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**Downsizing Without Downgrading :
An overview and lessons retained from
the experiences of three large Canadian
firms who have gone through the process**

par

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Abstract

Downsizing has become a daily news phenomenon. What started in the early 1980s as a management response to economic circumstances, became today a fashion and preferred management method for trimming fat, getting rid of less valuable human resources and by and large augmenting productivity. Downsizing seems to be a continuous process. While its impact on long term organizational success is debated, the negative consequences on the "victims" and the "survivors" is evident.

This study provides a literature synthesis on the impact of downsizing on the "victims" and the "survivors", and shares the experiences of three large Canadian companies who had gone through the process. Results based on data collected at Canadian National, Pratt & Whitney Canada and Hydro-Quebec, confirm trends that are generally reported in the literature regarding the negative aspects of downsizing. It suggests that in the case the company had a clear strategy to implement the downsizing, which included scheduling and precise operational plans, the impact on the victims as well as the survivors was buffered, and it mitigated the negative responses on behalf of the remaining personnel (i.e. no increase in stress, lack of loyalty and no decrease of performance). On the other hand, when a company adopts a "cavalier" attitude towards the downsizing process, many problems associated with the survivors are reported.

RÉSUMÉ

« Le downsizing ou la réduction des effectifs semblait durant les années 1980, 1990 ,et même de nos jours, un effet d'une nouvelle mode dans les styles de gestion et d'administration des entreprises. La plupart des acteurs économiques pensaient que c'est un phénomène conjoncturel et passager. Or, le downsizing semble être un processus continu qui s'est installé définitivement, et qu'il fait désormais partie intégrante des styles de gestion des entreprises modernes.

La présente étude, a pour objectif de montrer à quel point une analyse de trois cas pratiques, le Canadian National, Pratt & Whitney Canada et Hydro-Québec, vient affirmer ce qui a été retracé dans la littérature en ce qui concerne les aspects négatifs d'un dégraissement sans stratégie ni planification et vis versa. En effet, le manque de temps et la gestion a vue des problèmes reliés aux ressources humaines conduisent souvent a une stratégie de réduction des effectifs aussi bien douloureuse pour les individus touchés que pour les entreprises. Ces deux derniers se trouvent face à face avec le risque de s'entraîner ensembles dans ce qu'appel les théoriciens le cercle mortel. Cependant, les entreprises qui ont bien planifié cette réduction d'effectifs et qui l'ont bien géré ont vu leur productivité augmenter et leur position sur les marchés se renforcer. Elles ont alors gagné la confiance de leur employés re-déployés et le respect de ceux qui ont quitté avec des compensations raisonnables dans le respect de leur dignité et de leurs qualités humaines et professionnelles ».

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Introduction

Downsizing has become during the 1990s a world wide phenomenon with major impact on people, corporations and the economy at large. One author characterizes the 1990s as the "downsizing decade" (Wager, 1998). There have been more than 4.6 million job cuts announced in the last decade -- with 1998 topping the decade's biggest downsizing year ever (Laabs, 1999). Economists at the Federal Reserve Bank of Chicago estimated that in 1995 (the most recent year for which they have data), workers faced a 3.4 percent chance of being laid off. Many employees intuitively feel the odds are much greater. As earlier in the decade, many factors contribute to downsizing decisions including reorganization, minimizing bureaucracy and eliminating excess. Now business downturns, mergers and acquisitions top the list of reasons for chopping headcount. In order to cut the blow and the psychological impact on the people who are loosing the jobs, an entire jargon is emerging to include such terms as: slashed jobs, eliminated jobs, excessed employees, rightsized and surplused. Others have been severed, trimmed, reengineered, pared down, terminated, chopped, given early retirement and just plain put out to pasture . Initially, downsizing was undertaken by failing companies, and its victims, were primarily blue collar workers. Today, downsizing is being undertaken by relatively successful companies, and its victims are primarily white collar professionals (Burke, 1998) .

