yves (redundancy, ServiceOrg) demonstrated how he informed employees of the results of their interviews, telling the unsuccessful ones they could discuss it face-to-face on the following Monday because

> *[i]t's not the sort of thing I like to talk about over the phone. There was nothing that I could say to them to make them feel better. There is nothing worse than someone saying, 'You just missed out.'*

The successful ones were congratulated and advised that they could find it awkward on the next day of work because many other employees would have been advised they were unsuccessful. They were offered counselling about how to deal with the situation.

The importance of showing concern for people's needs in explanations showed out in the research on fairness factors and downsizing and was observed in this study as the following examples demonstrate.

Janet (manager, FoodCo) recognised that people's being reassured that their jobs were secure was important. Lily (manager, FoodCo) agreed, saying "*they really made a point of saying that you were going to be secure in your job.*" But she added that redeployees were not always convinced. She said:

> *[S]till after reassuring staff that their jobs were safe, you saw people talking how they were going to lose their jobs, even after we told them they still thought they were going to lose their jobs.*

She implied that time was needed for employees to see that the guarantees were in fact reliable.

In the bank case, Kenny (retrenchee, BankCo) said the bank should have been more sympathetic and attentive to their needs, and shown "*a little bit more caring and sharing attitude towards the individual rather than just say, 'Well here's your money, you should be happy with that, now piss off'.*"

Neale a survivor at manager level (ServiceOrg) discussed his views of why people should be treated with consideration. He said that many staff had few other employment options; many had young families, mortgages and other commitments; and most had been there a long time and given good service. He said that he and other managers wanted to provide the services that staff would need to help them get "*employment ready*" and to make decisions what to do next.

Vicky (redeployee, CafeCo) said that her manager convinced her that he was caring and sympathetic by his body language and cheerful personality. He "*came across like he cared. He gave explanations as best he could. I think he appreciated what stress they were under.*"

Employees at SecurityCo felt that they were treated disrespectfully and that their needs to make practical arrangements were also not considered by the CEO instructing them to leave their vans there that day. The directive effectively told them that management did not trust them not to steal government assets.

In contrast, in the FoodCo case Glenda (redeployee) said that the store manager was considerate of employees' needs by explaining things clearly, "*in layman terms so that we could understand everything.*"

But for William (retrenchee, BankCo) the explanation for the retrenchment was vague and should have at least said that:

> *We are looking at cutting costs and rightly or wrongly the decision has been made that people in these positions are redundant, And we don't have anything else for you, and the package is in terms of the award.*

In ServiceOrg there were examples of management's lack of empathy. Harry (survivor ServiceOrg) said:

> *I suppose you could say they didn't express regret but the phrase was 'it wasn't our decision, it's government's decision and if we want to survive we have to do it.' That was the sort of thing that was said at each meeting where someone was disgruntled. It's not our choice. So shift the blame. It's not our fault.*

William (retrenchee, BankCo) said the manager ironically sought sympathy from the victim for the tough job he had in telling the employee of his retrenchment saying this "*is going to be a lot harder for me than you*".

Of course, managers may find it difficult to empathise with employees. Cowan (manager, ServiceOrg) admitted it was not possible to know how the redundant workers felt. However, perhaps because he understood the importance of the point, he seems to have been one who was best at it. He said:

> *I've said to some, 'I don't know how you feel because I'm not in that position.' I don't think half of them knew how they were going to feel even though they knew they didn't have a job. I might think I know, and I try to put myself in their position, but until it actually happens to you, even at my level, I don't think you are really going to know.*

In some situations management's inadequate efforts to empathise were counterproductive and. if anything. made employees more dissatisfied. At SecurityCo managers said "*Oh we know how you feel*" but Wally (redeployee) said that this was a "*stupid*

thing to say" and he thought the managers had "*no idea how we feel*" and in fact were instrumental in the decisions that led to the closure and their subsequent redundancies.

Frank (retrenchee, BankCo) was critical that he was advised by someone with whom he had little association, and who was not his supervisor, and who did not relate to him personally. He said:

> *I'd only met him two or three times before. I know all the manuals say it's got to be dispassionate and don't get into a debate about it and all those sort of things, but personally after thirty five years I would have liked it to be a little bit more personal.*

This is also an example where a retrenched employee has articulated dissatisfaction with a manager implementing a decision "*by the book*" and not taking into account the needs of the individual, in this case the need to discuss the reasons for the decision and to express his point of view, regardless of the matter being a *fait accompli.*

William (retrenchee, BankCo) said that he was treated impersonally and inconsiderately. He said:

> *The thing that was done poorly was the explanation as to why. No emotion, no acknowledgement of how long you've been with the organisation. It was fairly cold and clinical.*

In some cases, the longstanding nature of the relationships with managers may have helped positively influence employees' fairness judgements. Cowan (manager, ServiceOrg) said the process was helped because people trusted him because "*I've always been up front with people and it's not something that happens over night, you need to build that up.*"

Here we may note that a key factor in employees' perceptions about whether they are being treated fairly may be whether managers are concerned about fairness. Cowan explained his beliefs that lay behind his approach:

> *At the end of the day I would still like to have a productive citizen out there with the ability, after they have gone through this trauma, to be productive for this State, and in a job out there in some capacity. I don't want to just get rid of these people, traumatize them and they end up either on the dole or their self esteem is absolutely shattered. That is not good for this state. I don't want their family unit to break down; the impact that is going to have on their family unit is devastating. It's not just one person; the whole family is affected by it. If you break the family unit up, that keeps breaking up and that's the down side of society. We have to think through what we are doing. While on one hand we are making a productive business that is cost effective, we've got to watch that we don't affect the rest of the state too by putting all these people out there with a negative approach, saying 'Bugger it, I'm going to screw the government as much as I can.' When they are out there they are going to be positive and productive and try and be a good citizen and try and get a job. Keep their self esteem up. Support their family and not break the family up.*

The appropriateness and effectiveness of his approach may be reflected in the success of his actions. His approach was also affected by the history and culture of the organisation and his relationships with the employees. By considering the needs of his employees as well as what was the effective approach to take for the organisation, he achieved an accurate understanding of the situation and an ethical resolution of a complex and difficult situation.

Other managers' comments demonstrate that Cowan's leadership contributed to a fairer workplace and influenced an empathetic approach to working with and motivating employees. Henry commented on Cowan's identification with the workers saying,

> *If Cowan had more time, he'd love to go out in the van and be with them for a day or so here and there, just to be with them, but he hasn't got the time, you know. I feel real encouragement now from management than there used to be.*

He said,

> *We keep a fairly open attitude with all the guys; treat them like we're all equal. The boss/worker relationship has gone. We say 'Hey look, thanks for doing a great job'. And I believe by doing this, the guys will do better again next time.*

Yves (manager, ServiceOrg) said that being "*up front and honest*" when giving the news to the unsuccessful candidates for the few remaining jobs was essential: "*I just think that people don't like to be taken as mugs.*" He said while this was appreciated by most workers, some others remained "*very angry men*" and were still bitter some years later. He said this is because they lost their careers, implying that it was not due to the way the

explanations were given. He explained how he recognised the unfairness of the circumstances where people were unsuccessful applicants for the remaining jobs and became redeployees.

> *Because we only had two positions and they were maybe the third or fourth in line. But they are good operators. I was actually sad that these people had to be redeployees, because as I said, I hand picked most of them.*

He provided good referee comments to prospective employers:

> *The first thing I would say was that 'It's not that they are lazy but it's just that they weren't quite as good as the two we decided to keep.' I found that being honest with the potential employer paid dividends.*

This is representative of the supportive culture that was developed at the time of the changes.

In all these cases, there were positive effects from managers trying to understand employees' needs, or negative effects from them failing to do so. However, that is only one aspect of the importance of individuals' circumstances. Throughout the study, there were examples of the influence of personal and employment circumstances on individuals' fairness judgements.

In FoodCo, redeployees were guaranteed that their employment would continue, which enabled them to each focus their concerns on their destination and its impact on their needs. In ServiceOrg, many staff had few other employment options; many had young families, mortgages and other commitments, and most had been there a long time and given good service. These personal circumstances would impact on their fairness judgements.

Similarly, their respective employment circumstances were influential in their judgements of the fairness of the manner of explanations. For example, in some circumstances advising employees in groups of the decision to downsize was acceptable. However the decisions about which jobs were redundant or which employees were unsuccessful in their applications for a remaining job were sometimes also given in groups. In PaperOrg, the employee didn't mind. In all other cases employees were told privately.

