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Version Nr. 1, June 9, 2020

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Recommended Citation:

Vitacco, J. (2020). Interpersonal Communication in Organizational Transitions. *Open Education Platform*. Doi: 10.25938/oepms.197

Case Study:
Interpersonal Communication in Organizational Transitions

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Abstract. Set in the aftermath of the financial crisis, this case study focuses on leadership communication in the context of organizational change. Students explore the psychological implications of downsizing and the differences between top-down and more personal forms of communication as well as the advantages and shortcomings of both forms of communication in the context of organizational transitions.

Keywords. Interpersonal communication · organizational communication · leadership communication · ethical leadership · transformational leadership · exit interviews · difficult conversations · worker survivor syndrome · human resource management.

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1. Case study

1.1. Introduction

In 2008, at the height of the financial crisis, the *corporate center* of a major global bank was under big pressure to cut costs. It needed to undergo significant change to become more cost-effective. Therefore, the Group Managing Board (GMB) tasked all corporate center departments with "redefining their mandate". The GMB gave no exact requirements regarding reductions in workforce. However, laying off team members that have become redundant as a consequence of the new mandates was inevitable.

One of the most cost-ineffective departments of the bank's corporate center was *corporate communications*. In the past decade leading up to the financial crisis, the corporate communications team grew almost tenfold from a small team of around 25 employees located at headquarters in Zurich, to a department of over 230 employees scattered all over the globe. Therefore, the current Chief Communication Officer (CCoO) gave his commitment to the Group Managing Board (GMB) to "rightsize" his department in line with a redefined mandate. The CCoO handed responsibility for the execution of this task down to Laura A., his head of the communication management team (see Appendix 5.3 for organizational chart).

Apart from redefining the department's mandate, one of Laura's main challenges would be to devise a strategy on how to communicate the organizational changes to employees. She had to consider two groups: the redundant employees that would lose their jobs and, more importantly, the "survivors" which she needed to unite behind her vision of the new department and mandate. This would become a critical success factor of the organizational transition.

1.2. Background

The following section describes the backdrop from which the actors make their decisions. It also introduces actors and roughly outlines the rationale behind their decisions as well as the immediate results. Long-term considerations of downsizing such as productivity increase and other economic impacts are only cursorily examined. The main focus is on communication.

1.2.1. Company structure

In 2008, the bank's structure comprised four business divisions and a corporate center (Appendix 5.1). Although divided into independent business units, the bank was managed as an "integrated firm".

1.2.2. Management expectations

One of the GMB's goals was that all reorganization efforts within the corporate center would achieve more cost effectiveness. The GMB was also very aware of the fact that focusing on "cost cutting" was not without risk. To prevent vital functions from being simply cut off and to help with decision-making, the GMB commissioned a survey among executives across the bank's business divisions to establish their perception of the value key corporate center functions add to business.

The results of the survey showed that, apart from compliance and compliance-based activities, respondents from business divisions had little confidence in their corporate center. The general perception was that most corporate center functions "lacked commercial awareness" or "lacked insight into the bank's operations" and thus did not add any real value to business divisions. More than half of those surveyed also did not think the corporate center was appropriately staffed to perform its mandate; particularly

local managers perceived central functions at headquarters as "clearly overstaffed", "unwieldy" or "slow in decision-making".

This negative perception of the corporate center was not unusual. In the period of growth that preceded the financial crisis, the corporate centers of many large companies grew organically, mostly either due to convenience or in response to requirements of further professionalization (Baumgarten & Heywood, 2012). However, in the face of adverse market conditions, this growth was now mainly associated with an unhealthy inflation of costs.

For the above reasons, the GMB expected all corporate center functions, including corporate communications:

1. To recalibrate their activities in line with "the ability to drive business growth" (i.e. redefine their mandate);
2. To combine people with the right knowledge and skills;
3. To "re-think staffing" and cut costs.

Regarding the actual separation and termination processes, the GMB left decision-making to the functional units. However, it expressly wished for some "protection". The GMB was particularly worried about the heightened scale of termination lawsuits, especially in the United States (EEOC, 2018). Thus, termination and exit interviews should prevent redundant employees from suing or speaking negatively about the company. Furthermore, apart from legal risks, the GMB was aware that poor termination procedures also bore reputational risks that could affect the company's ability to hire talent. Therefore, the GMB expected HR to be involved.

1.2.3. Managing Director Laura A.

Laura A., head of the communications management team and a member of senior management, was the person tasked with redefining the department's mandate. Despite only being in her mid-30s, Laura was a "veteran" member of the corporate communications team. She had witnessed a succession of CCoOs and CEOs since she joined the company ten years ago and was steadily promoted into more senior positions with increasingly executive responsibilities.

There was no question that Laura was the right person for the job. She had solid strategic knowledge of communications management and the credentials of a person with the ability to master leadership challenges in the face of change. She joined the bank after working as a management consultant for two years where she focused mainly on organizational transformation.

However, for this "key task", Laura required assistance. For one, she needed guidance from HR, especially regarding the termination procedures. Thus, she teamed up with the corporate center's newly appointed senior HR business partner Mona W.

1.2.4. HR executive Mona W.

Mona W. was the corporate center's senior HR business partner. The HR department had recently undergone its own restructuring process, leading to a division between centralized HR services, HR centers of expertise and the creation of HR business partner positions. Supporting Laura was Mona's first "key task" in her new role as HR business partner for corporate center. She suggested calling it "Operation Mazagan" (after a holiday resort in Morocco she had been to recently).