Downsizing during the 1980 seemed to originate from economic necessity, but nowadays it has become a fashion. The economic impact of downsizing on the firm is controversial. While Wall Street reacts instantly positively to the restructuring and downsizing and it brings about record profits in the short term, there is a growing evidence from both the practitioner and the academic literature that many downsizing efforts have failed to meet organizational objectives, and in many cases are not linked to the strategic plans of the organization (Cascio, 1993; American Management Association , 1994). Thus, the long term effect of downsizing on corporate survival is questioned. As a matter of fact, Cascio (1993) noted that downsizing can be very costly to the organizations. These costs could be measured in both tangible and non tangible negative outcomes. For example, Greenhalgh (1983), pointed up the huge problems associated with employees' loyalty, commitment and it results in poor performance of survivors of downsizing.

While the media reports of people rebounding from downsizing and embarking on new careers, the reality is that for many individuals there is a devastating impact on their physical and mental health associated with being laid off (Havlovic et al., 1998). Nonetheless, recent statistics suggest that rebounding from a job cut in an expanding economy has become easier and thus society realizes most of those people can find another job easily. Perhaps that's why there seems to be little, if any, public outcry against downsizing. A full 92 percent of job seekers who had been laid off found jobs with equivalent or better salaries in 1998, according to the U.S. Bureau of Labor Statistics (BLS, 1998).

But, apart from those who lost jobs , there are those who remains with the firm. The impact on them is often called "the survivor syndrome". Symptoms are varied: fear, anxiety, depression, guilt, sadness, agitation, trouble, career ambiguity and basically major preoccupation for the future. Downsizing in the early '90s demoralized people. People this time are feeling the same, and are trying to recover from previous reorganization efforts. They're still playing catch-up, trying to get work done that was left by others. People are doing the jobs of two or three people. And with the increasing amount of new technology, companies have justified the heavier workload.

And to make things worse, recent survey shows that the same companies that have been downsizing massively, also upsize massively leaving the present employees in limbo and greater uncertainty about their future. For example, an annual survey by New York City-based American Management Association on downsizings for the year ending June 1998 (; American Management Association, 1998), showed that although downsizing activity was increasing, so was hiring activity; some 41 percent of the companies in the survey (which represents one-fourth of the U.S. workforce) eliminated jobs -- the same number as in 1997; however, two-thirds of them were concurrently creating new positions

How do firms manage downsizing? What are the effects on the motivation, commitment and health of the survivors? What are strategies that enable to preserve employees' state of mind and provide security to the remaining employees? Are there methods that can be adopted by the human resource departments that will cushion/buffer the negative impact on the survivors? These are some of the questions that this paper attempts to answer. In order to do so, a two step procedure was undertaken. First, a brief review of the literature will be provided in order to pinpoint some common denominators. Than, an empirical phase will follow. The later involved data collected via questionnaires in three large Canadian firms who had recently experienced major downsizing: Canadian National, Pratt & Whitney Canada and Hydro-Quebec.

Definition, context, consequences, criteria and HR perspective

Because downsizing means different things to different people, a definition is needed. Appelbaum, Simpson and Shapiro (1988) and Cameron (1994) offer very similar definitions:

" *a set of activities undertaken on the part of management and designed to improve organizational efficiency, productivity, and/or competitiveness. It represents a strategy implemented by managers that affects the size of the firm's workforce, the costs, and the work processes*" (Cameron, 1994, p. 192).

Some observers of downsizing conclude that this phenomenon is not always viewed positively even by the firms who engage in doing it. According to Nienstedt (1989), the reasons that normally lead to downsizing results more from poor management, an inadequate scheduling or poor strategic decision about growth rather than the traditional cause attributed which is an increase in competition. Yet, early results of the productivity gains following the downsizing is mixed. For example, a poll conducted by Reynolds (1993) of firms engaged in massive downsizing since 1987, concludes that in 43% of the cases productivity gains were achieved but in 24% of the cases losses were recorded. Additionally, whereas 31% mark an increase of the worker performance, 28% noted a decline in performance.

A *Wall Street Journal* article examining what happened to the stock prices of downsizing firms, showed that following an initial increase in stock value, after two years, in two-thirds of the cases, the stock prices were lagging those of comparable firms in the industry by 5 to 45 percent, and in more than half of the cases, stock prices lagged the general market by amounts ranging from 17 to 48 percent. This result isn't surprising in the context of other studies that show downsizing doesn't necessarily increase productivity or profits (Laabs, 1999).