Lack of timeliness in providing formal advice meant that employees in BankCo already knew before being formally advised. It was one aspect of a flawed approach. Other employment-related circumstances were BankCo management's incompetence in the way they hurriedly gave the approved explanations, practically 'reading from a script', and avoided expressions of regret to avoid legal implications. These practices negatively affected people's fairness judgements. There were similar examples in CommOrg, and these

contrasted with the comprehensive efforts at ServiceOrg and FoodCo which resulted in positive fairness judgements.

In regard to the interplay of other factors with the manner of explanations, there were numerous examples where the nature of explanations interacted: for example, the inadequate questionnaire in WaterCo; the announcement at PaperOrg in the larger group thus providing no protection of privacy, in contrast to ServiceOrg efforts to ensure all employees were advised with time to consider their next moves before returning to work; and in BankCo where in once instance the employee was told over the phone and even told to keep it secret. The SecurityCo employees' previous bad experiences of management's approach to downsizing, including inadequate consultation, resulted in suspicion of the reasons given and the manner of explanations provided no better news.

Ethicality

'Ethicality' means that members of society are expected to act in accordance with accepted laws, policy and standards and with accepted ethical values. In this context, "members of society" include organisations who, in relation to involuntary job loss, are expected to make arrangements such as providing appropriate financial support and separation payments, and to provide transitional assistance not only in accordance with what the law requires but also with what is seen to be reasonable by community expectations whether or not required by law.

We will note that this study generally supports the findings of the empirical literature that judgements of fairness do not rely solely on outcomes such as high payments but that people make more complicated judgements that include consideration of the fairness of the procedures experienced and such judgements are influenced by the context of their individual circumstances.

In this study we note that even a generous payment did not preclude recipients making observations about the unfairness of procedural aspects, although the extent of their comments was influenced by their personal circumstances. This was reflected in the case of many of the bank's retrenched employees. In these instances people's judgements of fairness were affected by some things, but their level of arousal was affected by other things. Thus while most retrenched bank employees were unhappy about the manner in which they were retrenched and disagreed with the reasons given, they were satisfied with generous payments,

and importantly their overall experience of working at the bank was sufficient to overcome their feeling of dissatisfaction. Many said that they would work for the bank again.

First we will consider how this study confirmed the empirical literature. We shall examine people's views about the fairness of the financial support and transitional assistance that they received, and note the effects of multiple influences including individual circumstances and employment situations. We will examine these things under the following headings: 'Private Sector Retrenchment', 'Public Sector Redundancy', 'Private Sector Redeployment', and 'Public Sector Redeployment'. First, however, it is appropriate to add a little more about the idea of 'ethicality'.

Ethicality in this study refers to the nature of the provision of 'packages' comprising varying combinations of separation payments, financial support and transitional assistance in the contexts of retrenchment and voluntary redundancy.

In regard to retrenchment and voluntary redundancy, in most cases employees were satisfied with the level of separation payments and transitional assistance provided. In effect, the benefits provided were seen to meet the test of fairness by meeting legal requirements and community expectations, in some cases generously exceeding them. Most employee judgements were that the levels of benefits were fair in the context of their individual circumstances, and they also judged the suitability of the situation in terms of their degree of choice about electing to take a redundancy package and leaving the public sector or being redeployed within the public service.

Redeployment was offered in the public sector cases and in that of the private sector supermarket. In the public sector, most employees whose jobs were made redundant could choose a package or redeployment. Some public service employees were attracted by the security and attractiveness of continued public sector employment and opted for a redeployment program. Many others preferred the voluntary separation packages (VSPs) because they had arranged other jobs or their own businesses, in effect 'purchasing' their own working future. In conjunction with satisfaction with the level of payments, individual circumstances that influenced public sector employees to leave included: the opportunity to escape boredom; to pay debts and start afresh; to finish work and not "waste time"; to take an aged pension and receive superannuation; and to take up work opportunities that were already available.

In the private sector, bank employees were retrenched with one exception, where a manager was offered redeployment interstate. In the supermarket, employees were offered redeployment only.

Private Sector Retrenchment

Packages that were provided were seen by the bank's retrenched employees and survivors to be generous and fair. The benefits were made more favourable by the bank's policy to offer to pay the severance payment into the employee's superannuation fund, resulting in added tax savings to the employee and increased superannuation benefits later. To one employee the size of the payment was "*the most important thing*" because he now did not have to worry about when his next job would start, and another was able to take a year to find another job without having financial worries.

This supports the literature about the importance of outcomes, and is affected in this case by the generosity of the payment and by people's individual circumstances. One employee's spouse was employed in a well paid job and the couple were debt free. They now received this sizeable benefit, and he was confident of securing other work. Another was nearing retirement age and found the retrenchment benefit to be an unexpected windfall. Another said the package was "*probably the best thing they ever did*" for him but it would not replace the loss of the friendships developed over the years.

Another, when he had been transferred interstate only a few years earlier, had negotiated an agreement that the bank would relocate him home within a certain period and that it would also cover any capital loss he might make on his house purchase. As part of his package he was able to negotiate for these periods to be extended for another year after his departure from the bank.

The HR specialists contracted by the bank advised redeployees of their rights and responsibilities and of the outplacement service entitlements in the form of financial and psychological counselling, outplacement services, job search, job placement, training/retraining, assistance with CVs and interviews. These services were generally introduced to employees when announcements were made about the loss of their jobs. Staff were introduced to representatives from HRM and redeployment services agencies who immediately informed them of their rights and the services available to them.

Due to their different circumstances, employees' judgements differed about whether the provision of this information so soon after losing their jobs informed them usefully. Steven

(retrenchee, BankCo) said it was too soon to be given so much information after being told his job was gone.

Frank (retrenchee, BankCo) said that the usefulness of the outplacement consultancy services varied according to the redeployee and his circumstances yet he could see why it was provided. He said:

> *Ian was delighted. I was less delighted and a bit ambivalent at that stage. Steven was shattered. Oliver walked out of the building fuming. So you had the mix with the whole four of us. You can see why the bank would have these outplacement consultants there.*

William (retrenchee, BankCo) described his situation as follows (demonstrating the individual nature of people's circumstances):

> *The HR guy took me up the other end of the office where there is an outsourcing company guy waiting. And he gave me the funeral handshake, and said 'I'm so sorry to meet you under these circumstances.' I said, 'Don't be sorry, I'm f...n delighted.' At that stage I turned 54 and it was quite attractive. And I guess he's used to dealing with guys earlier than forties and still got children and really need to get another job. And for me it didn't really matter. I'm debt free and fantastic.*

Public Sector Redundancy

There is no provision for compulsory redundancy in the South Australian Public Service. Voluntary redundancy packages typically included financial and psychological counselling at the employer's expense before, during, and after the redundancy process; financial incentives to leave or to join the new business owners; and loss of rights to return to the public sector. As with private sector retrenchment, individuals' circumstances and the details of the redundancies combined to yield a range of responses.

Terry (official, Union B) suggested that a technical/tradesperson, whose type of work has largely ceased in the public service, might find attractive the package and associated transitional assistance to locate ongoing employment in their field outside the service. He suggested that the person might be leaving with a package of about $100,000, which could give them working capital to establish their own business, and a business course offered over six months could helped such persons gain the requisite business acumen. Cowan (manager, ServiceOrg) said of his employees "*about a dozen or so saw that it was an opportunity to*

expand and are quite successfully running their own business". However, he noted that not all businesses were successful.

The particular circumstances in some privatisation cases affected people's judgements whether to accept redundancy. Employees sometimes had the opportunity to transfer to the new owners, perhaps with financial incentives. Cowan (manager, ServiceOrg) said that those who wished to transfer to the new private facilities managers "*were given an incentive payment by the new owners of up to $20,000, which some saw as a bonus, and they still were doing the same type of work with the new organisation*". However, by doing so they lost the opportunity of a Government package and public sector employment conditions.

In other cases a full redundancy package as well as a monetary incentive was offered to transfer to a job with the new employer.

> *They offered a monetary incentive to go with them as well. That's why they got 150 people going. It did make it very attractive for the ones that wanted a package but really didn't want to lose their jobs.*

However in most situations for the majority of the public sector employees interviewed, the package and incentives while considered fair were insufficient to overcome other perceived issues. For example, employees were largely unwilling to transfer to the new owners because of their poor reputation as employers and its poor reputation in the particular industry as service providers. In regard to SecurityCo, Cameron (redeployee) said the new owners "*wanted something like fifteen of our employees, and were very surprised when only four went across*". Notwithstanding that employees would be doing the same work with the same customers, they weren't prepared to work for the new owners

> *because they knew that the standard of work would be significantly less than that which they performed whilst working with (SecurityCo). They've always been considered to be very dodgy, their prices are sky high and some of their work practices weren't the best.*

Here, the employees' attitudes toward outcomes were affected by considerations which seem to have gone beyond their individual interests as ordinarily conceived, but nor were their judgements just an evaluation based on generally accepted standards. Their judgements were more complex than that: they were judging the outcome on evaluative grounds, but not by standard criteria of fairness.

