Middle Managers' Commitment to Change after Downsizing

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Abstract :   This research was a case study of middle managers' commitment issues after downsizing. After downsizing, the company kept changing its regulations to compete. Less appropriate change strategies led to uncertainty, pressure and anxiety among middle managers. This research aimed to explore the way middle managers handle and commit to changes under pressure. During the organizational change periods, the roles of middle managers were complex because they were required to become agents of change and targets of change. These roles severely affected the implementation of changes. This research applied qualitative methods through a case study by interviewing individuals and conducting focus group discussion. There were eleven middle managers and three general managers who were considered as significant others. It was found that the middle managers, who were also the survivors, felt satisfied and gained fairness in the downsizing process. However, after the downsizing, the organization was less committed to change, so the managers showed commitment to change because they felt obligated (normative commitment to change) and they had no choice but to follow the change (continual commitment to change). This paper also helped to understand how the commitment to organizational change influenced survivors' commitment to change.

1 INTRODUCTION

Downsizing has been a serious issue in Indonesia for the past three years and has affected a large number of workers. Based on data from the Ministry of Manpower of the Republic of Indonesia, (2015, 2016, 2017) 26,506 workers were terminated in August 2015, which increased by 84.2% in December 2015 (48,843 workers). There were 12,777 employees terminated in 2016, and the number decreased to 9,822 in November 2017. Three provinces with the highest employment termination cases were East Kalimantan (3,088 workers), Jakarta (1,939 workers) and Banten (1,663 workers). According to the Indonesian Workers Welfare Union, this phenomenon represented a massive case of downsizing (Hidayat, 2016).

The main cause of downsizing in Indonesia was the slowing of global economic growth that affected the economic condition in Indonesia. Downsizing was commonly implemented by organizations due to global economic conditions, which was preceded by recession or politic instability (Chipunza & Berry, 2010). Many organizations chose downsizing to increase their efficiency (Datta & Basuil, 2015;

Kwoske et al., 2009), so they could become more competitive (Chipunza & Berry, 2010; Marques et al., 2014).

Downsizing was often perceived as a shortcut to improve the organizations' performance, while in fact downsizing often failed to accommodate the desired economic outcome (Datta et al., 2010). Downsizing also led to a serious problem called survivor quality (Chipunza & Berry, 2010). Survivors were employees who were not affected by layoffs, while survivor quality was characterized as the workers' attitude, commitment and motivation in the new work situation after downsizing (Vinten & Lane, 2002). It was difficult to see the survivors' behaviors and motivations as the consequences of downsizing (Datta & Basuil, 2015). The success of an organization depended on the survivors' attitude, commitment and enthusiasm to work (Chipunza & Berry, 2010). Therefore, the organization needed to ensure that the survivors maintained their commitments, perceptions of job security, creativity and motivation (Marques et al., 2014).

Research on the impact of downsizing on the commitment of the survivors had been widely studied, but each study had different results. For

instance, a research found that downsizing lowered an organization's commitment (Allen et al., 2001; Brockner et al., 2004; Travaglione & Cross, 2006), while other research found that downsizing increased an organization's commitment (Bergström & Arman, 2016; Chipunza & Berry, 2010). Commitment was a driving-force behind an organization's performance, and it was essential for organization productivity (Travaglione & Cross, 2006). Organizations depended on the workers' commitment and dedication (Chipunza & Berry, 2010).

In the context of organizational change, survivors' commitment to the organization was not enough. Survivors were required to have commitment to change. Compared to organizational commitment, commitment to change had a bigger impact on behavior that supported changes (Herchovich & Meyer, 2002). Commitment to change was a key success predictor for the implementation of behavior that supported change (Meyer et al., 2007; Seo et al., 2012; Shin et al., 2015).

In order to support the success of post-downsizing changes it was important to find individuals who had important roles in the success of change. Middle managers were important assets in building organizational strategy and implementation of organizational change (Ashkanasy & Humphrey, 2011; Rouleau & Balogun, 2011). Middle managers had five roles during the period of change, which were as communicators, supporters, trainers, mediators and managers of resistance (Ionescu, Merut & Dragomiroiu, 2014), to be agents of change and targets of change (Giangreco & Peccei 2005; McConville 2006; Floyd & Lane, 2000). Middle managers' roles during the period of change were challenging as they were in a position that must fulfill many expectations and balance responsibility (Sims, 2003).

