

**THE IMPACT OF DOWNSIZING COOPERATIVE EXTENSION ON
SURVIVORS' PERCEPTIONS OF THE ORGANIZATION**

by

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Dissertation

Presented to the Faculty of

The Graduate College at the University of Nebraska-Lincoln

In Partial Fulfillment of Requirements for
the Degree of Doctor of Philosophy

Major: Community and Human Resources

Under the Supervision of Professors Niel Edmunds & Miles Bryant

Lincoln, Nebraska

May 2004

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DISSERTATION TITLE

The Impact of Downsizing Cooperative Extension on

Survivors' Perceptions of the Organization

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THE IMPACT OF DOWNSIZING COOPERATIVE EXTENSION ON SURVIVORS' PERCEPTIONS OF THE ORGANIZATION

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University Of Nebraska-Lincoln, 2004

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The purpose of this quantitative study was to examine the effect (if any) an organizational downsizing has on employees remaining with the organization. A national web-based survey of 201 Extension personnel was conducted in the fall of 2003. Respondents came from 24 states representing the 1890 Extension region and all four 1862 national Extension regions.

The study examined attitudes at three points in time: (a) prior to the downsizing announcement, (b) at the start of the downsizing, and (c) at the time the respondent completed the instrument. Findings included a significant decrease in survivors' positive attitude toward: (a) the Extension organization; (b) colleagues; and (c) a future career in Extension. In addition: (d) perceptions of the efficacy of downsizing strategies varied widely. Responses were gathered from a nonrandomized pool of extension practitioners using a web-based survey.

The dependent variable of the study was "attitude toward the organization" operationalized as attitude toward: (a) the Extension Organization, (b) colleagues, (c) Extension career possibilities, and (d) the downsizing strategies used.

The major independent variables were a measure of survivors' perceptual change over time and selected demographic variables (Extension organization of employment during downsizing; age; gender; personal relationship status; length of Extension career; length of employment with Extension organization downsized; personal education level; tenure status; office on or off campus); geographic area(s) and program/discipline area(s) of responsibility prior to, and following downsizing. Data were gathered using a web based instrument.

Recommendations arising from the study include: (a) Extension administrators should be aware of growing negative attitudes by those remaining in the organization and take steps to address survivor needs as part of the downsizing plan; (b) administrators and Extension personnel surviving the downsizing both need to be aware of the change in employee/employer relationship; and (c) survivors expressed negative opinions about some downsizing strategies and positive attitudes toward other strategies. This provides administrators clues to more positive options when planning a reduction in force. No respondents referenced a downsizing more than five years previous to the study.

PREVIEW

Acknowledgements

As with any doctoral student, the pages needed to list those deserving acknowledgment would outnumber those of the dissertation. I share this token of gratitude to begin repayment of my tremendous debt I owe these people and groups.

To my family for maintaining a keen sense for when I needed a bear like hug, and deaf ear when I needed to make a bear like grumble. Without both I would have surely suffered high blood pressure years ago.

To Professors Niel Edmunds and Miles Bryant for hanging with me when both surely had more personally rewarding opportunities to fill their time. For helping me lay more research track when I felt the end of the line must be near, and helping me see the light at the end of the tunnel when it seemed to disappear into total darkness.

To the remainder of my committee who made sure the track I laid had a solid base. Their thoughtful questions helped lay the research ties for the project.

To the Grand Island dissertation group, while individually laid their own research rails, the crew helped each other bridge gaps of knowledge within the process.

To those who assisted in the peer review and/or pilot. Their attention to detail helped in spiking the frame work for the instrument. Words of encouragement and evaluation helped focus the questions, while supporting its detail and length.

To friends and colleagues who made this project possible. Colleagues who embraced its promotion to all 50 states through many forms. Professional improvement association leadership/management, Extension administration and personnel in Nebraska and several other states, all made personal commitments.

To those Extension colleagues who collectively carved 75-100 hours out of their lives to work their way through the instrument and provide the data on which this dissertation is built. I hope you have time to review the results and can identify the impact your personal responses provided in the larger picture

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Dedication

I dedicate this to those who have taken the calling to Cooperative Extension work. To those who have survived the trials and tribulations of downsizing, while maintaining their dedication to Cooperative Extension and the Land Grant Mission. It's dedicated both to those RIF'ed, and to the survivors. Those leaving Extension will go on to create an Alternative Positive Future (APF) for themselves and their families. In what ever they do, they will bring the excitement of a personal calling to help others gain new skills and knowledge. The survivors will rely on their sense of calling to reshape and redirect Cooperative Extension to continue to do so much, for so many with so little.

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CHAPTER I

INTRODUCTION TO THE PROBLEM

Context Statement

It has become increasingly common for companies and organizations to address restructuring in some way which usually includes a reduction in the total number of employees. The most recognized reason has been as a reaction to an economic down turn, or some other pressure against the status quo through some type of restructuring. When an organization reduces the total number of employees for an extended period of time, it's generally known as a reduction in force (RIF). Organizations often do this as part of what they may call "Downsizing, reductions in force, restructuring, reengineering, rightsizing, outplacement, outsourcing, placing off shore. . ." (Stein, 1998, p. 49) demassing, reducing redundancy, reinvention of the organization, or some other term. For the purpose of this study, the action is referred to as a downsizing. Whatever term is used, the action has a profound impact on the organization, and its employees.