Private Sector Redeployment

In the bank, where staff were retrenched, redeployment was not offered as an alternative, with the exception of one manager who was offered the opportunity to transfer interstate to retain his job, an offer he declined.

The opposite was the case with the supermarket, where redeployment was the only alternative for employees. Redeployees were guaranteed that salary and hours would be maintained for the six months of their compulsory redeployment while waiting for the refurbished store to be reopened. These entitlements were derived from averaging the redeployees' individual hours and salary rates over the previous 13 weeks. A store manager commented that there was general satisfaction with this outcome and with the process used.

Employees' displacement from their jobs was also cushioned by the availability of financial and psychological counselling. Financial counselling was valued by employees given the importance of the decisions they faced, and psychological counselling was also accessed.

As we will see, retaining employment was important to redeployees but the fairness judgements were also influenced by the procedures used.

FoodCo employees were advised of the counselling services available to them, and of the consultation process that would be continued. In relation to training to take up opportunities at the destination stores, Colin (manager) was emphatic that FoodCo "*were going to retrain them no matter what*". FoodCo has a policy of induction and training, and he implied this would be a cornerstone in enabling the redeployment to succeed, particularly because store redeployees, due to the nature of the merchandise of the old FoodCo store, needed more training than employees in the other supermarkets in the company. Janet (manager) said whatever training was required would be paid for by state office and not by the receiving supermarkets.

Post-placement support helped employees overcome the dislocation from jobs. Juliet (redeployee) said the new manager was very helpful, which was important given her personal circumstances, and Glenda (redeployee) said that she found the manager of the store was supportive during the transition and her supervisor to be "*marvellous*". She said "*It's all worked out really good for me. As I said, I've been really lucky. Very lucky.*"

There could be 'halo effect' caused by the supervisors' responses that influenced people's perceptions of the supervisor's fairness or the fairness of the services provided by the

organisation. In the cases above, the employees were obviously impressed by their supervisors. In another case, the personality of the supervisor was seen to be very important to how things worked out. Helen (redeployee, FoodCo) said:

> *I think it's all about personalities. It has nothing to do with the top management, like the store manager. I think it's to do with the personalities of the people who give you the hours... the ones who implement the procedures and policies. The supervisors need to be sympathetic towards the people who have been transferred. Imagine if they had to leave the store that they've been in and had friends, who know the regular customers and then suddenly you have to leave.*

In the case of the supermarket, the redeployment was managed by staff who, while not specifically trained for this function, were experienced managers and had some authority to see the redeployment was implemented satisfactorily. They managed the whole process, from workplace to placement, consulting with the redeployees and managers of the receiving supermarkets before and throughout the process. They were assisted by active support from senior management who implemented policies that would assist. A recruitment 'freeze' across the supermarkets was implemented about two months before the expected closure date to ensure vacancies were available where redeployees could be placed.

This attention to detail was very influential to redeployees' judgements of the fairness of their treatment by their employer, and illustrates the need to manage the details of the individual situation to implement abstract principles.

Public Sector Redeployment

Redeployment was the favoured choice of public sector employees who participated in this study. We earlier noted that redeployment in the South Australian public service included salary maintenance, preference in appointment to vacancies, and financial and psychological counselling.

Some public sector redeployees judged it to be fair that their salary level would be maintained indefinitely in redeployment, given they were not there by choice or from their own actions. Astrid (redeployee, SoilOrg) emphasised the point saying:

> *They don't realise that we haven't chosen to be here. We would've preferred to be in our jobs. How lucky they are to be in a job that they find challenging, in a happy working environment and where they are appreciated.*

The timing of the provision of information and advice was, in some cases, questioned by public sector workers, as it was by their private sector counterparts. The information they wanted was about their futures and they found it difficult to concentrate on all the other information until their futures were clarified. For example in the SecurityCo case, while employees were informed that the business was being sold, and of the options and services available to them, management was not clear about the implications for the immediate options of each of the employees. Herbert (manager, SecurityCo) said, "*All I want to know is what is happening with me. If you could tell me what's happening with me I would be a lot happier.*" Brenda (redeployee, SecurityCo) added that being told that her job was redundant and then immediately told about her options was even too much information too soon, when she was too upset and angry to take it in properly.

Post Placement Support

The quality of the public sector post-placement support, including assistance with permanent job-search, was criticised by redeployees. They considered it unfair that, given the dislocation to their careers, they were not effectively assisted to find new jobs, even though this was a commitment made to them before they elected for redeployment.

The major role for PlacementOrg was to facilitate placements for the public sector redeployees, and involved assistance and training with job search, and assistance with securing job placements. It was criticised for the lack of results and for the consultants' failure to support redeployees. But there were contradictory experiences. It emerged that employees had different experiences with case managers of varying competence. To some extent, this shows once again the interaction and overlap amongst different factors, as employee judgements about fairness on grounds of ethicality could not be separated from judgements about fairness on grounds of consistency.

Redeployees were unhappy about delays before they had their first contact with a placement officer. Victor, Wally and Brenda, all redeployees in SecurityCo, had been placed into jobs immediately they were redeployed, but then were not contacted in the first three months of their redeployment.

Wendy (redeployee, WaterCo) said PlacementOrg was disorganised, and that case managers were not easily accessible. There were suggestions that the case managers were not trained, skilled caseworkers, and that job matching tools, such as psychological testing to expand redeployees' alternatives, appeared not to be used.

Dennis (redeployee, SecurityCo) said he had little contact with a PlacementOrg consultant, and what contact he did have was unsatisfactory. He said that his views were not listened to; he was not consulted about his placement, nor had he been assisted with finding longer-term work appropriate to his needs and skills. Instead he had been left in a placement which has no potential for him; he has had no training; and the turnover of case managers has been disruptive. He said it was unfair that he was treated with a lack of respect:

> *She doesn't seem to listen mate. She says 'I'm here to do my job and help you.' I said 'Well you are not f...g helping me and not f...g listening to what I'm saying to you. You are only thinking about your f...g self and making your f...g self look good. And getting me out of sight, out of mind. If you were worried about what I was doing, you would be listening to what I'm saying to you. Why are you wasting my f...g time with something that is going to lead to nowhere again when you could be placing me in something that I want to be doing?' All this taxpayers money that is going down the f...g drain, and I'm gaining no experience and not doing what I want to do.*

Not all redeployees were dissatisfied with their placements. Yves (redundancy, ServiceOrg) said:

> *Of all the admin people I went to the lounge with there is probably only one that hasn't got a permanent job now. He likes the fact of being a redeployee because he gets to flit around all over the place. He's not in one job all the time. And he sees that as a bonus.*

Some employees opted for redeployment based on false promises of a new future, including retraining to improve their job prospects, but were disillusioned. For example, Wendy (redeployee, WaterCo) said "*To tell you the truth I was really looking forward to coming here, I thought this is great. Boy, talk about not living up to your expectations.*" She said she was told that

> *If I feel that I need training in Excel I'll get it, if I need financial counselling, I'll get it. If I want to go into the public service they'll help me find a position, if I want to go into the private sector they'll help me. I mean it was just fantastic what they had to say and really none of it's eventuated. It was just painted like it was going to be Disneyland.*

Retraining

Redeployees referred to their experiences of inconsistency in access to retraining. Genuine consistency requires close attention to detail, and includes, for example, what a training policy would mean in practice and how it would apply across public sector agencies. Inconsistency across time was also a factor. Earlier redeployees whose jobs had become

redundant after privatisation of the bus services, had been offered generous training that led to qualifications including semi-trailer and forklift licences, and also included warehouse training.

Redeployees had differing experiences, and there were individual differences, varying expectations and the like among redeployees that influenced their judgements. For example, redeployees' judgements may have been influenced by unrealistic expectations of what was possible and how soon. They also might be 'square pegs' who were hard to retrain: for example, people from a trades background and unfamiliar with other working environments found the transition difficult.

