Change Communication in Public Sector Cutback Management*

GENEVIEVE GRAAF, EVELYN HENGEVELD-BIDMON, SARAH CARNOCHAN, MARIANNA SALOMONE, AND MICHAEL J. AUSTIN

ABSTRACT

Budget cuts in public sector organizations create additional strain for employees, often contributing to uncertainty, rumors, and low morale. This study examines the dynamics of communicating about organizational changes in public human service organizations during the cutbacks of the Great Recession from 2008 to 2013. Drawing from in-depth interviews of 45 senior managers in eleven San Francisco Bay Area county public human service agencies, the findings focus on perceived employee responses to change, specific change communication strategies utilized, and how these were shaped by internal and external factors. The study concludes with implications for future practice and research during significant budget reductions in public human service organizations.

KEYWORDS: Cutback management; Retrenchment; Human service organization; Public sector; Organizational communication

Introduction

The 2008 collapse of Lehman Brothers, one of the largest investment banks in the world, marked the beginning of the Great Recession in the United States in which millions lost their homes to foreclosure and unemployment increased to over 9% nationwide (Center of Budget and Policy Priorities 2014). These economic conditions significantly increased the need for social services as individuals and families turned to state and county agencies to apply for unemployment benefits, Medicaid, food stamps and other financial assistance. As the public need for services expanded during the Great Recession, the budgets for public human services were contracting within the context of declining state and county tax revenues (Ruffing and Friedman 2013).

While making swift and critical decisions about how to reduce the agency budget, senior managers in public human service organizations (HSOs) were also managing the stress, fears and anxieties of their overworked staff members. The present study examines the specific dynamics of organizational communication in HSOs during the Great Recession. Drawing from in-depth interviews with over 45 senior managers across eleven Bay Area HSOs, this analysis focuses on identifying employee responses to change, the messages conveyed to staff, how they were delivered, the factors that shaped this process, and extent to which managers felt their efforts were more or less effective. After a review of relevant literature and the methods used in the study, findings are presented and the analysis concludes with implications for future research as well as recommendations for managing organizational change communication during cutbacks in public HSOs.

Background

CUTBACK MANAGEMENT IN PUBLIC ORGANIZATIONS

Budget reductions in public organizations put additional strain on employees (Ingraham and Barrilleaux 1983). As cutbacks lead to uncertainty, increased workloads, and diminished benefits, the staff's organizational commitment and trust in management decreases and physical and

Genevieve Graaf ggraaf@berkeley.edu School of Social Welfare, The Mack Center on Nonprofit and Public Sector Management in the Human Services, University of California–Berkeley, 120 Haviland Hall #7400, Berkeley, CA 94720-7400.

emotional stress increases (Brockner 1990; Holzer 1986; Levine 1984; Lodge and Hood 2012). These cutbacks can also jeopardize the stability of an organization, as employees may resort to behaviors such as withdrawal, hostility or aggression as a means of reducing anxiety, and talented employees may leave the organization to reduce job insecurity and stress (Behn 1980; Brockner 1990; Greenhalgh and McKersie 1980; Levine 1984; Brockner 1990; Levine 1984). Such losses disrupt workflows and networks critical to organizational learning and development (Fisher and White 2000; Shah 2000).

Allowing departments and line staff to participate in decisions about reallocating reduced funds according to their perceived needs and program expertise is one way to ease staff resistance to cuts (Dunsire et al. 1989). The process can help to demystify the budget reduction decision process, provide more clarity about the organization's future, and diffuse rumors and tensions flowing through informal communication networks (Ingraham and Barrilleaux 1983; Levine 1984). However, other scholars note that involving staff members in cutback decisions can lead to competitive, territorial or protective behaviors designed to preserve their programs, staff and resources (Holzer 1986; Levine 1979, 1984).

Effective organizational communications can also play a key role in maintaining staff morale and facilitate the management of change (Aggerholm and Thomsen 2016; Allen et al. 2007; Hameed et al. 2017; O'Brien 2002; Ryan et al. 2008). Though previous research on public sector cutback management focuses on various aspects of shared decision-making, it pays little attention to specific strategies for communicating change during times of budget retrenchment. Given that organizational change is accomplished primarily through communication (Witherspoon and Wohlert, 1996), it is important to understand the explicit methods used to communicate needed changes, evaluate the usefulness of these strategies, and how these methods are impacted by the high degree of community visibility of public organizations (Bozeman and Bretschneider 1994).