Downsizing would also affect middle managers as survivors, but they were required to demonstrate their professionalism by performing their roles during the period of change. This research was conducted on companies experiencing downsizing in Indonesia. After downsizing, middle managers were satisfied with the process, but they did not show the expected work performance. This condition was different from a study (Bergström & Arman, 2016), which found that the survivors' organizational commitment was increasing after the downsizing process because the workers' program was well communicated.

This research was expected to fill in the shortcomings of the previous studies that examined the commitment in general after downsizing, while focusing on the commitment to change. This study explored the middle managers' commitment to change after downsizing, so it was expected to explain why the downsizing could increase or lower their commitment to change.

2 METHODS

A qualitative method with a case study approach was employed in this study by involving survivors with mid-managerial positions in PT KSE Indonesia. PT KSE was a company engaged in engineering and construction, property, concrete and trading. Over the past two years, the company had conducted three large layoffs due to external environmental pressures, during the economic crisis. Post-downsizing resulted in various changes for the company, such as restructuring, and changes in working procedures and culture. The data was obtained from 11 middle managers (two women and nine men), and three division heads as significant others.

The data was collected by conducting focus group discussion (FGD) and semi-structured interviews. Focus group discussions and interviews were conducted by giving open questions but there were limitations to the theme and flow of the conversation. There were interview guidelines that were used as a benchmark in the plot. Interview guidelines were prepared based on Herchovich and Meyer's (2002) commitment to change theory. Three division heads (head of middle managers) and three middle managers participated in the interviews, which were of 90 to 120 minutes interview duration with an average interview time of 100 minutes. On the other hand, eight middle managers were involved in the FGD, which took around 120 minutes. All data was recorded electronically and transcribed.

Boyatzis' theory-driven thematic analysis (1998) was used to analyze the data, while Herchovich and Meyer's three dimensions of commitment to change theory (2002) was used as the core theory. Seven data analysis steps were conducted: making a transcript, determining the code that would be used with reference to the theory, reducing the code in the appropriate themes, matching the data with the theme and code that had been determined, making an evaluation, interpreting the results and drawing conclusions.

The eight strategies proposed by Cresswell and Miller (2000) were employed for validity test. The

strategies recommended the writer to include at least two procedures in any studies. In this study, review procedure and question-answer with colleagues as well as examining the participants were the methods to validate the data. Examination was carried out by collecting participants' views on the credibility of the findings and interpretation.

3 RESULTS

Commitment to change was a reflection of how a middle manager felt, being tied to change and seeking to make a change successful. The results of data analysis showed that the survivor's commitment to change was formed through a process. Broadly speaking, the development of a survivor's commitment to change was motivated by two different factors. There were survivors who felt responsible for supporting the organization, so that the organization could survive and be more competitive. There were also survivors who supported the change because they did not want to be dismissed from the company. In order to understand the survivors' commitment to change, the authors explained middle managers' post-downsizing experience that influenced development of commitment to change.

As survivors, middle managers assessed that downsizing conducted by the organization was a necessary step in an organization's effort to survive in difficult situations. Middle managers also felt satisfied with the way downsizing was conducted by the organization, because it was considered to be fair. The organization implemented downsizing in two ways: (1) providing an offer to employees for early retirement and (2) selecting employees for early retirement based on work performance. In addition, middle managers could also understand the reasons for the organization downsizing. They also felt grateful for being retained by the organization. They said that they would work better for organizational survival.

The company restructured and conducted organizational change after downsizing. There were many new positions, but without job descriptions. Its organizational structure was also leaner with higher workloads, but there were also departments that had excessive personnel numbers. The middle managers rated this change as a positive step. The middle managers also had awareness to support the change. This awareness grew because the company often conducted socialization about the importance of support of all parties to succeed in the change

In the implementation stage, however, the middle managers felt confused. They occupied new positions that did not have job descriptions yet. They were still adapting and guessing their responsibilities, while at the same time they were required to make improvements in their working units. The middle managers should also ensure that their subordinates could keep up with the changes. They considered the organization was not formulating appropriate strategies, so that changes were unplanned.