Based on recent literature review, Burke (1999) concludes that downsizing is more likely to fail than succeed in reaching financial and performance goals and thus cites writers such as Kets de vries and Balazs (1997) , who believe that it doomed to fail. Moreover, recent study (Wright and Barling, (1998) , shows for the first time that not only the laid off employees and the survivors suffers tremendously but the "executioners" (i.e. normally managers and employees of the human resource department) suffers as well; they are negatively affected by being the bearers of the bad news: "*engaging in downsizing is a* *professionally demanding as well as socially and emotionally draining experience that affects not only the individual concerned, but also their families" (p. 352)*

Are there best practices for HR engagement in Downsizing?

Now let us look into the criteria used by HR departments to affect the downsizing. One general conclusion is that from the HR perspective, downsizing at this point on the business continuum does not make a lot of sense. It is at odds with the "people are our most important asset" mantra so prevalent in today's business environment (Gomez Mejia, Balkin and Cardy, 1998; Dolan and Schuler, 1994). One author goes even further by stating that HR people should make all efforts to convince top managers not to be engaged in downsizing altogether if it is possible (Pfeffer, 1998). While Pfeffer is not saying companies should never downsize, he is proposing that there is more than one way to do it; It has to be done in the most civilized manner; it can be accomplished while still treating people as important assets and maintaining morale and trust. By contrast, other ways of downsizing signal that, whatever the rhetoric, management neither respects nor values its workforce. Case studies show that repeated waves of downsizing are crushing to morale, reduce credibility and trust in management, and make high-performance work practices difficult, if not impossible, to implement. The downsizing trend has generated societal anxiety. Research by the International Survey Research Corp., based in Chicago, indicates that the percentage of survey respondents who frequently worry about being laid off has more than doubled over the past five years, from only 20% in 1990 to 46% in 1995. And 51% of people responding to a Business Week/Harris Poll state that every time they hear of a company downsizing they worry about their own jobs as well as those of people close to them (Anfuso, 1996).

What emerges from this discussion is that human resources professionals clearly have a role in clarifying the risks involved in downsizing, but also communicate the benefits of long-term staffing plans. There are certainly good business reasons to downsize in certain situations. However, companies that are simultaneously cutting and adding may need to rethink and redistribute their resources more strategically (Nelson and Burke, 1998). But the above discussion is a bit hilosophical. On a daily basis, HR department are simply instructed to downsize and often this comes at the last minute with very short notice not enabling them to plan properly. How do they do it? What criteria is used? Part of the answer comes from a study conducted in 1988 by McCune, Beatty and Montagno (1988). Table 1 provides the criteria used by HR departments to effect downsizing decisions. In Unionized firms 95% depended on seniority although in the non unionized sector the percentage is similar. This meant that whether on not the firm is unionized, in order to provide procedural justice and attempt to buffer the impact on the survivors loyalty and , performance, firms use seniority to show some level of civility in their decisions. The authors interpret these findings as an attempt by the organization and its respective HR department to display fairness and thus maintain the survivors loyalty.

Table 1. Criteria used by HR departments to implement downsizing

Criteria	Total	Union	Non Union	Size <500	>500
Seniority	92	95	88	95	88
Performance	63	55	75	59	69
Skills necessary to perform other jobs	63	59	69	77	41
Probability of re employment	29	27	31	41	19

Source: McCune, J.T., Beatty, R.W., Montagno, R.V., " Downsizing: practices in manufacturing firms ". Human Resource Management. 1988, vol.27. p.150.

Also noted in Table 1 that the principal criteria include the seniority, the performance and the transfer of abilities.

Performance and the transfer of abilities are more often used by non unionized firms. This enable the non unionized firms to maintain competitive advantages more easily than the unionized firm. Moreover, it is reported that 77% of the small enterprises use similar criteria pertaining to the transfer of skills compared to 44% of the large firms. This means that small firms are more sensitive to maintain multi-skills employee and increase their flexibility than are the large firms. "Small and mid-sized business owners know talented people are their most valuable resource, and recognize that this resource is scarce," (Pechloff, of Arthur Andersen's Enterprise Group, cited in Laabs, 1999)

HR Strategies for implementing downsizing are vary a lot and depends on the firm's culture. It can range from pure and simple layoff (without taking any risks of stirring labor unrest) to negotiating departure and planned attrition or retraining. Tomasko (1991, 1992), asserts that there are two forms of strategies: The "Push strategy" and the "pull strategies " or strategies of stopping versus strategies of detachment. Strategies of stopping are more direct and aim to dismiss employees in surplus; The selection of candidates is made in accordance with performance criteria and also respect the HR policies regarding seniority, minorities, and other legal clauses in force. Strategies of detachment , on the other hand , offer employees the choice to leave the company voluntarily. Separation bonuses and other compensation schemes is offered as incentive for quitting the job. The risk, however, is that high performing employees will depart as well. In the case of Dupont, twice as many employees left as was anticipated.