A Framework for Understanding Change Communication in Public Retrenchment

Public sector change management scholars examine the relationship between specific communication approaches and employee psychological distress and uncertainty, or their acceptance of proposed changes (Allen et al. 2007; Frahm and Brown 2007; Hameed et al. 2017; Ryan et al. 2008). Others focus on the impacts of organizational leadership and structure upon communication and employee readiness
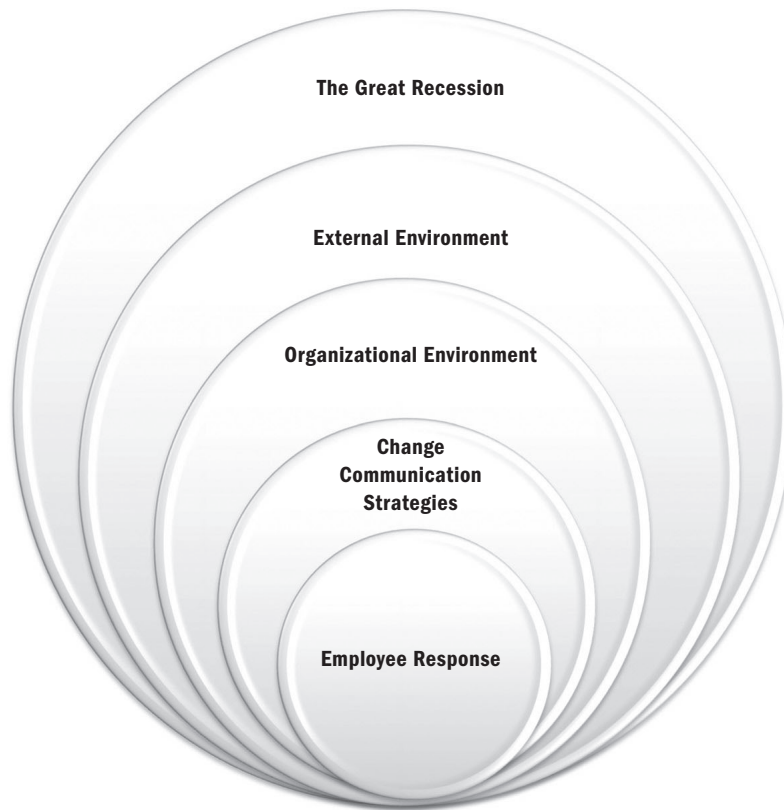
for change (Battilana et al. 2010; van der Voet 2014; van der Voet et al. 2016; Zorn et al. 2000). Since government-funded agencies often have less autonomy (than the privacy associated with nonprofits) to decide what and when important information is shared with staff and the local community (Pandey 2010), leaders of public organization use unique methods to manage the constraints of "publicness" in communicating and managing change (Aggerholm and Thomsen 2016; Leitch and Davenport 2003; Liu and Horsley 2007; van der Voet 2014; van der Voet et al. 2016; Waterhouse and Lewis 2004).

In order to develop a framework for assessing communication strategies in public cutback management, it is important to identify the different layers of influence involved in managing communication in public organizational change processes. As illustrated in *Figure 1*, the inner circle represents the employee response to change, while the next circle signifies the communication strategies and approaches used to manage change. The middle circle represents the internal organizational factors that may shape how messages are received or delivered, surrounded by a circle illustrating the external organizational environment that constrains or facilitates communication practices throughout the budget reduction process. The outer circle represents the greater national context of the Great Recession which triggered the need for rapid retrenchment.

Employees Employee responses to communication of proposed plans and processes is critical to successful implementation of changes (Bartunek et al. 2006; Herold et al. 2007; Kuipers et al. 2014). Studies have conceptualized employee response as a willingness or commitment to change (van der Voet 2014; van der Voet et al. 2016) or a readiness for change (Hameed et al. 2017). Both of these signal an employee's positive regard for proposed changes and an intention to engage in change efforts. Among many employees, trepidation in the face of change stems from uncertainty related to their inability to accurately predict the impact and results of the change process (Allen et al. 2007).

When individuals lack critical organizational knowledge (such as the motivation for change), it is difficult for them to envision the future direction and sustainability of the organization or the future structure and functions of various departments and hierarchies (Bordia et al. 2004a). It is not surprising, then, that staff may worry about the future security of their employment with the organization. For staff members, the inability to foresee or control their circumstances can lead to negative psychological consequences (Bordia et al. 2004b), such as anxiety (DiFonzo

FIGURE 1
Public Organization Change Communications Framework

The Great Recession

External Environment

Organizational Environment

Change
Communication
Strategies

Employee Response

and Bordia 2002), strain (Spector 2002), and lower performance (Greenberger et al. 1989).

