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“Managing the retrenchment of staff will become indispensable to corporate success in the current economic climate.”

Business today revolves around global markets, a roller coaster stock exchange, corporate acquisitions and mergers, legislative changes, and high-tech industry volatility. As a strategic solution to survive, or gain some competitive edge, in this ‘lean-and-mean’ corporate environment, reengineering, restructuring and rightsizing are strategic options frequently employed by organisations. Although these options are positive and necessary for survival (through their potential to cut costs and improve the viability, efficiency and well-being of corporations), it is vital that the inevitable retrenchment of staff associated with such options is managed proactively and responsibly to ensure sustained staff competence and capacity.

It is critical to realise that the issue of retrenchment has an immense emotional impact on employees at all levels within the organisation. Executives who assume that employees will continue to give their all to the business following a retrenchment announcement may be in for a rude awakening. If the retrenchment process is not appropriately managed, discontent and demotivation are likely to spread like viruses through the organisation and the impact on both the corporation and its employees (those losing their jobs as well as those remaining) is potentially devastating.

Management must always assume that every corporate downsizing event has the potential to threaten the motivation, effectiveness, well-being and productivity of employees as little is left untouched by the process and many staff are likely to view this change with suspicion and resistance. The resultant disappointment, anger, upset, resentment, and ill-feeling may precipitate lowered productivity levels, turf battles, poor morale, heightened interpersonal conflict, poor time management, increased absenteeism, cynicism about the corporation’s future, and even incidents of sabotage.

The responsibility for ensuring that this process is effectively implemented rests largely on the shoulders of Senior Management who must acquire the skill to negotiate organisational change effectively, the ability to deal with all relevant stakeholders and the drive to lead their staff through this transition successfully. Only motivated, effective and well-informed leadership can meet the enormous challenges posed by the retrenchment of staff. However compelling the retrenchment plan may look on paper, it becomes a reality only when it is accepted and implemented by those who have to manage and operate the new processes. Managers need to develop the personal and technical skills to master their own emotions and to deal with the anger, questions, disappointments, defiance and difficulties of their staff.



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The non-management or mismanagement of this process may cause irrevocable damage to the human resources of the organisation rendering staff incapable, not only of surviving, but also of thriving over the longer term. Andrew Davies, Clinical Director of the Independent Counselling and Advisory Services (ICAS) emphasises the need for organisations to plan appropriately for this process through a programme of manager training, union education and employee support.

In any retrenchment exercise, it is incumbent on a corporation to affirm, in practice, the importance of its employees. This can be expressed through considerate treatment of those who are leaving and through a renewed commitment to those who remain. Organisations such as ICAS run coaching and training programmes aimed at assisting corporations to minimise the negative impact of the retrenchment process on the organisation and maximise business continuity and organisational renewal. According to Davies, “improving a manager’s ability to deal with this process effectively at a personal as well as an organisational level is likely to maximise the probability of successful implementation and ensure continued improvement in the company and its various divisions. In addition, providing support for those employees due to be retrenched demonstrates the organisation’s commitment to fair employment practices and its willingness to take responsibility for its actions.”

Intervention programmes run by ICAS both locally and internationally are geared to assist organisations, their managers, and their retrenched to counteract the negative effects of retrenchment. A process of group workshops, individual coaching, and management mentoring helps to facilitate an acceptance of the process; the mobilisation of effective coping resources; the development of self-confidence and motivation; continued commitment to productive employment; and an ability to make informed decisions about the future.

Often neglected and forgotten in the retrenchment process are the ‘reorganisational survivors’ who are inevitably forced into a ‘do more with less’ situation. After massive downsizing exercises, it’s sometimes hard to tell who is less fortunate – employees who have had to leave or those who are left behind (commonly termed ‘the working wounded’). Not only are the surviving employees troubled by guilt, an ambivalent attitude towards management, and fear of future retrenchment, but also by the burden of job enlargement, the loss of experience and expertise, and the need to adjust to a new organisational structure.

As the mere introduction of retrenchment does not in itself ensure positive change, the very first priority in the post-retrenchment process is to rebuild morale and establish the commitment of staff to the business. The importance of overcoming the fears and uncertainties often associated with such change; of sharing the new vision and mission of the organisation; and of building and motivating teams to tackle set objective with a renewed sense of determination and vigour, cannot be sufficiently emphasised. If executives are to expect surviving employees to give of



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their best, they will need to provide a very tangible message of investment in the future of the company and in its remaining employees.

No employee, irrespective of position, is immune from the possibility of job termination and there is every indication that retrenchment will continue to form part of corporate strategy in the near future. Many retrenchment scenarios provide an excellent opportunity to let go of old policies, practices and sacred cows that may have contributed to the need for downsizing. If employees are guided through a process that enables them to trust the competence of senior management in doing what is necessary for the future survival of the organisation, they are likely to support such a process. An appropriately managed retrenchment process is likely to minimise the negative impact of the process on the organisation, maximise business continuity and help maintain the morale of all staff through this process of difficult change. Given the right skills and tools, trust in leadership, and a proper vision of what is possible, there is likely to be a subtle but real alignment between employees and the corporation. It is also likely to enhance the overall corporate image of the organisation as a fair and responsible employer.

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