How to manage the survivors? Research shows that survivors who react more negatively to downsizing are those that identify with the displaced employees, especially when they see them laid off individuals as victims that have been poorly compensated. The desire of see justice is also associated with the need for equity that can be shaken easily by the impression of non legitimate cuts and by the bad manners of which the news is delivered to the victims. It is important to note that the perception of a just treatment given to "victims" often curbs the negative effects on survivors (Brockner et, al.,1987).

What are remedies to counter this common malaise of survivors ? Mark and Mirvis (1992), assert that conditions of uncertainties nourish rumors that are often represented by a mixture of real facts and fantasy. Consequently, effective and honest communication is an important remedy to reduce survivors negative reactions. Firms which are able to give full information about their vision and what the future holds for the employees; those who clarify roles and responsibilities and those who communicate the strategic goals, reduce the survivors effects.

One of the most effective way to reduce impact on survivors is to avoid downsizing. A recent paper by **Maurer (1999)** suggests several alternatives to consider before downsizing (Table 2)

Table 2 : Alternatives to consider before downsizing

Long-term Staffing Alternatives

1. Hiring Linking to Vision
   The organization identifies the skills that will be needed to meet its goals, assuring that it is recruiting and hiring people who can meet future challenges.

2. Cross Training
   By understanding the skill mix of staff today and linking it to the skills needed in the future, the organization allows individual employees to determine what they need to do in order to remain employed.

3. Succession Planning
   Rather than leaving succession planning to chance, HR should work with line managers to identify likely candidates possessing the types of management and technical skills it needs in various positions.

4. Redeployment Within the Organization
   Successful redeployment requires (1) a sophisticated career management process so that managers and employees are aware of open positions, and (2) career assessment and development activities that allow people to get ready for positions.

Creating Value-added and Revenue-enhancing Opportunities

5. This is an "Employee Buy Out" within the organization where a group of employees create a new business or line of service that the company can market.

Cost-Saving Strategies

6. A Comprehensive Model
   Auto makers, as well as other industries in Japan, have adopted a series of steps they use as an alternative to downsizing. If the first step doesn't get the needed savings, they move to the next. Areas of focus include compensation, hours, wages and placement.

7. Reduced Hours
   A policy is established that either places everyone in a particular job category on a flexible working arrangement or creates a flex-pool made up of volunteers from the department. The goal is to reduce the number of hours worked by each employee.

8. Lower Wages
   Wages are reduced in order to save money.

9. Attrition
   Waiting for people to retire or leave on their own can occur either through natural attrition or by offering voluntary retirement or similar packages.

10. Alternative Placement
    Offer early retirement incentives to pension-eligible employees in a specific area.

11. Leave of Absence
    People are offered a leave of absence with full benefits for a specified period of time to help an organization weather a downturn. Although people are promised a job upon completion of the leave, it may not be the same job or at the same pay level.

12. Employee Buy-Outs
    The company allows employees to buy the operation that was slated for closing and set up their own businesses.

Shared Ownership
The company allows employees to trade pay increases or pay cuts in return for company stock.

Source : *Maurer R.* , Thirteen Alternatives to Downsizing, Workforce Magazine *January 24, 1999.* http://www.workforceonline.com/downsizing/alternatives.html

Methods and Procedures

In view of all the above, we undertook to study 3 large Canadian firms who had undergone substantial downsizing in recent years. The aim was to find out if there are common denominators and if some common wisdom can be traced. Information was collected from firms' documents and from a detailed structured interview conducted with HR officers, and a few senior managers in each of the firm studied9

The structured interview questionnaire is attached in appendix A. Data was than assembled along with other company documents and information retained from the respective page pages of these companies. A qualitative analysis in the form of case study was performed, and comparisons and conclusions were drawn.. The results are presented in the next section.