Communication Strategies The psychological discomfort engendered in organizational change for employees due to lack of certainty—which can contribute to employee ambivalence or resistance to change—can be reduced by the use of several communication strategies. For example, Armenakis et al. (2000) propose the following five-part model for clear explanations accompanying messaging about change: 1) noting the gap between the current state of the organization and the desired future state, 2) specifying the changes needed to close the gap and how this is accomplished, 3) reflecting the confidence of the organizational leadership in the capacities of the employees to make needed changes, 4) describing the level of internal and external organizational support needed to implement the proposed changes, and 5) describing how the proposed changes will benefit the organization, those it serves, and the individual employees.

This top down change communication model is built for instrumental approaches to change management, where change is planned and employees are the targets of change. This communication strategy involves senior leadership identifying directions for change, planning and directing the implementation of that change, and utilizing middle management as conduits for information and coordinators of change at the employee level (Ryan et al. 2008). In this context, the perceived quality of the information being shared (timely, credible), the source of the information (direct supervisor), and the level of trust employees have in the sources of information is critical to employee acceptance of change (Allen et al. 2007; Bordia et al. 2004a; van der Voet et al. 2016). However, this top-down approach to managing the communications about change can be problematic because organizational change is not a linear and uniform process (McNulty and Ferlie 2002) and implementation timing varies across middle managers (Kanter et al. 2003) which contributes to opportunities for message distortion (Ryan et al. 2008).

An alternative approach to managing and communicating change involves supervisors and their front-line staff collaboratively determining the course of change through

the use of the Participation in Decision Making (PDM) process (Bordia et al. 2004a; Kuipers et al. 2014). In this approach, employee participation may be voluntary or mandatory, formal or informal, and may take place through direct involvement or committee representation, and staff may contribute to a wide range of decision topics including working conditions, work and task design, or organizational strategy (Black and Gregersen 1997). PDM can increase staff acceptance of change by creating opportunities for employees to make significant contributions to the process (Hameed et al. 2017; O'Brien 2002), reducing uncertainty and related anxiety (Allen et al. 2007; Bordia et al. 2004a) and increasing trust in leadership (Robinson 1996).

Organizational Environment Change management in public organizations has also been examined in the context of organizational factors such as structure and leadership styles (Battilana et al. 2010; van der Voet 2014; van der Voet et al. 2016). For example, public organizations that are highly bureaucratic—rigid hierarchies of decision making, highly formalized processes and procedures—are more likely to engage in planned change processes than emergent processes (ongoing and evolutionary change) (Burnes 1996; Coram and Burnes 2001). In public organizations, higher levels of formalization and centralization are also negatively associated with transformational leadership approaches (van der Voet et al. 2016). The transformational qualities of public leaders have been positively linked with employee commitment to change, via engaged communication and employee participation in decision-making (van der Voet et al. 2016). Transformational leadership actively encourages staff acceptance of change "by articulating a vision, fostering the acceptance of group goals, and providing individualized support, effective leaders change the basic values, beliefs, and attitudes of followers so that they are willing to perform beyond the minimum levels specified by the organization" (Podsakoff et al. 1996, p. 260). In less bureaucratic organizations, the success of emergent change processes are strongly related to the transformational abilities of leadership (van der Voet 2014).

External environment Leaders in public organizations operate in complex and highly visible environments (Bozeman and Pandey 2004; Pandey 2010) and fluctuations in the economic, regulatory, technological, or consumer aspects of these environments often lead to the need for organizational changes (Kuipers et al. 2014). Since these organizations are accountable in terms of public oversight, funding, and mandates, it is important to take into account factors in the external environment when examining communication processes related to organizational change (Graaf et al. 2015; Kuipers et al. 2014; Pandey 2010). Politics, legal constraints, intense media scrutiny, and shared authority with federal or state entities create communication dilemmas that are different from those in the for-profit sector (Liu and Horsley 2007). To manage the tension resulting from these competing concerns, and to encourage creative contributions from community partners, Leitch and Davenport (2003) found that public organizations tend to provide strategically ambiguous information and responses when dealing with the multiple demands of their stakeholders.