Because senior management was worried about backlash from redundant employees, it was relatively easy for Mona to negotiate a generous severance package for "Mazagan employees", including severance pay. She even secured budget for further training and career coaching to maximize redundant employees' chances on the labor market. After all, she had experienced first-hand what the various unexpected negative effects of downsizing on "survivors" could be, e.g. feelings of guilt for being spared from the chopping block or, even worse, reduced commitment to the company. Secondly, she needed to handle the possibility of survivors perceiving increases to their workload due to layoffs, which should not result in demands for higher compensation. Overall, however, she was quite confident that with the right communication strategy, survivors would perceive Operation Mazagan as an affirmation of their value to the bank.

The entire outplacement process was mandated to a center of excellence for outplacement within HR, a dedicated team that dealt specifically with downsizing or cost optimization exercises like Operation Mazagan. This team would manage all aspects of the separation, provide career counselling and assist employees in their search for other employment. Considering there were no legal requirements in Switzerland to provide a severance package, this was a great deal.

Mona W. and Laura A. knew each other from previously collaborating on a diversity management initiative. This was a strategic—and high-profile—cross-business program championed by the entire GMB. It was even further intensified as a direct result of the financial crisis that, among other factors, was attributed to a lack of diversity, e.g. due to trading teams consisting mainly of young males with "risk appetite" (Levine, et al., 2014). Laura and Mona played a key role in rolling out mandatory e-learning courses on diversity to every employee. Furthermore, they were both graduates of the University of St. Gallen's business administration program and felt they "spoke the same language".

1.3. Transformation process for the corporate communications department

Like HR's restructured organization, Laura's redefinition of the corporate communication department's mandate involved consolidating a range of communication functions into centers that hold expertise centrally for the benefit of business divisions. These centers were to be called "shared services".

1.3.1. Shared services ("centers of excellence")

To determine which functions would add most value to business divisions as centers of excellence, Laura reverted to the GMB's survey results. These identified branding and reputation management as the most important communication functions that headquarters, i.e. the corporate communications team, should manage centrally. Therefore, Laura planned to strengthen brand management and issue management while other teams such as employee communications and public relations functions were to be downsized. Furthermore, the survey results as well as the personal feedback she received from business divisions clearly indicated that many of the less valued corporate communications functions just replicated what most business-level communication and marketing units do anyway, just without the business-specific expertise. These were to be the functions to downsize. Some employee communication and PR headcounts could be reallocated to branding; however, the rest would have to be laid off. This would correspond to a 20% reduction in the current workforce in corporate communications. The new organization of corporate communications after restructuring is visualized in Appendix 5.4.

1.3.2. The online communications team

Part of corporate communication's public relations functions was the online communications team (see Appendix 5.3 for organizational chart before restructure). The team was a good example of growth based on a need for more expertise due to emerging technologies. It started out in 2001 with two headcounts who managed an outward-facing (public) website and the intranet. In the meantime, in parallel with the growth of the internet, 14 persons were responsible for online channels. The online communication team also developed and managed the content management system (CMS) behind online channels in close collaboration with IT.

Much of this centralized expertise was no longer needed. As the CMS became easier to use, dedicated marketing teams within the business divisions took over responsibility for maintaining their own client-facing sections of the public website in their own respective markets and no longer needed support from headquarters. If Laura transferred responsibility for the intranet to editors in employee communications, the only thing left for the corporate online team to maintain was corporate online content (such as the "About us" or "Careers" sections on the public website). Here there definitely was a case for "rightsizing". Information was required on individual employees to determine who qualified as an organizational asset, and if performance could not be evaluated objectively, the person's potential for further development would be considered as well as reallocating some of them to other teams.

1.4. Change communication strategy

Laura was completely aware of the importance of managing communication and expectations to avoid resistance to change. Thus, she scheduled information meetings with each individual team. These meetings would be used to inform employees about the new mandate and its broad consequences and to introduce her plan for the organizational transition (see Figure 1), so that employees would always know when to expect which information. This was also important to prevent rumors and anxiety. As opposed to email communication or intranet articles, the face-to-face setting of these meetings would prove she was willing to listen. Regular newsletter-style emails and intranet articles would subsequently be used to communicate progress, e.g. which milestones were met, what still needed to be completed, and so on.

Furthermore, Laura needed to articulate the benefits of the organizational transformation clearly and emphasize the need for change. First, this meant that her messaging should center on the impossibility of maintaining the status quo (Hersey, Blanchard, & Johnson, 2012). As the bank was still recovering from a devastating crisis, this was a rather easy point to make. Secondly, it was also important to demonstrate that the necessary changes were based on rational analysis rather than cost-cutting alone or—even worse—tacit management preferences. Laura could back up her rationale for change using evidence from the survey. Thirdly, she also believed she needed to create a sense of urgency and convey her personal commitment to transformation (Hersey, Blanchard, & Johnson, 2012). Both surviving and severed employees alike needed to know that all her measures had backing from senior management. In other words, they were irreversible.

On the other hand, it was essential that she finds support for her vision of what the corporate communications department could look like in future. Ideally, she would get this support from a significant majority of the surviving team members. This was a critical success factor for the envisioned change.

Subsequently, in a later phase, as soon as decisions were made on who to let go and who to keep on, one-on-one meetings would be held with all employees. As the department had over 230 employees globally, Laura could not sit in on all meetings personally without immensely stretching her capacities.

Furthermore, Laura no longer knew every single member of the corporate communications department personally. In fact, in some cases, three levels of hierarchy lay between her and the lowest positions. Therefore, these one-on-one meetings would not be held by her herself, but by the respective team heads.

CHANGE TRANSITION PLAN

	March	April	May	June
Redefine Mandate Owner: Laura A.	• Assess current situation • Identify gaps and redundancies	♦ 2 April: submit redefined mandate for approval	Implement value-creating improvements	
Change communication Owner: Laura A.	• Establish the case for change for everyone to understand	• Launch communication plan	• Team meetings • One-on-one meetings (team heads)	• Energize the new organization

Figure 1: Transition plan Corporate Communications

1.4.1. Communication with individuals

The individual meetings would be conducted on a team-by-team basis, so they could take place on the same day for each team. In these meetings, employees would learn whether they survived or were going to be terminated. The survivors would then have the opportunity to ask questions.