Results

Case 1: Canadian National (CN)

This firm undertook a large downsizing with the official objective to become more competitive, primarily due to the increased competition from similar firms in the United States. Cost reduction was sought via the cut in personnel. Both unionized and non unionized personnel were equally affected. The concrete objective was to shift from a 80,000 employees to 25,000 employees between 1986 and 1993.

The company preferred strategy to affect downsizing was attrition, coupled with voluntary and progressive quitting of employees. Survivors received massive training in various areas in order to develop their multi skill capacity and increase their future employability with the firm..

Survivors knew that the "victims" of downsizing were well treated : procedures, terms of separation, incentives and other offering to employees wishing to leave the company were well advertised. CN, on the other hand, did not plan, to provide psychological help to deal with the pain of loosing the job and preparation for other activities, nor did the firm have a plan for dealing with the grief and fears of the employees. Consultants, nonetheless, were hired to work with managers in attempting to implement procedures which will recover survivors performance and commitment to the firm.

No specific reward systems were set to increase the performance of survivors, except for a suggestions plans that encourages survivors to contribute their ideas for increase productivity. Those which their ideas were recognized of adding value received a special financial bonus. Finally, a status quo was in effect for all other HR policies: promotion, compensation and other procedures were prolonged in the same manner as before the downsizing begun.

Case 2: Pratt & Whitney Canada

This company undertook a massive personnel reduction primarily as response to market conditions (i.e. economic reasons). Following an inadequate scheduling during period of growth, the company has been known to always multiply the number of its employees without ascertaining the necessity to make it a permanent fact. Downsizing and upsizing became a routine manner in Pratt and Whitney over the past 20 years. Being in the high-tech field, a compounding problem for the firm is the rapid technological changes which makes old skills obsolete and new skills are always sought. Thus, the strategic solution for Pratt and Whitney was cycles of downsizing following by upsizing.

Both Union and Non Union employees are affected every time that the company announces lay-off. For example, between 1991 and 1994 a reduction from 10,000 to 8,000 employees, representing an average downsizing of 20% was recorded. Further reductions were made during the 1995-1997. By contrast, between 1997 and 1999 a major upsizing has been implemented, bringing the total number of employees in 1999 to 9400 (source: P&W home page for 1999; http://www.pwc.ca/en_corporate/overview.html); this recent upsizing did not reach yet the level of employment that existed in the early 1990s.

Records show that downsizing is taking place always at the last minute with minimum planning and scheduling. The way the company proceeded, was to ask for volunteers while the company keeps the right for veto in case the employee was a "star" performer or simply if the company needed the individual. If quotas for the total number of volunteers were not reached, the company made its own decision on who will be laid-off. This policy was the consequence of previous downsizing policy of which the seniority close prevailed but which lead to loosing very important individuals. Thus, in order to minimize the lost of valuable individuals, the firm has decided to forego the use of seniority as a determining factor in affecting lay-off. This policy represented a major cultural shift and lead to severe labor relations problems and to demoralize long term employees. There were always rumors that circulated in the enterprise on the downsizing intentions; survivors did not know when they will be called and an atmosphere of fear of the unknown and chaos dominated the scene. It is interesting to note that survivors failed to cooperate with the company when new initiative were attempted to implement quality programs because the level of trust in the administration was extremely low.. In the mid 1990s, thus, all attempts to implement the Quality Plus programs at Pratt & Whitney failed (Dolan & Schuler 1994). In recent years, however, while the company continues with the policy of not respecting the seniority , it improved tremendously the financial compensation offered to the "victims" of lay-off. Survivors find the separation packages generous and equitable. During periods of lay-off the company engaged in a publicity campaign explaining the reasons for the downsizing. The president made a number of speeches and managers and supervisors were always assisted with people from the human resource department when lay-off notices were handed. This resulted in survivors increasing their cooperation with the firm and noticeable increase in performance was recorded as well. The question is if it is going to last? Would survivors continue to be more loyal and committed than in the past? This is not very clear as the company is currently enjoying another cycle of growth and people sometimes have the tendency to forget the past when good things are occurring at the present.