THE CURRENT STUDY

While classic organizational decline literature identifies some of the stressors that budget reductions and the accompanying changes can create for all employees (Ingraham and Barrilleaux 1983), there has been insufficient attention to: 1) the role that communication can play in managing such stress or 2) how communication within a change environment is affected by the singular constraints or needs embedded in public sector management. Only a few case studies focus specifically on communication strategies in changing organizational contexts and even fewer are related to funding reductions (Kuipers et al. 2014). The current study aims to fill this gap by examining the change communication processes of eleven public HSOs in the context of significant budget reductions. The conceptual framework illustrated in Fig. 1 is used to organize the findings from multiple informants in several public organizations related to the following:

1. Employee responses to organizational changes in public HSOs in response to the Great Recession
2. Specific communication strategies and tactics used by leadership throughout the budget cutback process, and leaders' subjective appraisal of those approaches
3. Specific organizational factors that influence how change messages were delivered and received
4. Factors in the external environments of the organization that facilitated or constrained internal change communication processes

STUDY DESIGN AND METHODS

This qualitative study of communication strategies employed during organizational retrenchment included interviews with senior organizational managers in eleven California county human service agencies located in and around the San Francisco Bay Area. The goal of the study

was to understand 1) how agency leaders perceived employee responses to change and communication tactics, 2) specific communication strategies used to engage staff and guide them through significant organizational transformations, and 3) how organizational and environmental factors shaped these strategies.

Sample Characteristics

The HSOs participating in this study serve counties varying in geographic size (47 to 3200 mile2), population size (300,000 to approximately 2 million) and population density (127 people per square mile to 17,000 people per square mile). The median household income in these counties ranged from $60,000 to $91,000 with poverty levels between 7.5% and over 16% (US Census Bureau State & County Quick Facts, 2014). With regard to the number of full-time staff (FTE), three HSOs in the sample were small (<800 FTE), four were mid-sized (800 to 1500 FTE), and four were large (>1500 FTE). Three of the eleven HSOs in the sample are 'super agencies' that manage health services (public and behavioral health) and public social services (e.g. public assistance and employment, child welfare, and adult/aging services). Interview participants occupied senior management positions that included executive directors, deputy directors and division or department heads who were in charge of services related to child welfare, benefits and employment, and adult and aging services.

Sampling/Data Collection

Semi-structured interviews were used to gather data from a purposive sample of three to six senior managers in each participating agency. Each HSO executive director was interviewed and asked to identify other informants in his or her organization who could provide insight into the communication practices employed throughout the budget reduction process. A total of forty-six interviews of 60 to 75 min were conducted, and forty-four of these were recorded and transcribed (two individuals declined the recording but detailed notes were taken). Interview questions focused on how organizations approached cutback decisions, how needed changes were communicated to staff, and the messages used in the process of budget reductions. Respondents were also asked to identify the successes and lessons learned from these processes.

Data Analysis

After the interviews were completed and transcribed, transcripts from the same organization were coded consecutively. The first round of coding used broad codes (e.g. 'communication challenges'), followed by a second round

applying sub-codes specific to each organization (Saldaña, 2013). First and second round themes were combined to create a single case study for each county HSO (Yin, 2003), and all eleven case studies provided the foundation for a cross-case analysis that focused exclusively on communications within each organization (Stake, 2006). Preliminary cross-case themes were identified by the primary analyst and shared with the interviewer and study participants for feedback (Miles, Huberman, & Saldaña, 2013). Feedback was incorporated into a formal coding scheme that focused on identifying organizational communication practices, messaging goals and content, factors shaping communication, and the respondents' evaluation of the effectiveness of the strategies used (Saldana, 2013). This scheme was applied through a third and fourth round of analysis in Dedoose, a cloud-based qualitative analysis software (Dedoose Version 6.1.18, www.dedoose.com). After the final codes and sub-codes were applied, Dedoose was used again to analyze the data across cases and within each case to validate theme recurrence.

Limitations

This study has a few limitations related to the sampling strategy, timing of data collection and interview design. The sample of counties is relatively small and may represent themes unique to HSOs in the San Francisco Bay Area. This poses some external validity constraints when evaluating the study findings. The purposive sampling method for selecting interviewees adds to these limitations, since most interviewees were identified by agency directors and are director-level managers who were most closely involved in budget decisions. As such, potentially opposing views and the perspectives of line staff and middle managers are not represented.

The internal validity of findings may also be affected by the limitations of respondent recall abilities since the study questions posed in 2013 required recall from as far back as 2008. Despite this limitation, the retrospective design enabled respondents to assess the relative success or failure of communication strategies and messages from a longitudinal perspective. Also, given the semi-structure of the interviews, the full range of organizational communication activities in each organization were not necessarily captured in the interviews.

Findings

Respondents shared their perceptions of employee responses to the organizational and environmental changes triggered by the Great Recession, as well as the processes used by the

leadership to communicate in the midst of organizational change. In addition to describing the specific strategies utilized in communication with their staff before, during, and after the change process, participants also noted the challenges related to providing clear, timely, or useful budget reduction communications inside and outside their organizations.