The termination meetings would be different. Mona would sit in in order to be able to support team heads and answer soon-to-be redundant employees' questions regarding the severance package. As Laura no longer knew each employee personally, she wanted the heads of the different teams within the corporate communications department to conduct the termination meetings. This would give them valuable experience.

1.4.2. Further persons involved in the online communications team

Ronny M., a hard-working executive, had been the head of the online team for quite some time. He drove the team towards more professionalization and even won it a few awards. However, never on the best of terms with communications management, Ronny seemed to sense the winds of change and was already on his way out; he had given his notice shortly after the restructure was announced. He was at least partly responsible for the blown-up size of the online team. When there were enough resources to go around, he hired two middle managers who could relieve him of the responsibility for 10 direct reports, thus creating an additional hierarchy level, an example of growth based on convenience (Baumgarten & Heywood, 2012).

Ronny reported to *Mark B.,* head of the communication services team. Hierarchically, Mark was on the same level as Laura. He was to sit in on the one-on-one meetings.

Among those team members facing redundancy was 45-year-old veteran staff member *Natasha R.,* who had a faultless track record of almost eight years within online communications. Natasha was a reliable employee who was instrumental in further developing the company's intranet and public website. In her annual appraisals, she easily met and occasionally even exceeded the goals given to her but was never promoted.

1.4.3. Natasha's termination meeting

After a few grueling days of uncertainty and all-round speculation, Natasha's one-on-one meeting took place with Mark B. and Mona W. Up till now, she only had minimal contact with Mark and never met Mona before—they both dealt directly with people higher up in the hierarchy such as Ronny. The moment Natasha registered Mona's presence, she knew she it would be her turn to be terminated.

Mark did all the talking. He said that the decision was made that Natasha would be among the "severed" employees and stressed that the decision was irreversible. He added that he, Laura and Mona were sure that she could fulfil her potential elsewhere and that the bank would support her in this endeavor. Obviously, Natasha wanted to learn why exactly she was being dismissed and not anyone else in similar positions and whether this was "some sort of age thing". Mark explained that they had to choose between her and her 26-year old colleague Emanuel N. and that they had decided to keep on Emanuel because he had "more potential".

Heavily affronted, Natasha loudly demanded to know what they based this conclusion on. After all, these people hardly knew her. This clearly embarrassed Mark, causing Mona to intervene by calling Natasha to order. She then signaled to Mark that he need not answer, which infuriated Natasha even more. Mark nevertheless thought he should answer Natasha's question and mentioned that the decision was made based on input from Ronny. Now completely consumed by her negative emotions, Natasha was hardly in a state to listen to the further details of her severance package.

1.5. The aftermath

After the meeting, Natasha went straight back to her office where her immediate colleagues were all expectantly awaiting her news, among them Emanuel. She related the specifics of the termination meeting to them and explained that she would be immediately released from her work duties to take part in a "coaching". Mark's reasoning was met with cynicism and alienation, also resulting in Emanuel feeling extremely uncomfortable. Although this was none of his fault, Emanuel felt the need to apologize. Natasha assured him that she held no personal grudge against him. An older colleague, whose one-on-one meeting with Mark was one of the next, was sure he would be "next for the chop", provoking a third, surviving colleague's pessimistic remark that he and Emanuel were probably two of the "last rats on a sinking ship". Another colleague wondered who would be doing Natasha's job.

Convinced that she knew who the culprit of her unfair predicament was, Natasha stormed into Ronny's office and demanded an explanation from him. Ronny explained that he did not have much say in the decision to let her go. Apparently, it all boiled down to an unofficial list of "high potentials" to which Emanuel belonged and Natasha did not. Being on this list meant Emanuel was on the bank's designated career track for talent.

Mark felt very bad about the meeting with Natasha and was full of consternation at the role given to him. None of HR's "precautions" had worked; in fact, Mark thought they were useless. Therefore, he

sought out Natasha later on the same day, and they were able to have a rather amicable conversation without assigning blame. This was very different to her termination meeting.

Natasha later even received an email from *Laura*, who must have heard of the fracas, inviting her to "a beer and some talk" in a pub across the street. *Mona*, on the other hand, was rather convinced that Natasha had reacted "emotionally and unprofessionally" and probably "could not take the truth".

Teaching Notes:
Interpersonal Communication in Organizational Transitions

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Abstract. Set in the aftermath of the financial crisis, this case study focuses on leadership communication in the context of organizational change. Students explore the psychological implications of downsizing and the differences between top-down and more personal forms of communication as well as the advantages and shortcomings of both forms of communication in the context of organizational transitions.

Keywords. Interpersonal communication · organizational communication · leadership communication · ethical leadership · transformational leadership · exit interviews · difficult conversations · worker survivor syndrome · human resource management.

2.   Teaching Notes

2.1. Introduction

The impact of downsizing on an organization can be analyzed from two basic perspectives: the economic and psychological effects (Tourish & Hargie, 2004). Most downsizing efforts focus on the economic aspects, in which downsizing is a means to an economic end such as cost efficiency. The psychological consequences are largely ignored. This case study explores the psychological effects of downsizing as an undervalued leadership challenge in organizational transitions.

Another challenge is communication. The case study explores - and ultimately questions - the effectiveness of one-way communication strategies in organizational transitions by illustrating the difference between top-down communication, in which "followers" are expected to align with their leaders' vision, goals and decisions, and more personal forms of communication that blur the lines between leader and follower categories.