The unfairness was commented on by Dennis (redeployee, SecurityCo), implying notions of the psychological contract and reciprocity-as-fairness discussed in Chapter 2, when he said that they were entitled to training given their commitment and contributions to SecurityCo. He asked:

> *Aren't we entitled to anything? I'm sure that we are at least entitled to $2,000 worth of training. Compared to the amount of profit they just made. Say $2 million. So you take eighteen guys, out of $2 million, mate. I'm sure we are entitled to something.*

Placements

Redeployees considered it fair that a policy existed where redeployees were to have preference in selection for public sector jobs over other public sector workers under certain conditions. However this preference for selection policy was not as clear or regularly achieved in practice. Departments tended to employ their own staff first, making placements for redeployees difficult. Jerry (redeployee, OfficeOrg) commented that departments placed their own staff in acting positions and "*inevitably the people acting got those positions, even though from my point of view, my qualifications and my experience seemed to be much better*".

There was also a concern that redeployees were stigmatised. Yves (redundancy, ServiceOrg) said:

> *Generally most of the people are victims, for want of a better term, and could be treated personally and a lot better than they are treated. Some days they are looked on as lepers because they are in the lounge and redeployees. People in other agencies are asked, 'I've got a redeployee, can you look at them?' As soon as you say redeployee, there is a stigma attached that they are a troublemaker or lazy or don't want to work.*

Elliot (redeployee, SecurityCo) criticised redeployment to temporary placements, saying redeployees were "*placed in temporary placements that don't lead anywhere just to make sure that you are out of their hair until you can find a permanent position*". He said,

> *The placement was supposed to give you an opportunity to gain experience to get a job. If you are doing a substitute job it should have some benefits to you not just actually contract labour. Now you can't tell me that people going off to schools doing gardening is going to give them a job opportunity where the government doesn't employ that many gardeners.*

Jerry said that, in any case, short-term placements were unsuitable for redeployees looking for careers, and were uneconomical because of productive time lost each time in learning new procedures and content.

Others saw redeployment as a potentially good career opportunity. Andrew (survivor, ServiceOrg) saw being redeployed to be a potentially good career move

Inconsistency in how placements were made available also affected people's perceptions of fairness. In the SecurityCo case, employees received less than a week's notice that they would be leaving their now redundant jobs. This abrupt transfer of SecurityCo redeployees into placements left them uninformed about available services and how best to access them: services such as training, preparation for and assistance with job search for more permanent positions, and post-placement support. It also did not allow for a gradual disengagement from the group to which they had been so committed for so many years and with whom they had experienced challenging times. Dennis said that he felt "*lost, dumb-founded*" because of the speed of finishing at SecurityCo and commencing in a placement. He said that he and other SecurityCo redeployees missed out on formal induction into available services and training, were misinformed about the conditions of redeployment, and were fearful of the loss of wage subsidies and the alleged obligation to take placements offered to them. This was the case in Dennis' (redeployee, SecurityCo) experience who found he was too busy to access information and training courses.

> *I'm actually working. I haven't got time to be looking up jobs, to chase things, like what entitlements and courses are actually available to us redeployees. I can't maybe go to a TAFE, which I think I should be able to do on work time.*

Victor (redeployee) said,

They tried to brow beat me...saying they would provide you with three options of a job and if you don't take that they can dismiss you. It was an empty threat designed to make you think, 'Well I better take something.'

Summary

In summary, throughout this section on ethicality, we have seen that judgements of overall fairness were influenced both by judgements of the outcome as well as the fairness of the procedures used. The combination of material benefit of the outcome and some individual circumstances was sometimes enough to ameliorate the extent of judgements of unfairness. However in most cases procedures were more influential. For example, FoodCo's caretaking was seen in an overall positive light, yet while public sector redeployees were generally not dissatisfied with the level of redundancy packages or salary and employment maintenance, they were often critical of many factors: broken promises; delays in making contact with them by consultants; not being recognised as individuals worthy of respect and not being listened to; and inconsistencies in accessing services.

In these cases we can see that ethicality by itself is often insufficient to elicit judgements of fairness, invariably interacting with other fairness factors including consistency, representativeness, and the manner and nature of explanations. For example, while banking executives were generally satisfied with the quantum of their redundancy package and the usefulness of transitional support, they were generally critical of the procedures used.

While they are identified separately in theory, it is hard to practically separate 'manner of explanations' from 'ethicality' because, as we have seen, an aspect of ethicality is the provision of information which influenced people's fairness judgements.

The nature of explanations was the other fairness factor that most appeared in people's comments about ethicality. SecurityCo employees criticised management's inability to answer their questions even though management would have had time to anticipate them and prepare. In WaterCo and CafeCo, employees said they were lured to redeployment decisions based on false promises and incorrect information; and in SecurityCo, employees said they were lied to and bullied about whether they were obliged to take placements offered to them.

The matter of timeliness again influenced people's judgements, and served to introduce links between fairness factors. For example criticisms were made of extensive delays in informing employees in PaperOrg, WaterCo and SecurityCo. There were also criticisms of

insufficient notice before the closure of the business in SecurityCo; and in the cases of CommOrg and BankCo, the provision of financial counselling services was criticised as being given too soon after the advice of redundancy for employees to make sense of their situation.

Ethicality and reasons interacted where employees were suspicious of the 'real' reasons for the existence and use of PlacementOrg as well as for their own redeployment. Comments included that PlacementOrg had been created to get the redeployees "*out of the hair*" of originating departments; to "*[keep] it very quiet so there isn't any political fall out*"; to make it clear to redeployees that their jobs had gone "*and emphasise that they are really redundant so the message gets through*"; to ensure employees left the public sector by making redeployees so bored and uncomfortable that they might resign or take a package, and "*just trying to bloody upset us as much as they can*"; and that it was cheaper for the State Government to encourage redeployees to take voluntary redundancy than to have a policy of compulsory redundancy or retrenchment.

It is not surprising that there will be so much interaction between the ethicality factor and others, especially considering the earlier research which showed that judgements of the fairness of the outcomes are influenced by judgements of the fairness of the processes.

The study reinforces our earlier observations that people's fairness judgements are complicated, and are influenced by personal circumstance, such as age, level of commitments, and employability. Older workers calculated whether the size of the package was sufficient for their needs, especially given that they believed it was unlikely they would secure employment again. In this study, non-administrative employees, such as technicians and tradespeople, found it difficult to secure suitable redeployment options. Their perception that re-employment was unlikely rendered the package offered inadequate and influenced their fairness judgements.

What is salient for an individual depends partly on their material circumstances and partly on frames of reference. Offers to maintain redeployees' wages — as in the promises of maintenance of working hours and wages in FoodCo, for example — positively influenced fairness judgments. This effect was not uniform. Public sector redeployees, while accepting salary maintenance for being temporarily in PlacementOrg though not usefully employed, were critical of their situation, likening it to a "higher paid dole payment". Jobs to which redeployees were placed in the public service were mostly temporary, a circumstance about which people complained. Redeployees wanted to be placed into long term positions where they could become involved and plan for their future.

Other Considerations

We noted in the review of literature in Chapter 4 that, notwithstanding an absence of focus on it in the literature, timeliness could be considered to be a significant influence on people's fairness judgements. This study has confirmed this view and was replete with examples where timeliness affected people's experiences across the range of other fairness factors.

The importance of consistency over time was seen in ServiceOrg, where Henry and Andrew (survivors, ServiceOrg) believed that previous treatment of employees was maintained during the downsizing. On the other hand, inconsistency was evident in SecurityCo where technical workers experienced inconsistency in the information provided over time as explanations changed from one meeting to the next. Similar changing accounts and reports over time were experienced by Vicky (redeployee, CafeCo) and her colleagues in the CafeCo.

In FoodCo the consultative process and the time available for employees to decide their future direction and to nominate preferences, were influenced by the time-frame available. The consultative approach ensured that employees had adequate notice to disagree and negotiate another option and the way that negotiation was handled enabled the employees to have some control over the process and the outcomes.

Management made significant efforts to inform employees in a timely manner at FoodCo, WaterCo, and ServiceOrg, even in the last case attempting to advise 150 employees at the same time by courier. On the other hand, in SecurityCo there were failures by management to complete the Review in a timely manner and to provide sufficient prior notice to employees of the intention to close the business which restricted employees' ability to seek alternative employment. PlacementOrg was also unable to clarify to employees' satisfaction what would happen, what people's entitlements were, and what time-frames would apply. The transfer of redeployees to placements and to PlacementOrg saw some redeployees waiting for long periods for follow-up about their placements and for assistance in job search or for help when stuck in an undesirable job.

These examples demonstrate the importance of timeliness and how it leads to overlap between what is done and how it is done. Timely advice was an aspect of procedural fairness that was important to redeployees so they could take considered actions either to leave or remain in the public sector. Their decisions took into account where and when they would encounter greater competition for positions, and so the need for timely information and action.

