

VOLUNTARY AND INVOLUNTARY JOB REDUNDANCY: HOPE OR HELPLESSNESS?

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INTRODUCTION

Simply defined, job redundancy is “the planned process of cutting back on human resources” (Hardy, 1986, p.275). The current study will use two established theories to predict individuals reactions to unemployment and reemployment following job redundancy: 1) learned helplessness theory (Seligman, 1991) and 2) unemployment legacy theory (Fineman, 1983). This paper contributes to the job loss literature by separating a specific type of job exit, that of redundancy, into voluntary and involuntary categories and then examining the subsequent reactions of individuals who experience either of these two types of termination."

A review of the broader job loss and turnover literature reveals that job redundancy is typically treated as a form of involuntary turnover, so much so that terms such as layoff, downsizing, and job redundancy are often automatically taken to mean that the employee's exit was involuntary (Campion, 1991; Shaw, Delery, Jenkins & Gupta, 1998). Yet, growing evidence for the use of voluntary workforce reduction programs (DeWitt, Trevino, & Mollica, 1998) shows that employees may now have the opportunity to volunteer for their own job redundancy. Voluntary redundancy programs are those that “allow eligible employees to choose whether or not to participate” (DeWitt, et al., 1998; p. 594).¹ In contrast, involuntary redundancy programs target employees for job loss regardless of their own wishes (Macken, Grady & Sappideen, 1997).

According to the basic tenets of learned helplessness theory, when someone is exposed to an uncontrollable event (such as involuntary job loss) they learn that outcomes are unrelated to their behaviors. This “response-outcome independence” (Peterson & Seligman, 1983; p 103) may then generalize to other similar situations (such as finding a new job) and create an expectation that future actions will be unsuccessful (Seligman, 1975). That is, feelings of helplessness over *job loss*, created via involuntary redundancy, may transfer into feelings of helplessness over *job gain* such that the person believes that their job-search efforts will not help them to gain reemployment. Learned helplessness theory has been used to develop the following two hypotheses.

Hypothesis 1: Employees who experience voluntary job redundancy will report higher levels of job-search activity than those who experience involuntary job redundancy.

Hypothesis 2: Employees who experience voluntary job redundancy will report lower levels of depression than those who experience involuntary job redundancy.

The current paper will also examine the relationship between type of job redundancy with depression and job attitudes upon subsequent reemployment. Fineman (1983) traced the experiences of people who moved from unemployment to reemployment and found that, for

some reemployed people, “a sour legacy remained” (p. 7). His unemployment legacy theory proposed that the negative effects of job loss can persist into reemployment and create insecurity, distrust, cynicism, and lowered commitment. Empirical support for Fineman’s theory comes from his own research as well as that done by Feldman and Leana (2000) and King (2002) where employees who were laid-off from their previous jobs reported lower commitment to their new organization, lower levels of trust in management, less enthusiasm for their careers, and higher levels of job insecurity and cynicism.

However, the work of Feldman and Leana (2000) and Latack and Dozier (1986) can be used to suggest that, rather than unemployment having a generalized legacy effect, the extent of these negative carry-over effects might be influenced by the way in which the previous redundancy was implemented. More particularly, Latack and Dozier (1986) suggested that the legacy effect for those who were involuntarily terminated from their last job might be more pronounced than for those who left voluntarily. Although, to date, this proposition has not been tested, the following predictions are made.

Hypothesis 3: Type of job redundancy will interact with employment status to predict depression. Employees who experienced involuntary job redundancy from their last job will continue to report high levels of depression once reemployed, whilst employees who volunteered for job redundancy will experience a drop in depression in their new job.

Hypothesis 4: Upon reemployment, participants who experienced voluntary job redundancy will report lower levels of job-insecurity and higher level of organisational commitment than participants who experienced involuntary job redundancy.

METHOD

Sample and Procedure

Two hundred and twenty-two people who had recently become unemployed via a job redundancy (typically because their company was downsized), and were in receipt of unemployment welfare benefits, participated in the first phase of this study. One hundred and seven people reported that they had voluntarily taken job redundancy (45% female, 55% males; age = 35.24 ± 7.52 years) and 115 people reported that they were made involuntarily redundant (52% female, 48% male; age = 38.73 ± 9.06 years).