A leader-follower categorization is adopted by most models of transformational leadership (e.g. Bass, 1985; Bass & Riggio, 2006) and change management (e.g. Kotter, 1990), all widely in use today. Furthermore, they elevate the role of communication in driving change. A main assumption is that followers need to be "inspired" by a vision (Bass & Riggio, 2006). This vision, created and communicated by leaders, has the purpose to establish collective meaning which enables all to work towards the same goals.

Despite the use of terms such as "inspire", this meaning is communicated—and ultimately enforced— top-down. It is usually not negotiated or co-created with followers. Communication takes place in one way, and its primary purpose is to transmit information from sender to receiver, also called the "transmissional view" of communication (Fairhurst & Connaughton, 2014). What receivers do with this information, their subjective perceptions, individual meanings or interpretations of leaders' messages on change are basically out of scope of these models. In fact, models of transformational leadership imply that these interpretations can be managed or that a message can be framed in a way that allows only one possible interpretation: management's. In the context of downsizing, in which management decisions can be life changing, Tourish and Hargie (2004, p. 17) sum up this attitude as: "There are no unpalatable messages, just poor communication strategies."

By outlining the interpretations of a terminated employee as well as surviving employees, this case study sheds light on what it means to be at the receiving end of leadership models and communication. A sequence of decisions and events lead up to an escalating exit interview with a terminated employee. The causes for this escalation from a communication point of view are analyzed in section 2.4. Some of these decisions and actions serve as examples of how theories of transformational leadership are applied to settings of organizational change. Furthermore, the case study can be used to discuss how to communicate layoff decision-making and how to anticipate its implications on surviving employees, a concept known as worker survivor syndrome (section 2.3.3).

Although set in the financial crisis of 2008/2009, the implications of increased automation and mobility in today's workplace as well as the increased skill shortage suggest that the labor market will undergo considerable transformation in the future. In this context, the acquisition of interpersonal communication skills is key.

2.2. Learning outcomes and general remarks

- *Learning objective*: To explore the differences between top-down communication strategies (one-way) and interpersonal communication (two-way) in managing interpretations. To discuss advantages and shortcomings of both forms of communication in the context of organizational transitions.
- *Secondary objectives (ethical leadership):* To create awareness for the dehumanizing effect of categorizing people into leaders and followers or talent and "less worthy alternatives" and its effect on layoff decision-making. To explore the perspective of victims and survivors of down-sizing.
- *Topics*: Interpersonal communication, leadership communication, organizational communication, ethical leadership, transformational leadership, difficult conversations, termination meetings, worker survivor syndrome, layoff decision-making, human resource management.

2.2.1. Experience, didactical considerations

A shorter version of this case study was used with undergraduate students of a business administration and business IT degree program in their first and third year of studies. Despite being part of a business communication module that centers on interpersonal communication, students needed to be reminded that they should specifically focus on communication. Students tend to problem-solve, focusing on "right" or "wrong" behavior and suggesting who should have done what differently, thereby quickly putting the blame on one or the other of the actors in this case study.

However, *none of the actors has done much wrong*. In fact, they are acting in accordance with models of transformational leadership and change management. Communication escalates nonetheless. Therefore, discussions should center on how actors are communicating. If students persist in discussing the validity of actors' behavior, it may be important to ask them why they think an action or a decision was right or wrong, thus steering them towards a cause-and-effect discussion, in which communication plays a more obvious or even causal role for an outcome.

When discussing cause and effect, students can tend to use generic reasoning to explain communication outcomes. Typical examples are: "She's reacting emotionally" or "That's unprofessional." Therefore, it may be necessary to ask students why they think a person is acting emotionally or unprofessionally as it may steer discussions back to cause and effect.

Focus of discussions can be analyzing the causes for the escalation (communication outcome). These can be found in the actors' messages and communication styles (section 2.4.3), their attribution patterns (section 2.4.2) and their perception of others (section 2.3.1).

2.2.2. General questions to guide discussions

- Why did Natasha's termination meeting escalate?
- Should you tell "the truth" in exit interviews? Are managers using the objective truth? If not, whose "truth" is it?
- Why did both Mark and Laura contact Natasha after her termination meeting?
- What does it mean to be at the receiving end of social categories as proposed by leadership theories (e.g. leaders vs. followers, talent vs. other "less worthy alternatives")?
- What should the role of an HR business partner be in termination meetings? Was Mona's input as useless as Mark thought?

- Identify instances of one-way and two-way communication. Where do the main differences lie?
- Why should Laura create the opportunity for feedback in face-to-face meetings if the decision is irreversible?

2.3. Theoretical background

The following sections briefly outline the main areas illustrated by this case study and their theoretical background. Specific questions to guide discussions are provided for each area.

2.3.1. Leading transformational change

Leading organizations in transitions is a complex management task. One way to simplify it is to sweep people into categories such as leaders and followers, severed and surviving employees, or "talent" vs. "non-defined alternatives less worthy of organizational support" (Tourish & Hargie, 2004, p. 18). These categories affect Laura's as well as Mona's thinking and subsequent decision-making.

This social categorization creates psychological distance (Trope & Liberman, 2010) which is the basis of dehumanization, similar to when people are objectified. When categorized, people become more abstract, which, in turn, more likely leads to "cold cognition-based judgements" (Haslam, 2006, p. 262). These are not necessarily intentional but represent the heuristic thought patterns we apply when we perceive and think about others (social cognition and its biases are also discussed in section 2.3.4).

Psychological distance may be compounded by the size of a team and multiple levels of hierarchy, resulting in the fact that leaders no longer have direct dealings with each and every follower. This also makes it more difficult to *empathize* with individuals. Followers become an abstract category. Laura even acknowledges this by appointing team leaders to communicate with employees one-on-one in their respective teams. She will nonetheless expect these employees to align with her vision as a behavioral outcome.