In these cases sensitivity and empathy were also important: "Timeliness" overlaps not only with "consistency" but also with sensitivity and the manner of explanation.

This is an aspect of fairness and downsizing that would benefit from future research.

Summary

This examination of people's fairness judgements has confirmed the significance of the eight fairness factors and the additional importance of timeliness. The complexity of the contexts in which people found themselves and the uniqueness of their experiences led to the individual nature of their responses. From a theoretical perspective, these reactions were complemented and partly explained by the complex interaction of the various fairness factors. The evidence supports the argument that researchers should examine the whole-of-experience nature of people's fairness experiences. These points will be discussed further in the next chapter.

Chapter 7: Discussion and Conclusions

This is the first study examining perceptions of fairness of downsizing experiences which combines field studies in naturalistic settings with qualitative data collection and analysis techniques and addresses responses of survivors, victims and others drawn from both public and private sectors.

This study broadens inquiry into the field of fairness and downsizing in a number of ways. It is the first study in Australia and one of the few to consider the usefulness of the Greenberg Taxonomy to focus research in this area.

Unlike most other studies it has examined responses about the three modes of justice, distributive, procedural and interactional, and examined the full range of fairness factors identified above, whereas much of the earlier research was limited to examining the influence of only some of those factors. The inclusiveness of this study has also enabled recognition that people's judgements are influenced by other factors that are close to but different from matters of fairness, such as 'satisfaction' (Greenberg 1990(c), p.423). As noted in Chapter 5, the study overcomes limitations of a number of earlier studies which were conducted in artificial settings or with inexperienced subjects.

In the introduction, the question was posed: "What is important to people's fairness judgements at times of downsizing?" It is argued in this study that justice judgement making is a complex and dynamic process heavily dependent on a person's individual experience, and demonstrating 'moral imagination' rather than top-down, rule-driven inference. This study examines multiple influences occurring in complex situations and how they combine in a variety of different ways in concrete judgments.

In this chapter we will summarise and illustrate the complexity involved in justice judgement, make observations about the usefulness of Greenberg's Taxonomy, and the fact that judgments illustrate moral imagination.

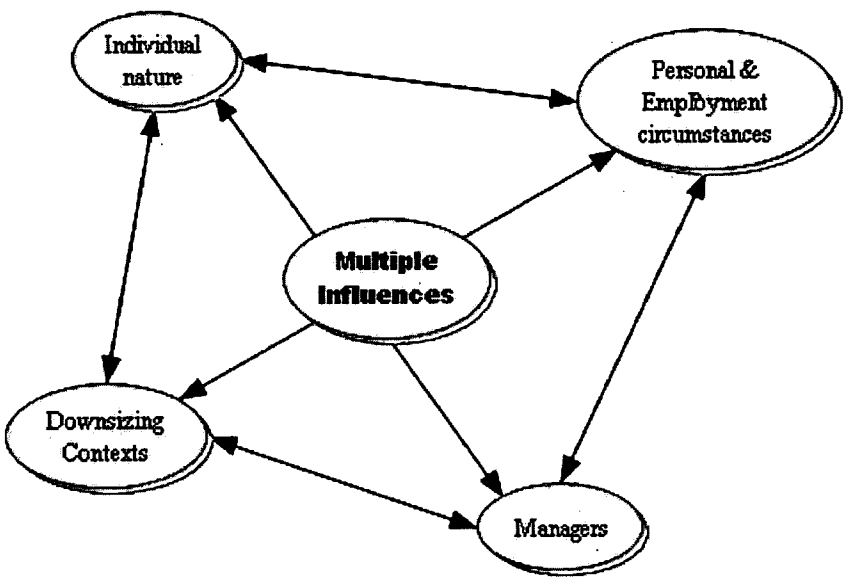
Multiple influences

Concepts of justice are socially constructed, and there are multiple, and often interdependent, influences on people's fairness judgements. These can include contextual historical, cultural, societal, situational and individual factors. Among these are people's individual characteristics including nature (personality, intelligence, moral views abilities and

disabilities etc), their social relationships; social standards; the contributions that they have made, and the outcomes they have experienced. Other influences are derived from the individual's unique personal and employment circumstances, the contexts within which the downsizing occurs, and the individuals involved, including especially managers. None of that is new or surprising in itself. However, what is of interest is the actual ways in which people make complex and detailed whole-of-experience judgements.

These influences are illustrated in Diagram 1:

Diagram 1: Multiple Influences



Complexity

The complexity of downsizing was illustrated by the myriad of reasons for downsizing; the various ways in which decisions are implemented; the range and significant effects on people and organisations; and the reactions by managers to this complexity. The reasons for downsizing in both public and private sectors can be related to a 'complex brew' of possibilities including global factors such as economic and technological change and altered competitive pressures resulting in reduced demand; local reasons such as the fulfilment of ideological goals; or the desire for increased productivity and profits, and reduced costs; and

(occasionally) downsizing may occur as part of a comprehensive strategy for organisational change. There are effects from downsizing on organisations in terms of the direct and hidden costs of largely unsuccessful downsizing efforts, and the failure to achieve the goals stated by management at the outset. Effects on individuals, both 'victims' and 'survivors', were seen to be significant in their breadth and depth. Survivors experienced a range of behavioural and attitudinal reactions and reduced commitment. The extent to which they judged aspects of the downsizing process to be fair or unfair was an important consideration in those effects. There is a mix of ways that downsizing decisions are implemented, through changes to functions, workloads, levels, hours, and through recruitment freezes, retirements, retrenchment, redundancy and redeployment, and often from a mixture of these. No one method of managing downsizing was seen to be suitable for all circumstances, and no one mix of procedures will suit all situations.

The challenge facing managers was emphasised when the complexity of justice judgement making was considered in conjunction with the complexity of downsizing. Justice judgement making in the emotive and important downsizing context is particularly complex and influenced by the particular employees involved and their circumstances, and the capacity of managers to decide how, when and why to take these into account.

This study has argued that there is no final taxonomy of factors, no set of rules, that explains fairness judgments, and suggests that there is no set of rules that enables judgements to be made by managers in all situations and at all times. For example, we noted this point in our earlier discussions of both consistency and bias in Chapter 6. In such circumstances managers are faced with the challenge to consider each situation on its merits in the context of all influencing factors, and then to rely on their individual judgement

Management reactions to this downsizing complexity have sometimes included counterproductive measures influenced by formal and informal pressures. Managers often use rhetoric to support short-term strategies to deal with the complexities of downsizing and to influence people's perceptions of the fairness of downsizing initiatives. Managers direct their 'linguistic gymnastics' at a wider group of external stakeholders and via a wide array of media, using naturalising analogies to make the message more palatable and acceptable.

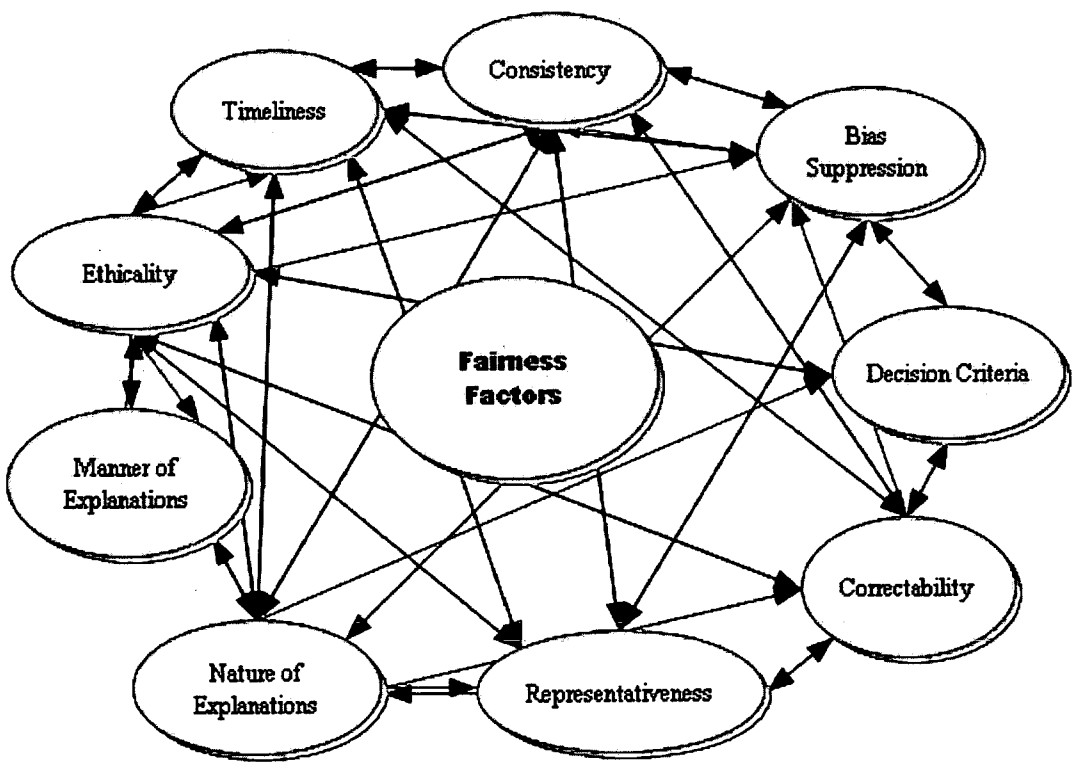
Fairness Factors

The importance of eight fairness factors identified in the literature and another, timeliness, was confirmed. Greenberg's Taxonomy of Justice Classes was seen to offer value for focussing research in this area and to be an important means to conceptualise and illustrate the

broader complexities existing in matters of fairness in downsizing. However it seemed in practice that it is difficult to disentangle the different factors identified in the Taxonomy, as we noted, for example, in our discussion in Chapter 6 about the frequent interdependence of nature and manner of explanations. The fairness factors and this point are illustrated in Diagram 2.