Case 3: Hydro - Quebec

The motive to engage in downsizing originated from Hydro-Quebec attempt to gradually reduce costs which will eliminate the necessity for an increase in electricity rates for meeting its expenses. Thus, downsizing was the strategic choice for recovering this money needed to meet expenses.

Contrary to the two other cases, the firm has first decided to restructure its operations and progress gradually to downsize. From the mid 1993 until the year 2000, 3000 jobs would be eliminated. During this 7 years period, the objective was to reduce the workforce from 23,000 to 18,000. The preferred strategy of downsizing was natural attrition to the tune of approximately 600 employees per year, coupled with other HR activities such as: job re-assignment, training, temporary lay-offs, and hiring freeze. Both unionized and non unionized employees have been affected by the downsizing

The planning of the downsizing required to firm to engage in simulations of various scenarios. Managers at all levels were involved in these planning sessions. All employees were advised on the objectives and about the process. Information was discussed in departmental and group meetings and unions were advised as well. In order to shorten the period of stress and anxiety, and in order to avoid rumors, as much information as possible was circulated amongst employees.

Case Analyses and comparisons of the three companies

Table 3 provides a synoptic summary of the interviews.

Table 3 **Benchmarking for downsizing and its consequences in 3 large Canadian firms**

CRITERIA	CANADIAN NATIONAL (CN)	PRATT & WHITNEY CANADA	HYDRO-QUEBEC
Reasons/Causes	Cost reduction Increasing Competitiveness	Cost reduction Increasing Competitiveness Technological changes Poor planning	Cost reduction Reducing costs to customers
Employees affected	Unionized and Non Unionized Personnel	Unionized and Non Unionized Personnel	Unionized and Non Unionized Personnel
Level of planning (i.e. HR preparation)	Advanced planning	Last minute planning (no advanced planning)	Advanced planning
Preferred procedures/methods of downsizing	Volunteers/Attrition Training	Volunteers/Attrition with Company veto Training	Long term Attrition Job re-assignments Training Freeze on hiring
Information and Communication	To all employees as soon as possible	Only to those who are effected	To all employees as soon as possible
Survivors stress	Seniority clause not respected Stress mitigated by training and counseling	Seniority clause not respected No programs set to mitigate stress	Seniority clause respected Stress mitigated by long term process and lots of information
Loyalty of Survivors	Loyalty reduced but recuperated after training	Loyalty and commitment reduced No confidence in management	Loyalty remains high
Consequences of the downsizing	Performance recuperated	Performance recuperated only during upsizing periods	Performance unchanged

Conclusions

Downsizing during the 1980s and the 1990s, have been widely discussed in the professional and academic journals. An excellent summary of the state of Downsizing in general and downsizing experiences in Canada has recently been published in a special issue of the Canadian Journal of Administrative Sciences (Burke ed. Vol 15(4), 1998). In the following paragraphs, we will summarize the conclusions stated by Burke (1998) and supported by the interviews conducted for the three case studies described above:

- Downsizing will most likely continue as a long as company's face competition and are forced to trim costs. Even though downsizing has not been proven to be an effective strategy , it appears that companies prefers to do it over other rebound strategies. Indebted firms seem to have more aggressive tendency to downsize than others. Nelson and Burke (1998) conclude that: "Two thirds of firms that downsize tend to do it again a year later; stock prices of firms that downsized during the 1980s were behind industry averages for the 1990s; despite lower unit labor costs, less than half the firms that downsized in the U.S. in the 1990s improved profits or productivity" "(p. 373)

- The Human costs of downsizing are immense. Victims and survivors witness destroyed careers; Cynicism increases and trust in organizational leadership decrease; survivors are forced to work harder with fewer rewards, and many employees feel powerless. Some of the best performers leave the organizations for another organization where the psychological contract is better respected.
- Yet, organizations that downsize and upsize periodically (e.g. Pratt & Whitney) are able to benefit from the upper cycle, as survivors tend to forget the bad cycle. There are still victims in the process, but it appears that productivity does not diminish.
- Some firms are poorly prepared to downsize and management activities are not synchronized with sound human resource management policies (e.g. Pratt & Whitney). By contrast, if a decision to downsize has been taken, sound HR policies can be implemented which will reduce the negative impact on victims and survivors (e.g. CN and Hydro-Quebec).
- In order to keep flexibility and maintain employees who add value, most firms engaged in downsizing do not use seniority as a determinant factor in selecting the people that will be laid-off. Other factors play a more critical role. This is a dramatic change that takes place in the 1990s for both unionized and non unionized personnel, which is dramatically different from what has happened in the 1980s..
- There is no miracle recipe to succeed in downsizing; there is no quick fix. Methods and procedures that seems to work well in one organization may fail in another. The methods should, however, respect the organizational culture, and ensure that the psychological contract is respected. This has been demonstrated in the case of CN and Hydro Quebec.