Similarly, Mona dismisses any other possible interpretations than her own, which is that surviving the restructure will be perceived as "a positive affirmation of employees' value to the bank". In other words, the leaders in this case study are assuming that their messages will be interpreted exactly the way they intended them. This, at best, is an oversimplification as the individual perspectives of affected employees described in the case study should demonstrate. At the receiving end, employees harbor their own subjective meanings and interpretations. Furthermore, no one likes to be objectified.

One way to overcome the negative effects of objectifying others is to make an effort to understand them. *Empathy* has been gaining a lot of positive attention as a necessary leadership trait (e.g. Kellett, Humphrey, & Sleeth, 2006; Holt & Marques, 2012), often as a measure to counterbalance the behaviors of leaders that are perceived as narcissistic. Even models of transformational leadership acknowledge this. For example, Bass and Riggio (2006) specify "individualized consideration" of followers as an important behavioral component of transformational leadership.

However, to help leaders consider the diverse needs and goals of each individual follower, top-down communication is not exactly useful. Bass and Riggio (2006) even acknowledge this. For example, they postulate that a "two-way exchange of communication" should be encouraged or that transformational leaders should practice "management by walking around workspaces" (p. 6) and listening to what employees have to say. This obviously makes a leader's task much more challenging and complex, if not completely overwhelming, depending on how many followers you need to take into individual consid-

eration. Furthermore, taking someone else's perspective requires a cognitive effort and sometimes involves a major shift of perspective. So what would it mean to consider all of these perspectives, let alone develop a co-created, integrated vision? If viewed from this perspective, models of transformational leadership look more like wishful thinking.

In fact, the theoretical imperative that transformational leaders must consider each follower's individual perspective contradicts other assumptions of the same models. For example, transformational leadership models presuppose that meaning, vision and goals are shared, e.g. Bass and Riggio (2006, p. 3): "Transformational leadership involves inspiring followers to commit to a shared vision and goals for an organization or unit". However, as Tourish (2014) points out, this "unitarist" approach assumes that all members of an organization or unit have the same goals as the organization—and if not, they just need a little more convincing or "inspiring". What this effectively implies is a top-down alignment, or as Tourish (2014, p. 23) puts it:

> *"...it proposes a leadership model in which leaders tightly control the behavior of their followers: leaders have the power to reward, punish, or fire followers, depending on how enthusiastically they embrace the goals set for them by leaders. It is a model which can too easily see a kind uncle morph into an angry god."*

One way to explore Laura's decision-making and corresponding communication strategy with students in more detail is to compare it to the proposals main models of change management make. The following model of situational leadership in transformation, developed by Hersey, Blanchard and Johnson (2012, pp. 300), could be useful in explaining what steps need to be taken by leaders when facing organizational transitions:

- Personal commitment to the transformation by the leadership
- Firm, relentless, and indisputable communication of the impossibility of maintaining the status quo
- Clear and enthusiastic communication of an inspiring vision of what the organization could become
- Timely establishment of a critical mass of support for the transformation
- Acknowledging, honoring, and dealing with resistance to the transformation
- Defining and setting up an organization that can implement the vision
- Regular communication of information about progress
- Giving recognition and reward for achievements.

Although not clearly specified, these steps at least seem to imply that communication and meaning-making takes place top-down and is "indisputable". By contrasting types of communication, students can explore the differences and shortcomings of different types of communication.

2.3.2. Types of communication

One way to differentiate types of communication is to determine its audience or addressee(s). In broad terms, one-way communication is directed at a generic audience and as a result is more impersonal, while two-way communication is more attuned to a unique human being. The latter is synonymous with interpersonal communication which acknowledges communication partners as individuals with their own thoughts, wants or attitudes. It is not addressed to a generic, abstract entity based on senders' assumptions on who they are communicating with. This audience often consists of members of a category

that have certain traits in common, much like employees or followers. As a result, messaging is also less complex than more personalized forms of communication.

In the context of organizational change, communication is typically instrumentalized with the intent to manage employee interpretations of downsizing efforts and their resulting views of the restructured organization (Tourish & Hargie, 2004). Those affected by change have no particular say in the matter; they are expected to see management decisions as irreversible or indisputable although, for some, both severed and surviving employees alike, these decisions may be life-changing (see section 2.3.3).

A severance package meets the immediate needs of a terminated employee right after termination. However, it does not always help them feel better about their future (of which someone else's decision-making is taking control). The result is frustration at the feeling of losing control. This is one of the psychological impacts of downsizing for severed employees that cannot be managed with top-down communication.

Moreover, severed employees are no longer "followers". The organization does not need to uphold relationships with them. Thus, there is little incentive for dialogue. It would also seem that their interpretations do not matter and thus do not need to be managed if the GMB had not put the focus on reputation management and legal implications. Obviously, this clear dilemma leaders face in this case study cannot be alleviated by "creating and communicating a shared vision" (Tichy & Devanna, 1986).

Laura's communication is not only top-down, or at least does not seem so at first glance. She sets up face-to-face team meetings and one-on-one meetings in the intention to better manage perceptions and interpretations and align these with the vision. However, by delegating these meetings to team heads, the communication strategy does not exactly provide for a direct dialogue. Because the decisions that follow from the redefined mandate are irreversible, feedback from those affected will have little effect. Thus, the communication strategy centers on managing interpretations in the sense of bridging the gap between management and survivors' perception of the new organization.

Specific questions to guide discussions on transformational leadership and leadership communication:

- What could Laura's 'vision' for the corporate communications department be?
- Why would employees 'buy in' to this vision (e.g. in correspondence with step 4 of Kotter's 8-step change model)?
- What is Laura trying to achieve? What are the 'ends' or the 'behavioral outcomes'?
- Do Laura's goals differ from employees' goals?

