

3. Meet with an HRM professional or a senior management official whose organization has gone through a downsizing. Ask the individual to describe the downsizing strategy employed by his or her organization. Consider Cameron's three downsizing strategies of workforce reduction, work redesign, and systematic change. To what extent did the organization use any or all of these strategies?

CASE STUDY

A DOWNSIZING DECISION AT THE DEPARTMENT OF PUBLIC WORKS

Kathleen Pool is a human resources officer with a municipal government in a town of just over 25 000 people. A well-known consulting firm, in cooperation with senior government officials, recently completed a detailed audit of government operations. As a result of the audit, selected government departments (including the Department of Public Works) were targeted for restructuring. The consultants made it clear in their report that they believed that the budget allocation for the Department of Public Works was "adequate" and recommended that the department receive a 2 percent annual increase in funding for the next two years. Note that operating costs for the department are projected to increase at a rate of about 4.0 percent annually.

Kathleen has been given the responsibility of managing the restructuring at the Department of Public Works. Rather than directing the department to cut a specific number of jobs, Kathleen has been asked to develop a restructuring strategy that will meet the town's mission of "providing quality service to its residents in a cost-effective manner." She is currently reviewing the operating policies at the Department of Public Works.

The Department of Public Works is responsible for tasks such as garbage collection, basic sidewalk and road maintenance, city parks and arenas, installation of street signs and parking meters, and snow removal. At the present time, employees work in one of three subunits: garbage collection, parks and recreation, or city maintenance. Each of the subunits is housed in a separate building, and has its own equipment, supplies, and operating budget. As well, while employees can formally apply to transfer to a different subunit, the managers of the subunits involved and the Director of Public Works (who is responsible for the overall operation of the Department) must all agree. Unless a vacancy at one of the subunits arises, it is rare that any employee transfer will be approved.

In 2009, the Department of Public Works underwent a considerable downsizing and 4 percent of its permanent positions were cut. In addition, the department stopped its practice of hiring summer students from local high schools and universities in an effort to cut costs. Prior to this, students were employed over the summer to help with special projects and to cover vacation periods for full-time employees. In 2012, a smaller cutback of 2 percent of the workforce took place.

In 2013, the municipality brought back the practice of hiring summer students. This decision was welcomed by the full-time employees at the Department of Public Works, in particular because it allows the employees much more flexibility in selecting their vacation time. From 2009 to 2012, management put considerable restrictions on when employees could go on vacation; employees with ten or more years of service could have a maximum of one week's vacation in July or August while employees with less than ten years of service were not permitted to go on vacation during these two months. Under the collective agreement, management has the right to determine the vacation schedule of unionized employees.

In reviewing turnover data for the Department of Public Works, Kathleen found that very few full-time employees quit their jobs to pursue other employment opportunities. In addition, dismissals for cause were rare; over the past ten years, only two employees were terminated for cause. In both cases, the union lost the discharge grievance at an arbitration hearing.

Since the late 1990s, the municipality has had a local consulting firm conduct surveys of both municipal employees and the users of government services. A summary of the findings from the employee survey (for Department of Public Works employees only) is contained in Table 10.1. Note that each of the items (such as employee morale) is measured on a five-point scale (1 = very low; 5 = very high). Similarly, Table 10.2 contains summary information from the survey of municipal residents concerning the performance of the Department of Public Works. Again, respondents were asked to reply using a five-point scale (1 = very low and 5 = very high). Note that on both the employee survey and the users of government services survey, there were only minor differences in the results when the data were broken down by subunit (garbage collection, parks and recreation, or city maintenance).

TABLE 10.1

SUMMARY RESULTS FROM A SURVEY OF PUBLIC WORKS EMPLOYEES

YEAR	EMPLOYEE MORALE	EMPLOYEE COMMITMENT TO DEPARTMENT	OVERALL EMPLOYEE JOB SATISFACTION	INTENTION TO STAY WITH THE MUNICIPALITY
2008	3.89	3.72	4.02	4.77
2009	2.21	1.99	2.34	4.11
2010	2.36	2.22	2.87	3.77
2011	2.65	2.62	3.22	3.99
2012	2.38	2.33	2.66	4.44
2013	2.88	3.01	2.99	4.5
2014	3.54	3.52	3.88	4.72

TABLE 10.2

SUMMARY RESULTS FROM A SURVEY OF MUNICIPAL RESIDENTS

YEAR	LEVEL OF SATISFACTION WITH THE BOARD OF PUBLIC WORKS	QUALITY OF SERVICE PROVIDED BY THE BOARD OF PUBLIC WORKS
2008	3.95	3.88
2009	3.22	3.01
2010	3.34	3.24
2011	3.65	3.66
2012	3.56	3.49
2013	3.78	3.72
2014	4.01	3.98

QUESTIONS

1. Outline the issues that Kathleen should consider prior to designing a restructuring strategy.
2. Design a strategy to restructure the Department of Public Works. Be sure to provide support for the decisions/recommendations you propose.
3. A recent newspaper editorial suggested that the town contract out the collection of garbage. What are the advantages/disadvantages of contracting out services that had been provided by government?

// REFERENCES

1. The sources of these headlines are "Wal-Mart Officially Cuts 210 Jobs at Mississauga Head Office," *The Globe and Mail*, November 19, 2014, p. B6; "Scotiabank to Slash 1,500 Jobs," *The Chronicle Herald*, November 5, 2014, p. B6. Republished with permission from The Chronicle Herald; "Staples Shuttles 15 Stores in Canada," *The Globe and Mail*, October 1, 2014, p. B11. For evidence of additional layoffs, see C. Sorenson, "How Safe Is Your Job." *Maclean's*, January 8, 2014.
2. The HP example is based on articles by Bort, J. "HP Increases Layoffs AGAIN to 55,000, And More Cuts Are Likely." October 6, 2014. <http://www.businessinsider.com>; and Galagan, P. "The Biggest Losers: The Perils of Extreme Downsizing." 2010. [I]T+D[I], November: 27-29.
3. S. Gordon. 2014. "Your Job Is As Safe As It Has Ever Been. Probably Safer." *Macleans*, January 8.
4. Brian, M. 2014. "Microsoft Cuts 18,000 Jobs as Part of Its Largest Layoff Ever." July 17. <http://www.engadget.com>.