The conditions experienced by middle managers made them feel depressed about the changes. There were six factors causing this depression: (1) heavier workload; in addition to routine duties, middle managers received new tasks related to changes such as making SOPs, formulating new work strategies and improving work unit performance; (2) less supportive personnel; downsizing reduced the number of personnel in a working unit, there was also a large number of personnel that only mastered one particular task but were less able and willing to handle other tasks; (3) higher organizational demands on their performance; (4) threat of layoffs, the possibility of layoffs for those who could not meet the demands of the organization; (5) insufficient competency, middle managers felt the lack of adequate competence for new positions, and their subordinates' competence was also inadequate; and (6) lack of role models, as the superior only issued commands but did not show commitment in the implementation of change.

The following interview excerpts illustrate the psychological condition and stress-causing factors:

"At this time, I really feel depressed." (DN)

"Sometimes I feel overloaded. My workload and corporate demands are getting increased."(JH)

"The company is now demanding a lot of us. It is like we are still learning to walk but we have been required to run." (NB)

"We do not see the seriousness of the company. This is slowly lowering my confidence in the company." (FR)

"What is needed now is a real example from the boss, not just commands. As subordinates, I feel that we are only required to change the way of work, efficiency, breakthrough, but sometimes the company lacks clear direction, what kind of strategy that make us confused. And the management itself does not have a strong commitment to change. So, it's useless if it's only us that have to commit." (RN)

The results of the data analysis also showed that there was a difference in interpreting the perceived experience during the process to change. There were survivors who perceived their confusion and feelings

of distress only temporarily because at the time the organization was experiencing a transition period. This period would soon pass if all parties supported the goals and the organization formulated a clear direction and strategy for change. How survivors perceived the experience during a time of change brought an obligation to always support organizational change. As part of the organization, the middle managers felt responsible for showing their responsibility. This was reflected in the following interview excerpts:

"I am grateful to be trusted by the company, therefore I have a responsibility to support the company's efforts to move forward. And it has become my duty to work better, including supporting the change in the company." (FD)

"For me, work is a form of worship. It has to be done whether it's easy or hard, including supporting the company that is currently making changes to be more competitive." (JH)

"Actually, I feel I cannot deal with the current changes. But since it is part of my duty, I have to do it. In my understanding, supporting this change strategy is an obligation of all employees, including me." (NB)

"Although I see the direction of corporate policy is still less clear, I understand this is the company's efforts to survive. Therefore, I must support this change policy." (SD)

"At first, I disagreed with the company's policies that were currently doing a lot of changes. But because of my position as a manager, I have to be an example for my staff by supporting the change." (SH)

"It is an obligation for all employees to implement the company's policies, including changes. After all, I have been working here for so long, so whatever the company policy, I must support it, because it's for the good of the company and employees." (RN)

Furthermore, this study found some forms of support from middle managers towards the change: (1) being open minded towards the change; (2) improving self-competence by self-studying or training; (3) proposing ideas for improvement of their unit performance; and (4) persuading co-workers and subordinates to support the change.

Some survivors considered that the perceived pressure and confusion were the results of organization inability in making change. The organization had not yet showed consistency in making improvements. The leaders were also unable to become role models to implement the change. This led to the disappointment of the middle

managers. Five participants were willing to support the change because they still wanted to work for the company. They were afraid that if they did not support and implement the changes they would be punished or even fired by the company. The following are some statements by the participants:

"For now, I haven't found another job. Even though I feel uncomfortable, I try to carry out the rules and policies of the company. One of them is supporting the changing programs of the company." (FR)

"Actually, I feel pressured with my new jobs. They aren't in accordance with my passion and I'm also not happy with my current position. I feel more comfortable to do my previous jobs. Moreover, there are many new rules and policies made by the company. Before we can carry out the old rules, the new ones have been already made. But I have no choice. As long as I still work here, I will try to be professional by supporting the change." (DN)

"I try to carry out all of the duties very well, including following the new rules. I also try to propose ideas if needed. I still want to work for this company." (YH)

"I have been working in this company for a long time. I also want to work until I retire. Actually, it is a little bit hard if I have to follow the current workflow, but I will carry out the demands of this company." (RJ)

"I have no other choice. I prefer to survive in this company than being fired. Of course, I have to work harder because nowadays the company is aggressively doing efficiency and other changes." (RN)

The statements above showed the form of support given by middle managers to the organization, despite their reason for wanting to keep working there: (1) being involved in the company's changing programs; (2) being professional by following the changes; (3) providing ideas; and (4) following the new rules.