2.3.3. Worker survivor syndrome

For all its intents and purposes, downsizing also has a negative impact on the employees that survive it, captured by the concept of "survivor syndrome". It may not be enough to rely on the fact that survivors will interpret their survival as confirming their worth as Mona concludes in this case study. Downsizing sends other signals as well. For example, it sends the message that the organization is not "loyal" to its employees. Furthermore, depending on which team members are among the victims, downsizing can also be interpreted as if hard work does not pay off. Therefore, it has been long established that the criteria applied in layoff decision-making need to be perceived as *fair* (Brockner, 1994).

Symptoms of worker survivor syndrome can include reduced commitment, decreased job satisfaction, survivor guilt, or loss of trust in the organization (Sverke, Hellgren, & Näswall, 2002). Survivors also

experience a loss of control, which can be disempowering (Paulsen, et al., 2005). In high-profile down-sizings that make the headlines, employees may even see themselves in a position that requires them to defend the organization. Therefore, downsizing comes with costs and not only cuts them.

Retaining their jobs in a new structure may provide survivors with a certain continuity; however, they still experience job-related uncertainties on issues that are of individual importance to them, e.g. altered work roles, responsibilities, work load, relationship networks, career paths, opportunities for promotion, future layoffs, etc. In other words, the world survivors are familiar with has been disrupted, and now they must cope with unknown consequences, which can be stressful.

From an employee perspective, the entire downsizing process can be conceptualized as occurring along three stages (Paulsen, et al., 2005):

- Anticipating downsizing: employees are aware that layoffs are impending;
- Implementing downsizing: employees learn how the changes affect them;
- Aftermath of downsizing: employees try to adjust to change.

In this case study, employees are in the implementation phase. Research has shown (for an overview, see Paulsen, et al., 2005) that uncertainty and stress levels are high during the anticipation phase and decrease or remain stable after the implementation phase, i.e. surviving employees become more com-fortable with the downsized organization as change progresses, indicating that people can adjust.

However, it is important to support survivors and help them manage these uncertainties (Paulsen, et al., 2005). One measure would be to heighten their understanding of the changes to their jobs. The fact that Laura organized one-on-one meetings with survivors, in which they can ask questions—a two-way com-munication strategy—, may help survivors understand how change affects them in the implementation phase.

However, if actions do not follow suit, the disempowering effect of downsizing can linger on to the next stages, even leading to survivors losing trust in the organization. Much depends on the sense of control survivors perceive they have over change implementation (Niehoff, Moorman, Blakely, & Fuller, 2001; Paulsen, et al., 2005). Therefore, participative mechanisms such as being involved in decision-making and other empowering practices must be actively encouraged if leaders seek survivors' commitment or long-term changes in their perceptions of the new structure. Niehoff et al. (2001, p. 106) emphasize the significance of concrete empowering practices that result in perceived control as follows:

> *"In a downsizing environment, survivors seek some degree of control over the uncertainty they face regarding their jobs and their futures, and such control comes not through inspirational and encouraging words and actions from the manager, but from the real consequences of those actions".*

Specific questions to guide discussions on survivor syndrome:

- Which possible messages could the layoffs of close colleagues be sending to survivors?
- Identify areas that change for survivors.
- How could HR manage survivors' perceptions or interpretations?
- What did Mona undertake to secure survivors' commitment to the new organization?

2.3.4. Layoff decision-making

If they cannot be explained rationally, managers' decisions on who should go, who should stay, or which jobs can be eliminated can be perceived as unfair by both survivors and victims as well as other stakeholders. As briefly outlined above, this can result in distrust in—rather than in commitment to—the new organization. Therefore, it may be worthwhile to explore the criteria underlying layoff decision-making in this case study and possible alternatives. Natasha eventually learns that her layoff was based on an opaque list of high potentials she was not on.

Dwyer and Arbelo (2012) believe that much of the skepticism towards layoff decisions derives from an "inconsistency between stated criteria and managers' ultimate decisions" (p. 384), which are often heuristic if not haphazard. They list the following criteria often used for layoff decision-making along with the possible pitfalls of each for managers—and employers (Dwyer & Arbelo, 2012, pp. 384-386):

- *Seniority*: Either long-tenure/high-pay or lower-tenure employees are targeted, the latter because they are less committed, the former because they are more expensive. Dwyer and Arbelo also state that "both tenure and high compensation can be proxies for age" (p. 385). Using age as a layoff criterion is obviously discriminatory and would make companies vulnerable to legal action. Furthermore, targeting either lower- or higher-tenure employees could be harmful to diversity.
- *Performance*: Performance assessments are accepted as criteria if they are accurate and valid. Annual appraisals are often forced-choice, sometimes even forced-distribution, in which a workforce is distributed into categories such as "meets" or "exceeds expectations" according to predefined proportions. These are often not accurate enough to base layoff decision-making on. Dwyer and Arbelo (2012) therefore suggest using additional criteria that can be objectively measured such as absenteeism or other behavioral outcomes.
- *Lack of transferable skills*: These are qualities such as organizational or communication skills that can be transferred from one job to another, thus allowing employees to succeed in different jobs or in changed roles following downsizing.