In a survey of 1,000 human resource managers in the American Management Association, 39% of these managers reported that they had reduced their workforce within one year's time (Greenberg, 1989, p. 39). Fifteen percent of the managers in the study were already anticipating a reduction in the upcoming year (Lawrence & Mittman, 1991, p. 14). Many organizations represented in the survey had established programs of varying scopes to address the needs of those being let go.

These programs included establishing job hunting clubs, providing secretarial support to develop and update resumes, and offering severance pay. But even

organizations with extensive plans for supporting those leaving seldom took into account the needs of another group impacted by the downsizing. These employees are defined as survivors because they retain a position within the organization throughout the downsizing.

A short vignette provides an example of how a downsizing impacts those remaining, as well as those leaving as a result of the downsizing. For one organization, Juanita was in the group terminated in a downsizing, while Charles retained a job with the same organization. Charles was part of the secondary group of displaced workers, the survivors (Noer, 1993). During their company's downsizing, both Juanita and Charles felt betrayed. Both had the common employee notion of a contract with the company. They would have their jobs as long as they produced goods or services in line with the goals of the organization. Juanita was told that her position was eliminated along with her department, and any position for which she would be suited. Although she felt betrayed, the company provided programs in support of her transition out of the organization.

Charles, on the other hand, kept his job after the downsizing. Company leaders had the common mistaken belief that those remaining would if anything, intensify their loyalty to the company, and perhaps increase their productivity as proof. No need was seen to provide any type of support for the survivors. However, a downsizing changes the structure, responsibilities and the perspectives of everyone involved.

The changes caused Charles to lose any influence he might have had, his informal company support group, and placed him in a state of anxiety, guilt and fear. He felt there was no one he could open up to, and in time became distant with both friends and

relatives. Charles had an acute case of layoff survivor sickness, or syndrome. “This syndrome can have a crippling effect on workers and organizations as employees struggle to adapt to the changed working environment” (Rogers, u.d., p. 1) The recognition of a survivor syndrome is pointed out by De Meuse and Marks (2003) saying it

... is basically characterized by feelings of guilt for surviving the layoff and anxiety due to the insecurity created by the threat of future layoffs ... the underlying trust, empowerment, and control among organizational survivors often suffers ... leaving remaining employees in a perpetual state of suspense.” (De Meuse & Marks, 2003, pp. 312-313)

DeMeuse and Marks found these themes common to several others (Applebaum & Donia, 2000; Brockner, Grove; O’Malley, Reed & Glynn, 1993; Brockner, Grover, Reed & DeWitt, 1992; Feldmand & Leana, 1998; Mishra, Spreitzer, & Mishra, 1998).

Downsizing

The reasons for downsizing have varied from one organization to another. They have included such things as “... a business downturn because of poor management, inadequate planning or increased foreign competition to the effects of the large numbers of takeovers and divestitures that have characterized American business ...” (Bunning, 1990, p. 69). Lee Hecht Harrison (2000), a global career services company, shared results of the company’s 2000 study along with comparisons to a similar study they had done in 1994, both related to downsizing. Both studies were of senior HR executives in 450 U.S. based companies which had downsized in the previous three years.

Some key findings indicated a change in reasons for a downsizing. The 1994 study found 78% of the companies involved had downsized because of financial concerns. In 2000, financial concerns was the reason for 21% of the downsizings

(Harrison, 2000, p. 6). The top reason in 2000 was to trim the workforce to strengthen the organization's future position for 34% of those involved. Another 21% said the downsizing was to realign staff, while 17% downsized due to a merger or acquisition. Another 6% listed other reasons and 1% either did not know or did not respond (Harrison, 2000, p. 7).

A RIF is a typical downsizing activity, implemented either within a certain portion of the work force on site, or as a complete shutdown of a particular site. Elisabeth Kirschner's (1996) article in the *Chemical and Engineering News* affirmed that even engineers were not immune to the impact of downsizing. She stated the reasons included "Globalization, consolidation, computerization, and divestment . . ." (Kirschner, 1996, paragraph 3).

During the 1980's there was a general expansion of employment opportunity in the United States. Growth however, was not uniform across all areas of employment. Between 1985 and 1989

. . . 4.3 million workers who had been with their employers for at least three years lost their jobs because their plants or businesses closed down or moved, their positions or shifts were abolished, or not enough work was available for them to do. (Herz, 1991, p. 3)

Organizations going through downsizing for the first time are caught by many surprises as they experience the process. The previous experience of these organizations may have included occasionally dismissing a single individual for cause. This might be considered a surgical approach to a personnel concern. The surgery corrects an illness or injury to the company. But a downsizing may include the further opening of a wound, often cutting some of the muscle of the company. There has been little understanding of

the impact when there is a considerable reduction of the total number of personnel in one organizational effort.