This study suggests that a more holistic and inclusive research approach is potentially useful in this area. While generally echoing much of the findings of previous empirical research, this study recommends further examination of the additional benefits that interpretive research methodologies can contribute.

Diagram 2: Fairness Factors



Key Themes from the Data

Analysis of interview data with reference to eight 'fairness factors' variously used in the empirical research literature, brought out quite clearly the complexity of people's fairness judgements.

In summary the key points that emerged were the following. "Consistency" has a number of dimensions. We saw in different cases in Chapter 6 that it was possible to see relevance of consistency over time, consistency amongst different individuals, consistency of action or decision with policy, consistency of statements with actions, and other dimensions. Sometimes, being consistent in one way was at odds with being consistent in another way. The multiple dimensions of consistency meant that there was room for one dimension sometimes to be more important than another, and vice versa. This was seen in a number of instances, for example in our discussion of FoodCo and SecurityCo. It meant that there was room for different "frames of reference" to affect whether a decision or action was judged unfair on account of inconsistency. Sometimes one form of consistency was salient, sometimes another. Which occurred on a particular occasion may have been the result partly of context and the history of the individual making the judgement, but sometimes also was something managers could affect, by laying emphasis on one form of consistency rather than another. This was something that they had to do on occasion because of their need to balance consistency with flexibility. That sort of balancing does not seem to have been susceptible to a routinised or rule-based approach. It required a sensitivity to what was important to employees in the specific situation, and an ability to see and articulate underlying principles as a ground for managing employee perceptions.

The need for managers to do that was evident not only in regard to judgements of unfairness that resulted from perceptions of inconsistency, but also to judgements of unfairness that resulted from perceptions of bias. That there was scope for managing perceptions of bias seems to be shown, at least to some extent, by the fact that different participants in the same events often differed on whether they saw signs of bias. Part of the explanation may have been the salience of different dimensions of consistency, insofar as bias is closely linked with forms of consistency. Again, however, it was clear that while perceptions of bias might be managed, the management process would require close engagement with what employees noticed and regarded as important.

Here we see signs of the difficulty in practice of disentangling the different factors that are associated with perceptions of unfairness. The need to engage closely with employee

perceptions and concerns was important in managing perceptions of inconsistency or bias, but it figured also in such factors as "representativeness" and "manner of explanations". To the extent that those factors were tied to a degree of sensitivity on the part of managers, they were tied also to managers' ability to manage perceptions of inconsistency or bias. The discussion in Chapter 6 of the differing perceptions of Olive and her manager at CommOrg demonstrated these points and that adherence to rules will not necessarily achieve satisfactory results.

Similarly, the factor "decision criteria" was hard to separate from other factors in practice. This refers to the extent to which the criteria used as a basis for decisions are accurate and objective. Clearly, there is scope here for intermingling of this sort of consideration with issues of consistency or bias, but it emerged quite clearly that employees were also concerned about other things to do with accuracy and objectivity of decision criteria. In fact, what emerged most noticeably was the depth and variety of employee analysis of the decision criteria that were offered as explanations of the downsizing decisions. They were not passive recipients of information and explanations, but actively evaluated them and discussed them, both in regard to their plausibility or authenticity, and in regard to how sound a basis they actually provided for the decisions that were made.

We noted in Chapter 6 in the examples of decision criteria and representativeness that one implication seems to be a link with the need for managers to engage actively with employees in explaining the downsizing process. The fact that employees actively engage with the explanations they are given, and with criteria that are put forward as the basis for decisions, implies that managers will err if they approach employees as if they will be passive recipients of information. In managing employee perceptions and in explaining decisions, managers need to take account of employees' active engagement in such processes, and respond accordingly.

Of course, the accuracy and objectivity of the decision criteria presented as underlying downsizing decisions are difficult to separate from the "nature of explanations" employees are given for decisions, a point we shall return to in a moment. However the accuracy and objectivity of decision criteria are also difficult to separate from the factor of "correctability". To the extent that decision criteria are flawed, or perceived as flawed, it seems likely that employees' perceptions of unfairness will be strengthened if there is no avenue for correcting, or at least modifying, the decisions that are based on those flawed criteria.

Certainly, it seemed to emerge very clearly that employees were less concerned about the existence of formal appeal channels that purported to offer a means of correcting

decisions, than whether their concerns were genuinely considered, and whether there was genuine opportunity to correct a faulty decision. It did not seem to matter whether they were listened to formally or informally, or whether there was a formal or informal means of correcting a decision. What mattered was whether the processes were authentic, or only 'make-believe'.

Once more, consideration mingled with other factors, not least that of "representativeness". So far as this is about consultation, some of the same tension is evident. Employees were concerned with having genuine input, not with formal processes or appearances.

One of the most notable points about "representativeness" or consultation, were the different judgements that could be found in some cases between employees and managers about the same process, in which both were involved. To some extent, this was about the meaning or interpretation of terms like "consultation". Managers and employees sometimes put different degrees of emphasis on the extent to which such a term could be applied when there was no change to a proposed outcome. However, the differences also seem on some occasions to be differences in perceptions of what actually occurred. Sometimes, employees believed that managers had not really heeded them, despite managers' claims to the contrary. Here, there were cases where employees judged their treatment to be unfair despite managers' claims to have acted in a consultative way, and it may be that the only general conclusion that can be drawn as a recommendation for practice is that managers once again need to engage sufficiently with employees to be sure that their perceptions are similar. This will not resolve all problems: there were cases where employees and managers simply had different views about what was possible and reasonable. In such cases, there may just be nothing managers can do to remedy employee perceptions of unfairness.

We have already noticed that the "nature of explanations" is an explanatory factor that cannot easily be separated from others such as the accuracy and objectivity of decision criteria. Neither is it easy to separate from "manner of explanation". Conceptually, it seems a straightforward task to separate what is said (or written) from how it is said (or promulgated). However, it was often difficult in interviews to separate respondents' perceptions of what was said from their perceptions of how it was said, and consequently difficult to distinguish the effects of one or the other in regard to perceptions of unfairness.

That aside, however, the other point which continued to emerge clearly in the data about nature and manner of explanations was the importance of managers engaging with

employees' perceptions and concerns. What made sense to employees, and what they experience as a sensitive explanation, often needed to be something that took account of their individual circumstances.

To that extent, context was important in affecting how the nature and manner of explanations impacted on employees' perceptions of fairness. At the same time, context was important in affecting what it was possible or appropriate for managers to do. The information they had from above was not always complete or consistent. The number of people to whom they had to offer explanations, and the locations of the manager and employee — all these and more impacted on what managers did or could do in terms of the nature and manner of explanations.

As we noted in our earlier discussion of "ethicality", construed as the extent to which employees received packages or assistance consistent with prevailing standards, it was again clear that individual circumstances had a significant role in the effect this had on perceptions of fairness. In this regard, however, it seemed (at least in some cases) that the effect was not on whether aspects of the downsizing process were perceived as unfair, but rather on how strongly those perceptions were felt: that is, the impact was on affect rather than cognition.

Overall, multiple influences were seen to be at play. These included personal backgrounds and environments; local habit or custom in each workplace; experiences of collectiveness; and the education and training that exposes people to new information and encourages the confidence to make judgements and the ability or strength to stand by them and express them. In the examination of decision criteria, the variety and depth of informants' very detailed reasoning and their judgements about the causes of their downsizing experiences were influenced by their quite different private and employment circumstances and their various organisational contexts. The significance of addressing people's perceptions was noted, for example, in the discussion of bias, where management's explanation, or defence, of their decisions and their providing justifications for the visible results were important. Such explanations provided a management perspective, and can offer other information to counter possible misunderstanding and rumour. They can often influence people's judgements and ameliorate their reactions.