That layoff decision-making can be subject to the same (social) cognitive biases as any process of heuristic decision-making is not further surprising. Although theoretical models and empirical studies that explain the underlying mechanisms of layoff decision-making are rare, Dwyer and Arbelo (2012), who asked students to make layoff decisions based on employee profiles, stress there is a clear need to understand them. They even propose that flawed decision-making can be one of many reasons why downsizing measures often do not deliver the expected results (Dwyer & Arbelo, 2012, p. 401). Their study revealed that differences in group membership (category-based social perception) played a significant role in decision-making, i.e. decision-makers tended to recommend those employees for layoff that were different to them in age, sex, or gender. Similarity or difference in demographics even overruled criteria such as performance or transferable skills. In fact, as Dwyer and Arbelo state (2012, p. 401), "personal characteristics of the employee are often used in making layoff decisions, despite the target employee's experience, performance, and skill sets". As employees pay close attention to the criteria used to make layoff decisions, this result is quite worrying. It also implies that layoff decision-making can have a negative effect on the diversity of the downsized organization and therefore may have an impact on its future. Despite being a "strategic initiative", diversity played hardly any role in any of the actors' decisions in this case study. Lack of diversity was even proposed as one of the main reasons for the financial crisis (Levine, Apfelbaum, Bernard, Bartelt, Zajac & Stark, 2014).

Specific questions to guide discussions on layoff decision-making:

- Can the layoff criteria applied to decision-making in this case study be seen as fair and transparent by survivors?
- Why does diversity play almost no role in the managers' decision-making?
- Could the fact that Laura and Mona "spoke the same language" indicate blind spots?

2.4. Concepts of interpersonal communication

As outlined above, interpersonal communication involves acknowledging a communication partner as an individual human being. It is two-way communication. By contrast, top-down or vertical communication is mostly impersonal. It occurs in a linear, transmissional fashion from sender to receiver, serving mainly to inform, persuade or direct others. It does not—and cannot—acknowledge each "follower" as an individual human being.

Furthermore, there is no guarantee that top-down messages collectively reach each and every recipient in the intended way as a "management of meaning" would suggest. Each will interpret these messages according to their own subjective meaning. In other words, their interpretations are not as easily manageable as leaders would like to think (Tourish & Hargie, 2004).

Although Laura chooses a face-to-face setting to communicate changes, in actual fact this will not involve an exchange of ideas nor will it serve to elicit individual viewpoints or perspectives. The recipients are expected to see changes as irreversible. However, the fact that Laura actively seeks an opportunity for two-way communication with Natasha by inviting her to a nearby pub may show that she acknowledges this and may wish to afford Natasha the opportunity to voice her viewpoint or share her perspective in a genuine two-way manner. While not able to change her situation, this at least gives her a voice.

The differences between the one-on-one meetings with survivors and redundant employees can further illustrate the distinction between one-way and two-way communication. While the meetings with survivors allow them to ask questions, Natasha was only allowed to ask questions about the severance package. Any other questions are blocked off. Especially Mona does not seem willing to listen and exhibits a controlling language style by calling her to order.

Many terms commonly used in business settings are impersonal, sometimes even deliberately used to mask personal or subjective meaning (e.g. "Operation Mazagan", "rightsizing"). This language can also have dehumanizing effects. In a similar vein, dividing people into "high potentials" and those that are less worthy of organizational support represents category-based social perception, in other words, an oversimplification that may even reinforce stereotypical beliefs.

2.4.1. Maintaining relationships

One of (interpersonal) communication's main purposes is to maintain relationships (Hargie, 2011). To this end, communication needs to be attuned to an individual, i.e. take this person's unique perspective into account. Severing employees, by definition, is the exact opposite. There is no longer a relationship that needs to be maintained. In fact, it makes little sense to gather severed employees behind a vision or persuade them of the benefits of the new organization.

2.4.2. Managing interpretations: reframing

Despite it being expectable to certain extent in this case study, learning that you are no longer required in a new structure can be considered a blow. Therefore, the reasoning lying behind layoff decision-making and the way this is communicated to severed employees is highly significant because it can dampen the blow. In this sense, Mark's reasoning contributed to the escalation. By "stating to her face" that Emanuel had more potential than her (downward comparison), Mark performed a direct, face-threatening act against Natasha's positive face (Brown & Levinson, 1987). He framed the reasons for her layoff as if it were Natasha's fault. Thus, Natasha's aggressive reaction (demanding an answer from her superiors) should at least not have come as a complete surprise to Mark, Ronny and Mona. Even if there were a basis for the grounds given for her dismissal, i.e. even if it were "the truth", this was certainly not a useful way to communicate it.

Much depends on the attribution process (Weiner, 1986). By attributing Natasha's layoff to her lack of potential, they are giving her an internal, stable cause for her dismissal which focuses on her person (internal or dispositional cause) and is something that she cannot change (stable cause). Less face-threatening would be explaining it using an external or unstable cause, for example her behavior, which is within her control. This may be difficult when there are no faulty behaviors to present as evidence. However, internalized dispositional attributions as explanations for job loss can negatively influence Natasha's subsequent job search (Prussia, Kinicki, & Bracker, 1993). Thus, rather than positively managing her interpretations, they may be achieving the exact opposite.

Mona and Mark could have also given a more objective view of Natasha's dismissal. They simply claimed that Emanuel had more potential, but they did not back up their claim with any evidence, e.g. on performance. Thus, their claim was *ambiguous*, i.e. it left a lot of room for interpretation, making it easy for Natasha to (mis-)interpret their reasoning as against her person. Age, for example, is a stable and salient difference between her and Emanuel, also one that employers would rather not explicitly mention for fear of coming across as discriminatory, thus potentially leading to legal action. In fact, without more information or specific evidence to back up their claims, this interpretation or narrative would seem a rather obvious one to grasp at.

The lack of context given by the managers contributed to Natasha's interpretation of their message as face-threatening, provoking an aggressive response from her. In her perception, possibly as well as in the perception of her surviving colleagues, she had done nothing wrong, which likely made letting her go on these grounds seem very unfair. She was at the receiving end of a category-based perception of her person (not a high potential) which can have a dehumanizing effect. This perception could have been exacerbated by the fact that the feedback was given by two executives who did not know her that well and were thus probably not even in a position to judge her performance. This should be reason enough for the executives to frame their reasoning in a more face-saving way (external or instable attribution).