There was no association between the type of job redundancy and gender: $\chi^2(1) = .99$, $p > .05$. However, significant associations were found between type of job redundancy with occupational status: $\chi^2(1) = 7.54$, $p < .01$, and education level: $\chi^2(1) = 19.08$, $p < .001$. A greater number of involuntarily redundant participants were blue-collar workers who were not tertiary educated. A t-test revealed that the involuntarily redundant participants were also significantly older than the voluntarily redundant participants: $t(218) = 5.47$, $p < .05$. Given that these group differences may be partially responsible for differences in depression and job-search activity, they will be entered as covariates in the analysis.

At the three month re-test, 122 people (56%) continued on with the study. The response rate was comparable across the two groups (62% voluntarily redundant; 57% involuntarily redundant). Thirty-eight people from the voluntarily redundant group remained unemployed (58%) and twenty-eight had become reemployed (42%). Thirty-nine people from the voluntarily redundant group remained unemployed (60%) and twenty-six had become reemployed (40%). There was no response bias found between responders and non-responders in each group.

Materials

Participants were asked to state whether they considered their job redundancy to be voluntary or involuntary using the definitions of DeWitt et al. (1998) and Macken et al. (1997). Job search activity (Kinicki & Latack, 1990) and depression (McNair, Lorr, & Droppelmann, 1981) were used as the dependant variables. In order to partial out the potential effect of pre-existing group differences, a number of control variables were also assessed: self-efficacy (Sherer, Maddux, Mercandante, Prentice-Dunn, Jacobs, & Rogers, 1982), employment commitment (Stafford, Jackson & Bank, 1980), professional status (Department of Employment, Education, Training and Youth Affairs, 1997), age, sex, satisfaction with previous job, and outplacement assistance (the final two constructs were author-constructed, single-item measures). All scales had reliability coefficients above .70.

Participants were given a page at the end of the questionnaire and invited to make comments about their experience with job redundancy (see discussion for some quotes).

RESULTS

One-way, between-subjects Multivariate Analysis of Covariance (MANCOVA) was used to test hypotheses one and two. The independent variable was group (voluntary versus involuntary) and the two dependent variables were job-search activity and depression. Self-efficacy, gender, satisfaction with previous job, age, employment commitment, outplacement assistance, and professional status were entered as covariates. A significant global difference between the two groups was found: $F(2,212) = 21.90, p < .001$. Those employees who had volunteered for job redundancy reported lower levels of depression (34.23 ± 6.26) than those who were made involuntarily redundant (36.69 ± 4.96), $F(1,221) = 11.95, p < .001, \epsilon^2 = .06$. Voluntarily redundant employees engaged in more job-search activity (15.00 ± 5.72) than involuntarily redundant employees (10.56 ± 6.57), $F(1,221) = 11.95, p < .001, \epsilon^2 = .14$.

A two-way, within-subjects Analysis of Covariance was used to test hypothesis three. There was a significant interaction between type of redundancy and time, showing that the effect of reemployment status upon depression was dependent upon the way in which a person had lost their previous job, $F(1,52) = 9.94, p < .01, \epsilon^2 = .16$. Paired sample t-tests revealed that the involuntarily redundant group did not experience a significant change in depression upon reemployment (Time 1 = 39.41 ± 3.46 , Time 2 = 39.30 ± 3.24), $t(26) = 1.58, p > .05$. In contrast, the voluntarily redundant group reported a significant decrease in score (Time 1 = 32.88 ± 4.04 , Time 2 = 30.51 ± 3.59), $t(26) = 4.02, p < .001$.

One-way, between-subjects MANCOVA found significant differences in job attitudes between voluntarily redundant and involuntarily redundant employees, $F(2,45) = 46.46, p < .000$. Involuntarily redundant participants had lower levels of organizational commitment (25.07 ± 3.09) than voluntarily redundant employees (29.37 ± 5.10), $F(1,54) = 8.74, p > .01, \epsilon^2 = .20$. Involuntarily redundant participants had higher levels of job insecurity (11.29 ± 3.53) than voluntarily redundant employees (7.51 ± 2.79), $F(1,54) = 11.06, p > .001, \epsilon^2 = .16$.

DISCUSSION

This study investigated whether people who volunteered for job redundancy reacted differently during unemployment and upon reemployment than those who were made involuntarily redundant. The results showed that people who were made involuntary redundant experienced higher levels of depression and engaged in less job-search activity than those who

left their job voluntarily. Once reemployed, involuntarily redundant participants also reported lower levels of organizational commitment and higher job insecurity.