The extent to which employees were offered some outcome and process control during downsizing was clearly important, but equally important was the extent to which managers were seen genuinely to heed employees' concerns.

The importance of managers seeing their decisions from employees' perspectives in the form of sensitivity and empathy is an aspect of 'manner of explanations' but it has not been adequately addressed in the literature.

It was evident that many employees had fundamental differences with the philosophies that underlie management decision criteria, for example in relation to privatisation in the public sector, and in the determination of priorities for profit-enhancement in the banking sector. Employee judgements were subsequently ameliorated, compounded or reinforced by management actions. The extent to which management could be effective in either convincing employees to change their beliefs or to ameliorate the effects of employees' continued disagreement with an action taken by management was shown to be enhanced by attending to other fairness factors in conjunction with decision criteria. Informants' reasoning was influenced by management's consistency, by informants' opportunity to have their views considered, and the manner, timing and nature of explanations given. The interplay of these factors reinforces the argument for a comprehensive approach to such research.

Overall, the data confirm the fact that 'moral imagination' plays a big part in fairness judgments. Greenberg's Taxonomy provides a useful classificatory approach to begin examining how such judgments are made, but the factors identified in the Taxonomy do not seems to figure in people's judgments in a rule-governed, step-by-step way. Fortunately, modern work in logic and cognitive processes has begun to identify ways of approaching problems that are different than rule-based, step-by-step reasoning. In particular, for example, it seems that a good deal of our reasoning in many circumstances is based on 'prototypes' or 'exemplars', rather than on rules. Prototypes and exemplars in this sense are typical or important or salient examples that we compare with a present instance in determining how to classify it and how to act with regard to it. Churchland discussed the way in which our understanding and use of concepts surpass what can be embodied in the measurement-oriented, step-by-step reasoning that is reflected in statements of rules and definitions:

> Consider the humdrum category, 'Cat', for example. A reasonable commonsense definition of this category might go, 'Cat: a smallish, furry, four-legged predatory mammal with small, sharp teeth, a serpentine tail, a fondness for chasing mice, and a 'meow'-like cry.' To be sure, a biologist could give a more penetrating definition, but that is here beside the point: children and ordinary folks neither know nor depend on a biologist's scientific definition. Human familiarity with cats antedates modern biology by thousands of years. But neither, it turns out, do we depend on any commonsense

> definition in order to recognise cats. A mute, three-legged feline amputee with a bobbed tail, dull teeth, and all the predatory instincts of a couch pillow will still be quickly and reliably identified as a cat by any normal person, even by a child. Plainly, our commonsense grasp of cathood must outstrip, and by some margin, the commonsense 'definition' at issue, if we can still make such identifications, effortlessly, in the face of outright violations of almost every one of its conditions. (Churchland, 1995, pp.144–5)

We may indeed use rules in reasoning to some extent, but it seems clear that often in fairness judgments we do not classify things by working out whether they conform to some definition or rule. Churchland points out the similarity between prototypes and legal precedents: cases that are subsequently used as a basis for deciding what is legally right and wrong in other instances (1995, p.289). It seems as though we equally use prototype-governed reasoning in making fairness judgments, in the way Johnson (1993, pp. 8–9) suggests in his discussion of 'moral imagination'.

Directions for the Future

Although in the analysis of interview data every effort was made to separate the different factors identified in the literature, the experiences of interviewees demonstrated that making distinctions between factors is often a largely arbitrary exercise and, moreover, can contribute to misleading conclusions about the importance of various individual factors to people's fairness judgements. An approach that adopts a comprehensive view is seen to be less restricted by such arbitrariness. Researchers in all periods referred to the multiple influences upon justice judgements and noted how their methodologies limited their findings. This study has shown how the influences overlap and interact in practice.

The foregoing discussion and the illustrations provide ample evidence that an ill-chosen methodological approach can add to an already complex situation.

The conventional approach to researching people's fairness judgements of their downsizing experiences has been reductionist (scientific and positivist in nature) where these complex relationships have been broken down into components which are examined separately from the whole. These approaches can result in prescriptive directions which suggest a routinised, rule-based approach. One significant alternative is a contingency approach which is based on assessments of the characteristics and needs of each situation.

While there is no fully-fledged contingency approach to understanding and predicting justice judgement-making that has been articulated in the literature and supported by research, there have been some moves in this direction and this dissertation seeks to make a contribution.

Such a holistic approach is necessary because people's judgements are formed from their interpretation of the range of their experiences. In the cases of fairness judgements for example, there are properties of the whole and their relationships which are not satisfactorily explained by the properties of their components. A holistic approach can supplement reductionist approaches and offer other explanations. A more extended account might suggest that a "sytems thinking" approach could be useful. Such systems thinking is a useful approach to understanding the different fairness judgements arising from downsizing experiences and can be useful to deal with such complexity because it aims to gain insights into the whole by understanding the complex web of interrelationships including linkages, interactions, reactions and information flows between the individual elements. These were represented in the illustrations by the two-way arrows. Through using a systems thinking approach it is possible to identify possible synergies between the different parts and between possible approaches, and (for example) to recognise the significance of the interdependence of fairness factors.

The usefulness of a systems thinking approach to understanding people's fairness judgements can be illustrated using an example of the importance of frames of reference which highlight how differing values can be placed on different acts. For example, in the positive discrimination policy in our supermarket example one group of employees was favoured in an action was consistent with organisational policy and valued by management and the redeployees. However other employees and middle managers were disadvantaged and saw the decisions through different frames of reference, and so the same policy was judged by them to be unfair. Using systems thinking, at least in this example, may better assess the reasons for differing fairness judgements and recognise that changes made to one such system, or group may impact on others.

A lesson from this study is that a comprehensive and integrated approach to ensuring fairness, one that addresses the range of factors, is more likely to be successful than one where attention is given to only a few factors. This contradicts the approach of using positivist research to isolate which factors work, and when, for managers to know which aspects of fairness may be more important at particular stages and so to enable them to conserve their resources by focussing only on what they judge to be necessary at any given time.

In some ways this is unsurprising. In the literature, researchers commented about the limitations of experimental, laboratory simulations saying that these might result in more conservative, less realistic, even "grossly underestimated" results than would be achieved in field research in naturalistic settings of actual organisations. There is also concern that the range of influences on employee judgements was not considered in research designs, which constrained the number of factors that employees could consider. The field research in this study showed repeated examples of confirmations of what the literature had said (as detailed in earlier chapters) and across all fairness factors, that confirmed the complexity of judgement making in downsizing, including the influences of people, their circumstances, the different contexts, and the interdependence of factors.

We noted references to the influence and importance of timeliness on people's fairness judgements in some studies, and we observed that it was indeed an issue of importance to this study's findings.

Additionally, the use of young students in many of the studies raises other questions about the relevance of their judgements to those of employees and to the real effects on employees' lives and work in downsized organisations.

It was shown that the focus of empirical research about fairness and downsizing has widened over time to become more inclusive of a broader range of fairness factors, and addressed more types of participants. For example, the first period research was narrowly focussed, using only positivist methodologies, examining only decision rules and ethicality factors; and three of the four studies were about survivors only. The second and third periods saw a burgeoning of interest and a widening of focus, with attention to both survivors and victims, and an examination of all factors. While there were two studies using interpretive methodologies, all others were positivist. These changes over time may reflect a natural trend in the ways in which the focus on new areas of interest changes, or it may reflect a growing awareness on the part of researchers of the need to develop methodological approaches that address the broader issues at play.

The results of research find their way to popular management publications, and serve as guides to managers about how to do things. If publications about fairness judgement-making report selectively and narrowly about the relevance of various fairness factors, rather than comprehensively by addressing people's 'whole of experience' judgements, then managers may be misled. They may think that addressing fairness factors separately will be sufficient, rather than taking a more comprehensive approach to applying fairness factors in achieving

their goals. To this end, it is to be hoped that the findings of this research can be distilled into a form able to be more widely distributed, and that managerial decisions, processes and procedures adopted in relation to downsizing and similar workplace decisions, become at once more cogniscent of and sensitive to the many factors at work at these times, creating a more open, responsive management-employee relationship. The goal should be not merely to improve employee fairness judgements but better ensure that those fairness perceptions are an accurate reflection of improved workplace experiences and outcomes for all participants at a time of often great stress.