2.4.3. Aggressive vs. assertive communication styles

Although there are more skillful ways to communicate the reasons for her dismissal, Natasha's lashing out at the executives was a 'red-light reaction', i.e. an automatic response that was aggressive (demanding loudly and abrasively). Perhaps negative emotions interfered with Natasha's ability to focus on anything else, thus creating a barrier to effective listening on her part. She was hardly in a state to appreciate the severance package. Although she obviously has a right to learn what the basis of the conclusion was to let her go, she had no automatic right to react aggressively. Mona and Mark were also only doing their jobs, carrying out what the GMB asked them to do. Furthermore, an employer has "the right" to

lay off staff in the face of adverse market conditions. Therefore, Natasha could have acknowledged this by responding assertively (protecting her rights as well as respecting theirs, e.g. by responding non-aggressively).

In the same vein, Mona's calling her to order is an aggressive response to an aggressive response. This leads nowhere, and only contributes to the situation spiraling out of control.

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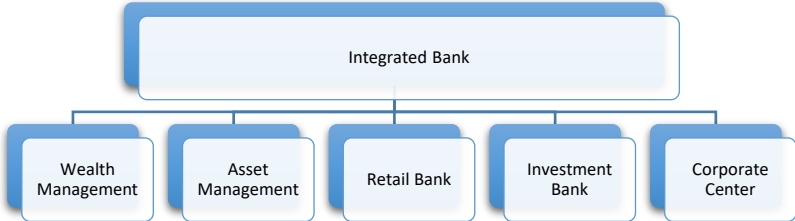
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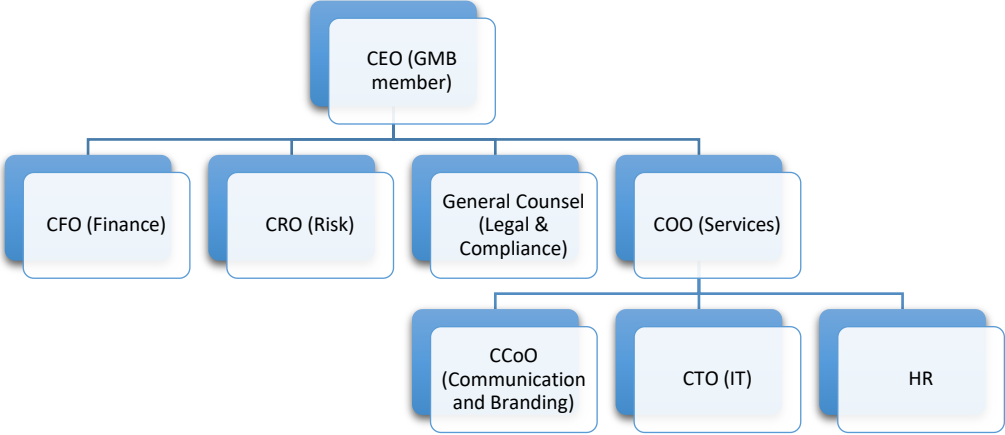
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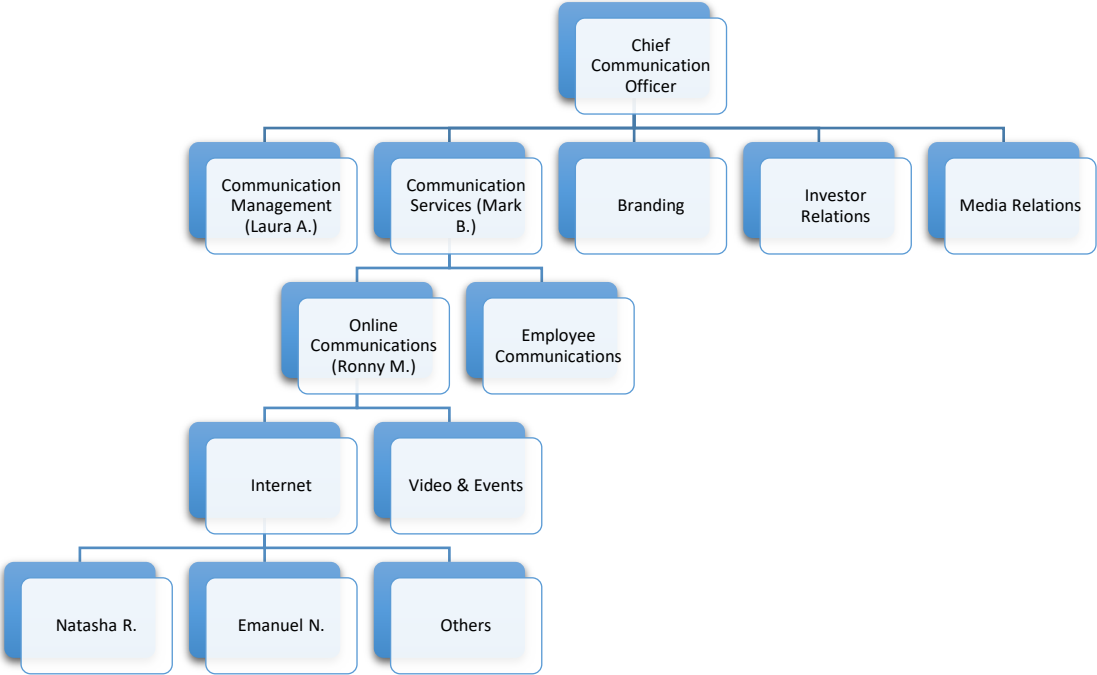
5. Appendix: Organizational charts

5.1. Bank structure

5.2. Corporate Center after restructuring (transformation goal)

5.3. Corporate Communications before restructuring

5.4. Communication and Branding (Corporate Communications after restructuring)