Different situations impose challenges of various nature; every firm must be able to value its strengths, its weakness, its opportunities. The firm also needs to scan its environment, to assess the mobility and stability of its workforce.. Yet, in order to develop and to prosper in the long term, it is important for the firm to maintain an image that it is treating the employees fairly, even when times are rough.. This image may affect the decision of employees to either join or quit, produce or reduce efforts. A company decisions oriented to only achieve short term objectives may hinder its long term survival. Methods and procedures to affect downsizing in a more human and civilized manner is available to senior management and human resource departments. Applying these procedures will enhance both the firm and the employees well being.

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Appendix A: QUESTIONNAIRE
(Translated from the original in French)

1. Did you experience downsizing? What are the reasons for which you decided to choose this practice?

2. Did you consider another solution (i.e. alternative to downsizing) ? Which? Explain.

3. What seem to be the tendency of downsizing in your industry? What group/category of people was/ have been the most affected?

4. What was/is the size of the personnel reduction (in percentages compared to the total workforce)? %

5. Do you foresee further downsizing in the future? When? What will be the size of it?

6. Have you been preparing for the downsizing? What type of planning and scheduling did you have in mind?

7. What kind of services did you (or will you) offer to the employees?

8. What were (will be) the criteria that you have adopted (will adopt) to begin the restructuring/downsizing ? Explain the process for which the downsizing will be (has been) done.

9. Did you experience (or do you anticipate) difficult situations? Which? Explain

10. What methods do you plan (or have used) to face/deal with these situations?

11. How do you (did you) communicate to employees about the downsizing ?

12. The "victims", did they feel betrayed or, disloyal to the company?

13. Did you (or are you) going either to replace the laid-off employees? Was (or will there going to be) either redeployment, training or assistance?

14. Were there rumors circulated in the company? By whom? To what extend? What kind? Do you believe that it was possible to avoid them?

15. How did survivors experienced the departure of their old colleagues at work ?

16. Did survivors believe that "victims" have been treated fairly? Was this treatment of victims communicated to survivors?

17. What was (are/will be) the follow-up plans for survivors?

18. Would you say that your employees (survivors) are less loyal, less committed than before? Or ,do you believe yourself that this is possible? What measures did you take to avoid this state?

19. Do you give (or going to give) information to survivors concerning the firm, its objectives, information about the industry, and the competitors?

20. Did you inform (or are going to) each employee (survivor) your expectation of them in terms of workload, responsibilities, and expected performance in general?

21. Did you assign (or planning to do so) every employee his/her new responsibilities commensurate with the new organizational objectives?

22. Were employees able to be involved in a concrete way in the company planning of the downsizing?

23. Did you spend time with survivors (or were going to do so)? How? Could they express their pain, their resentments, their disagreements, their grievances, their feelings?

24. Did you verify if foremen feel similar to the survivors? Do you think that this is possible? Are they themselves survivors?. Did they count on support on management behalf?

25. Are decision making processes and control systems the same as before the downsizing? Are decisions more decentralized now? Do you consider of making significant changes if you need to restructure/downsize in the future? How?

26. Were there new incentive or rewards systems, employee empowerment programs, new benefits , control sharing, training programs or a change of the remuneration since the downsizing took place? Do you envision any new HR policies in the near future?

27. If you are planning to change the training programs or compensation systems what will be the focus? To whom it will be addressed? What kind of training, rewards will be offered?

28. On the whole, would you say that the downsizing was effective or will be effective? Or, would you rather have used alternatives to downsizing? What would the possible alternatives be?

29. Do you consider to put in place a program which will minimize using downsizing again in the future?