4 DISCUSSION

The findings of this research illustrated the commitment to change of middle managers who become the survivors. Initially, all participants were willing to support the change, but in the phase of implementation after downsizing, their reasons for support differed from each other. Some managers were committed to change because they felt obligated and responsible for supporting the change. Meanwhile, other managers had no choice but to

support the change. The difference in motivation to support the change of the organization was a different form of commitment to change. According to Herchovich and Meyer (2002), feeling obligated and responsible was a form of obligation-based commitment called normative commitment to change, while feeling no other choice but to support the change was a form of cost-based commitment called continuous commitment to change.

Previous studies found that the antecedents of normative commitment to change reflect the positive assessments of organization: quality of relationships with managers, job motivation (Parish et al., 2008); trust in management, quality of change communication (Soumyaja et al., 2011) and perception of organizational support (Naotunna & Arachchige, 2016). Normative commitment to change was also negatively correlated with emotional exhaustion and aggressive voice (Jing et al., 2014). However, it was positively correlated with discretionary forms of behavioral support (cooperation and championing) (Meyer et al., 2007), individual learning, implementation of success and improved performance (Parish et al., 2008).

Continuous commitment to change developed when the employees believe that they were missing something (Herchovich & Meyer, 2002). In this research, it was found that middle managers felt pressured to support the change. They felt that there was no other choice but to support the change. The risk that they faced for not supporting the change was the likelihood of being fired by the company. Moreover, the leaders did not fully support the change and were unable to be the role models to commit to the change. This finding was consistent with a study showing that the organization's environmental conditions were negatively correlated with continuous commitment to change. Fairness in an organization was negatively related to continuous commitment to change (Paolillo et al., 2015). Quality of relationships with managers and work motivation were negatively related to continuous commitment to change (Parish et al., 2008). The perception of organizational support had a negative effect on continuous commitment to change (Naotunna & Arachchige, 2016). The middle managers who perceived negative environmental conditions of the company eventually showed continuous commitment to change. Continuous commitment to change was negatively correlated with discretionary forms of behavioral support (cooperation and championing) (Meyer et al., 2007), individual learning, implementation of success and improved performance (Parish et al., 2008)

The finding of this research was also expected to explain whether downsizing decreased or increased commitment to change. Previous studies found that downsizing increased the commitment of the organization because the survivors were satisfied with the downsizing process (Bergström & Arman, 2016; Chipunza & Berry; 2010). This research also found that the survivors were satisfied and felt the fairness in the process of downsizing. However, in the process after downsizing, the organization was unable to commit to making changes. Hence, the survivors felt pressured and confused.

Out of the three dimensions of commitment to change, only normative commitment to change and continuous commitment to change were found in this research. Whereas, in previous study, affective commitment to change was found to have the strongest positive correlations and was strongly consistent with behaviors that support the initiative to change (Herscovitch & Meyer, 2002; Meyer et al., 2007; Morin et al., 2016). Thus, if the company wanted to succeed in making changes, the middle managers should have had a strong affective commitment to change. The absence of effective commitment to change in middle managers was because they had less positive feelings about the condition of the company. Naotunna and Arachchige (2016) stated that the positive condition of an organization resulted in an effective commitment to change.

5 CONCLUSION AND SUGGESTIONS

The findings showed the importance of developing a positive atmosphere during times of change. The positive atmosphere developed by the organization at the beginning of change did not affect the effective commitment change sufficiently; therefore, a positive atmosphere must be developed sustainably. The organization had a major role in developing a positive atmosphere by showing its commitment to change and top management could be role models in change.

As for the practical implications based on the findings of this study, the researcher proposed several suggestions for the organization: (1) the organization must have the knowledge and strategies on how to treat employees, especially middle managers after the downsizing phase; (2) the organization must set goals, plans and strategies for the changes that are communicated well to all

employees; (3) the leaders of the company should be the role models who can be truly committed to change.

The limitation of this research was the generalization, because the data was collected from participants from one company. In addition, qualitative research was not designed to generalize across populations. Future research is recommended to use quantitative research methods using a sample of middle managers who come from various companies that experience downsizing.

Data collection methods using focus group discussions also had limitations, such as the response of one participant could influence the responses of other participants, especially if there were more dominant participants. Research using focus group discussions is recommended to use FGD rules in an ideal manner so that the data obtained is more accurate.

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DECLARATION OF INTEREST

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