Learned helplessness theory proposes that helplessness experienced in one situation (e.g., involuntary job redundancy) can transfer into feelings of low control in other domains (e.g., ability to find new work). This phenomenon was reflected in the comments made by a number of involuntarily redundant participants. "Things feel out of my control. I didn't want to leave my last job, it was my boss who made the decision. Now it seems that recruiters and prospective employers make the decisions about my next job and my life. When do I get a say!". "There aren't many jobs left in my area of expertise (I.T). This is why my old job was axed and it is also why I can't find new work in the area. There's not much hope for me". "My outplacement advisor keeps showing me ways to improve my resume'. What is the point? I'll probably get the boot from the next job anyway".

It appears that feelings of helplessness experienced by the involuntary redundant group continued into reemployment. Employees who were made involuntarily redundant reported higher levels of insecurity in their current job than those who volunteered for redundancy. Greenhalg and Rosenblatt (1984) characterized job insecurity as a perceived powerlessness. It may be that the lack of power that this group had over the exit from their previous position transferred into a sense of helplessness/powerlessness to create secure conditions in their current job. Given that perceptions of job insecurity can be unrelated to the objective stability of the job these reemployed staff may feel not feel secure even if their new employment is secure.

The results of this study suggest that there is an important qualification to the legacy theory. The presence of a legacy effect, at least in terms of depression, was, in part, determined by the way in which the employee lost/left their last job. Only the employees who had experienced involuntary redundancy showed a 'scarring' effect. As such practitioners and researchers need to consider the *way* in which a person exits their previous job in order to adequately understand reactions to unemployment and reemployment.

A major implication coming from this study is that job redundancy initiatives need to be designed in ways that engender greater feelings of control. Enhanced control over the process of job redundancy can come through company initiatives such as advance notice, re-training, outplacement, severance packages, and assistance with financial planning (Dewitt, et al., 1998).

One overly simplistic implication that some people may, unfortunately, draw from this study is that organizations would be best to avoid hiring employees who have experienced involuntary redundancy in their last job. It would be unwise for companies to do this seeing that this sub-group of employee now makes up a sizeable proportion of the labour market. Indeed, King (2002) states that "an increasing number of companies, regardless of their own downsizing history, will likely be dealing with employees with higher levels of job insecurity as one company's layoff victim becomes another companies new employee" (p. 35). Rather than avoid this issue, companies would be best to address it. Strategies such as induction, training, career development, and employee involvement schemes (Marchington, Goodman, Wilkinson, & Ackers, 1992) can all be tailored to increase feelings of security and commitment in this sub-group of employees.

The suggestions made above are targeted at increasing an employee's sense of control before they exit from their job and once they re-enter an organisation. However, it is also important for these individuals to have a sense of control during the transition between these two points (i.e. during unemployment). If, as indicated in this study, learned helplessness is a factor in explaining psychological reaction to unemployment, then Seligman's learned optimism guidelines (1991) may be helpful in reducing depression, restoring a sense of hope and

encouraging job-search activity. Career and outplacement counsellors may teach victims of job redundancy to identify their adversity, beliefs and consequences with the aim of helping these people to cognitively re-frame their situation.

The results of this study must be considered within its limitations. Given that participants were tested only *after* they had lost their jobs, the study was unable to test for the possible effects that depression, organizational commitment, and job insecurity may have had upon type of redundancy experienced in the first place. However, by controlling for a number of important covariates, this study has helped to minimize the possibility that the current results are due to pre-existing group differences. All of the measures were derived from self-report data. However, given that the unemployed participants are the best informants of their own subjective cognitions and affective states, self-report data was deemed to be the most suitable approach.

Some caution is required when drawing conclusions from the reemployed samples in the current study given their small size. However, concern over the small sample size can be somewhat allayed when considering that the reemployment rate was similar to that reported in other unemployment research (Wanberg, Kanfer, & Rotundo, 1999; Waters & Moore, 2002). The similarity in demographic profiles of the current reemployed samples to their equivalent groups in the Australian labor force suggests that they are adequately representative of the larger re-employed population.

In conclusion, the insecure employment conditions that many people now work within have led to substantial career discontinuity in the forms of underemployment and unemployment (Waters, 2000). In fact, unemployment rates in most western countries would suggest that, unemployment is a common, albeit largely unwanted, the modern career. With this in mind, researchers and practitioners have a continued obligation to improve the understanding of reactions to unemployment and facilitators of reemployment. The results of this study suggest that type of job redundancy and feelings of helplessness may be useful explanatory factors.

¹ The restructuring requirements of the organization dictate whether the remaining employee is re-located within the organization or stays in their current position (Macken et al., 1997).

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