Even those having the forethought to develop an extensive plan for dealing with those actually leaving their positions seldom take into account the survivors. But survivors are not only affected, but changed by the loss of one or more co-workers. Responses provided by participants in one study of Extension downsizing survivors included the observations:

It has really affected me. It has been unfortunate to the organization. There are more problems, and less people to deal with them.

Some of the critical problems are not addressed. There is more work than I can take on. . . . In California, our downsizing created more work, but it didn't change my security. (Manson, 2000, p. 108)

Many of the people closely involved in decisions regarding who goes and who stays can't understand that those staying would have any concern at all. There is even surprise that personal gratefulness is not displayed. When this attitude is taken by decision makers, those troubled "take their feelings underground . . . there are no complaints or problems. Yet the hoped-for success goes unrealized" (Elliott, 1990 p.42).

Cooperative Extension

Educational institutions have also been negligent in reacting to the effects of downsizing. They have been seen as generally impervious to the effects of downsizing due to the ability to increase tuition and fees, as well as the security provided by the tenure system. In recent years this has not held true. Cooperative Extension is among the education based organizations which has dealt with downsizing. Unless otherwise noted,

the term Extension shall refer to Cooperative Extension as described here. To understand Extension today, it may help to know a little of Extension's past development.

The Morrill Act of 1862 provided federal lands to establish land-grant colleges and universities in each state. The state land-grant universities and the Cooperative Extension System of the USDA maintained close contact, including a common link to development and oversight of programs such as 4-H. The land-grant institutions recommended organizing a distinct administrative division in each land-grant institution to direct Cooperative Extension activities that were developing. Land Grant Universities may be referred to as 1862, 1890, or 1994 institutions, based on when they were authorized by the Federal Government. The history of these institutions goes back to the Morrill Act of 1862 when the first Land Grant Universities were authorized. By 1912, virtually all land-grant institutions in the southern states had signed cooperative agreements with the USDA and had organized Extension departments.

Congressional appropriations to the state land-grant institutions began in 1912 for development of early Extension work within the states. In 1914, the Smith-Lever Act established the Cooperative Extension System as a partnership of the USDA, the state land-grant universities and the counties (Walter, 1994). In Louisiana the local partner is the parish government system. Funding formulas and means of dispersal vary from state to state in this system, both in the assignment of operating funds and salaries.

Extension work is reliant on the support of local clientele. A local advisory group called an Extension Committee or Extension Board is in place to involve clientele of the area, in Extension decision making processes. For the remainder of the paper it will be

referred to as the Board. There is an Extension Board relating to each Extension field unit, representing the local partner in this local, state, and federal partnership.

For several years, in lightly populated areas, the Extension field unit's geographic area of responsibility may have included more than one county. More recently, the configuration of field units has crossed county lines in both heavily and lightly populated areas. Regardless of Extension unit configuration, Board members are involved in different aspects of Extension work in their area. This local group is part of the partnership which makes Extension work. The overall role of the Board varies as the funding formula varies from state to state. In some states such as New York, they have a lead role in all of the budgeting for the Extension office in their county. In other states, such as Nebraska, they have a major role in maintaining operating funds and salary for support staff. The professional staff or faculty in the county are more likely to be on University of Nebraska funding. In Nebraska the partnership has been described this way:

Today's Extension—and the Extension of tomorrow—relies increasingly on partnerships. We are a part of—and partners with—Nebraska's communities in making certain Nebraskans' needs are served. We strive to commit the resources to meet those needs. It is through these partnerships that we are able to reach thousands of Nebraskans every year with research-based educational programs and information. (UNL Cooperative Extension Division, u.d.)

With resources committed from all levels of the partnership, there are unique strengths due to so many sources having an interest in the success of Extension. However, it also becomes a source of unique challenges when one or more of the partners address budget concerns. Over the years, each of the partners have faced economic difficulties which result in pressure on Extension's funding.

Extension employees have county, multi-county, or state-wide programming responsibilities. Extension personnel may have primary responsibility within one of those geographic categories, with a supporting role for programming efforts conducted at other levels. Those with an office based away from the Land Grant University campus will be referred to as field faculty or field staff. A number of Extension employees are based on a campus of the state level partner, the Land Grant University. For this study those housed at the Land Grant University will be referred to as campus staff or campus faculty. The relatively few employees with multi-state or national responsibilities will be referred to as national staff, whether employed at USDA or by one of the national private partners such as National 4-H Council.

Extension Downsizing Practices

Extension has been downsized in a number of state university systems. Each state Extension organization has used its own process for determining necessary budget reductions. Various ways of realizing a savings have been used including the following:

1. a philosophy of last on staff, first to be cut (by unit), with 30 days notice;
2. entertaining proposals by various departments and county partners;
3. announcing in December, cuts that were to be done by July 1;
4. taking proportional reductions in both the field and campus staff/faculty;
5. maintaining at least one full time equivalent (F.T.E.) in each county, with local policy boards deciding in consultation with the appropriate area director;
6. holding positions vacant and taking cuts by eliminating open positions;