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Appendices 1 – 9

Appendix 1: Research Consent Form, conforming to the University of South Australia Research Ethics Committee protocol

Research Consent Form

Research Project: How redundancy and/or redeployment decisions are implemented

Researcher: David Baker Tel: 0418 891 80

Supervisor: Dr Chris Provis Tel: 83020748

I consent to participate in the research project.

I have received information about this research project.

I understand the purpose of the research project and my involvement in it.

I understand that I may withdraw from the research project at any stage.

I understand that while information gained during the study may be published, I will not be identified and my personal input will remain confidential unless I give written permission for identification to be permitted.

I understand that the interviews will be audio-recorded.

Signed: _____ Date: _____

Name: _____

Address: _____

_____

Telephone: (w): _____ (h): _____

If you have any ethical queries please contact Ms Linley Hartman, Chair of the University's Human Research Ethics Committee on 83020327.

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Appendix 2: Correspondence requesting participation, conforming to the University of South Australia Research Ethics Committee protocol

Educating Professionals • Creating and Applying Knowledge • Serving the Community

Research about how redeployment decisions are implemented

I am asking your help with my research about ***how redeployment decisions are implemented.***

I wish to interview some ex-Rundle Mall Variety Store staff who have terminated their employment with Woolworths since the temporary closure of the store. To ensure your confidentiality, Woolworths has agreed to send this letter to you for me. The research is confidential and independent of Woolworths and they will not know who has responded.

I am speaking with workers in both the private and public sectors whose jobs either have or have not been affected and managers who have been involved in implementing the decisions and procedures. I am interested in hearing both good and bad experiences.

The research would involve one interview of about 60 minutes about your redeployment experiences. The interview would be done at a place and time convenient to you. I have interviewed people in their home after hours, when that was convenient to them.

All participants will receive a summary of my findings at the completion of the research.

I am a Ph.D. researcher with the University of South Australia. All involvement is strictly confidential and anonymous and the University's Human Research Ethics Committee oversees this aspect of the research.

Your involvement can contribute to improvements for future redeployment situations and I aks you to please contact me on the number below to discuss this further and/or to arrange a suitable time and place for an interview.

Further information may be sought from Associate Professor Chris Provis, 83020748 or Ms Linley Hartmann, Chair, University's Human Research Ethics Committee, 83020327.

Yours Sincerely

David Baker
March 2002
Mobile: 0418 891 807
Telephone: 83623612

Appendix 3: Interview demographic information – Generic

Interview demographic information

1. Demographics

First Name:_____Last name:_____.

Age:___. Sex: M / F

Highest year of education attempted:_____. Number of Dependents: _____.

2. Employment

When was your job declared surplus or redeployment occurred:_____.

At the time:

- For how many years had you been with the organization?_____.
- What was your
  - job title_____.
  - job level _____.
  - job classification: managerial/professional; administrative/clerical; technical; sales; support.
  - approximate annual pay :_____.
  - work area:_____.
  - location:_____.
- For how many years had you been in this job ____and at this level _____?

Now:

- If different from the above, what is your :
  - job title _____.
  - job level _____.
  - job classification: managerial/professional; administrative/clerical; technical; sales; support.
  - approximate annual pay :_____.
  - work area:_____.
  - location:_____.

If you or your job was declared surplus:

- What is/was the approximate number of weeks you have been/were out of work:_____.
- Are you are now re-employed?_____.

Appendix 4: Interview demographic information – Managers/Supervisors

Interview demographic information – Managers/Supervisors

1. Demographics

First Name:_____Last name:_____.

Age:_____. Sex: M / F

Highest year of education:_____. Number of Dependents: _____.

2. Employment

- At the time of the redeployments/redundancies, what was your:

  job title_____.

  job level _____.

  job classification: managerial/professional; administrative/clerical; technical; sales; support.

  approximate annual salary :_____.

  Title of your work area:_____.

  Location of your work area :_____.

- For how many years had you been in this job ____ and at this level_____?

- For how many years had you been with the organization?_____.

- If your details have changed since the redeployments, what is your new:

  job title _____.

  job level _____.

  job classification: managerial/professional; administrative/clerical; technical; sales; support.

  approximate annual pay :_____.

  Title of your work area:_____.

  Location of your work area:_____.

  For how many years had you been in this job __ and at this level____?

Appendix 5: Interview demographic information – Redeployees – Private

Interview demographic information-Redeployees-Private

1. Demographics

First Name:_____Last name:_____.

Age:___. Sex: M / F

Highest year of education completed:_____. Number of Dependents: _____.

2. Employment

When did the redeployment occur?:_____.

At the time:

- For how many years had you been with the organization?_____.
- What was your

  job title_____.

  job level _____.

  job classification: managerial/professional; administrative/clerical; technical; sales; support.

  approximate annual pay :_____.

  work area:_____.

  location:_____.

- For how many years had you been in this job ____and at this level_____?

Now:

- If different from the above, what is your :

  job title _____.

  job level _____.

  job classification: managerial/professional; administrative/clerical; technical; sales: support.

  approximate annual pay :_____.

  work area:_____.

  location:_____.

Interview demographic information – Non-affected-Private

1. Demographics

First Name:_____Last name:_____.

Age:____. Sex: M / F Highest education completed:_____. No. of Dependents: ___.

2. Employment

- At the time of the redundancies, what was your:

  job title_____.

  job level _____.

  job classification: managerial/professional; administrative/clerical; technical; sales; support.

  approximate annual pay :_____.

  work area:_____.

  location:_____.

- For how many years had you been in this job ____ and at this level_____?
- For how many years had you been with the organization?_____.
- If your details have changed since the redundancies. what is your new:

  job title _____.

  job level _____.

  job classification: managerial/professional; administrative/clerical; technical; sales; support.

  approximate annual pay :_____.

  work area:_____.

  location:_____.

  Has your job changed in other ways as a result of the redundancies?

  _____.

  _____.

  _____.

  _____.

Interview demographic information – Supervisors/Private

1. Demographics

First Name:_____Last name:_____.

Age:_____. Sex: M / F

Highest year of education completed:_____. Number of Dependents: _____.

2. Employment

- At the time of the redeployments, what was your:

  job title_____.

  job level _____.

  job classification: managerial/professional; administrative/clerical; technical; sales; support.

  approximate annual pay :_____.

  work area:_____.

  location:_____.

- For how many years had you been in this job ____ and at this level_____?
- For how many years had you been with the organization?_____.

- If your details have changed since the redeployments, what is your new:

  job title _____.

  job level _____.

  job classification: managerial/professional; administrative/clerical; technical; sales; support.

  approximate annual pay :_____.

  work area:_____.

  location:_____.

  For how many years had you been in this job __ and at this level____?

Appendix 8: Interview demographic information – Redundancies – Private

Interview demographic information-Redundancies-Private

1. Demographics

First Name:_____Last name:_____.

Age:___. Sex: M / F

Highest year of education completed:_____. Number of Dependents: _____.

2. Employment

When was your job declared surplus or redeployment occurred?:_____.

At the time:

- For how many years had you been with the organization?_____.
- What was your

  job title_____.

  job level _____.

  job classification: managerial/professional; administrative/clerical; technical; sales; support.

  approximate annual pay :_____.

  work area:_____.

  location:_____.

- For how many years had you been in this job ____and at this level_____?

Now:

If you or your job was declared surplus:

- What is/was the approximate number of weeks you have been/were out of work:_____.
- Are you are now re-employed?_____.
- What is your new :

  job title _____.

  job level _____.

  job classification: managerial/professional; administrative/clerical; technical; sales; support.

  approximate annual pay :_____.

  work area:_____.

  location:_____.

Appendix 9: Interview demographic information – Participants - Public

Interview demographic information-participants-public

1. Demographics

First Name:_____Last name:_____.

Age:___. Sex: M / F

Highest year of education completed:_____. Number of Dependents: _____.

2. Employment

When was your job declared surplus or redeployment occurred:_____.

At the time:

- For how many years had you been with the organization?_____.
- What was your
  job title_____.
  job level _____.
  job classification: managerial/professional; administrative/clerical; technical; sales; support.
  approximate annual pay :_____.
  work area:_____.
  location:_____.
- For how many years had you been in this job ____and at this level _____?

Now:

- If different from the above, what is your :
  job title _____.
  job level _____.
  job classification: managerial/professional; administrative/clerical; technical; sales; support.
  approximate annual pay :_____.
  work area:_____.
  location:_____.

If you or your job was declared surplus:

- What is/was the approximate number of weeks you have been/were out of work:_____.
- Are you are now re-employed?_____.