EMPLOYEE RESPONSES TO ORGANIZATIONAL CHANGES

From the perspective of senior managers, there are three major findings regarding staff responses to shrinking organizational budgets and the increased demand for services. First, employees were fearful and uncertain about their job security. *'I mean I can remember our staff was scared.'* This fear often increased when communications from managers were incomplete due to limited information from the county and state, especially when small and random pieces of information were being received from other sources. *'Hysteria starts, you know, as rumors start happening, they'll see things in the newspaper or from other county departments . . .'* Employees were also greatly stressed by significant increases in workloads due to staff reductions and the sudden growth in demand for services from those impacted by the Great Recession. *'So that itself has been a huge morale problem for the staff because they feel like no matter how hard they work, they cannot possibly dig out of this huge hole that they have been in for years now.'* This stress, combined with the uncertainty about their future, was often overwhelming. *'The stories I would hear about people who were out in their cars at lunch crying or, you know, not able to come in the next day because of what they were feeling.'* Finally, employees made it clear to management that they felt the organizational efforts to communicate effectively were not working. One leader spoke of an internal survey they conducted. *'And we heard a lot of hard messages, including you're not being transparent enough, you're not giving people enough context.'*

SPECIFIC CHANGE COMMUNICATION STRATEGIES AND TACTICS

Public HSOs utilized a wide variety of methods—both written and verbal—for communicating the impacts of budget reductions and the resulting changes that would be required.

Communication Medium

Managers employed both technology-based media (e.g., email, agency intranet, even You Tube videos in one organization) and in-person communication (e.g., staff meetings, forums). The most frequent approach involved 'top down' communication developed by senior staff and shared with other senior or mid-level managers who were, then, asked to share the message with their staff. In-person efforts were used to address staff fears or anxieties and to equip staff to manage the impacts of the budget cutbacks.

Most respondents felt that it was better to deliver a message to staff in-person, given the complexities of large-scale organizational change. Communication strategies that were not face-to-face were viewed as being less effective. In particular, 'top-down' communication often created miscommunications that had to be addressed. *'So, we often hear how our communication tool, the manager, translates to the line staff in a way that we didn't intend it to be,'* The message distortion that often emerged in top-down communication strategies created tension. *"If you want a consistent message, you've got to give it in an email where it's very clear to everybody or delivered face-to-face from the person that wants to communicate the information.'* This dilemma underscores the key role of written and in-person communication in times of significant organizational change.

A few respondents observed the vital role of front-line supervisors in communicating with direct service employees. One agency noted that they needed a better means of supplying middle managers with accurate, detailed information to share with their staff. *'Staff really rely upon those supervisors for support and information.'*

Message Content

The most frequently reported messages included the facts of the budget crisis, implications for the future, decision making processes and the organizational values and priorities underlying the actions and decisions made by management.

Focus on organizational goals In all participating HSOs in the study, the emphasis on clear, high level organizational goals kept the focus on agency mission and values, which helped to counter bad news and bolster morale. One agency used a media team to create a set of You Tube videos for their intranet to increase organizational commitment and reinforce the mission of the work. Each video profiled a different staff person in the organization *'. . . (where) the person will talk about their life and how our mission is aligned with who they are.'* Such messages were also transmitted in writing through a formal guideline document designed to describe decision making efforts within the context of organizational priorities and values. Approximately half of the participating HSOs created and disseminated such a document as a decision support and communication tool, and

most other organizations relied on verbal understandings of a shared mission.

Meta-messages

Study participants reported professional and organizational values and attitudes that surrounded their communication strategies, as well as the messages they were trying to indicate to staff in non-explicit ways (meta-messages). Through verbal and non-verbal cues, leaders tried to signal organizational values, changes in organizational priorities, or that more challenges lay ahead. Leaders also used meta messages to enhance credibility and convey transparency and candor in an effort to build or maintain trust.

Verbal and Non-Verbal Cues One HSO director relied upon verbal cues, rather than explicit communication, to manage the daily fiscal uncertainty and staff expectations. *'So typically, you know, our budget process starts in January and I'll start giving employees signals: . . ." It's a tough year. I don't think anyone is actually going to lose their job, but you may have to wiggle right?"'* Through tone and language, managers also took many opportunities to indicate personally how much staff were valued and heard, and potentially negative situations were reframed in a positive manner. In-person approaches (e.g., walking the halls of offices and waiting rooms) helped to convey support, transparency and accessibility to staff. *'I think people wanted to see us more . . . even if you didn't have the answers, but to get the pulse of what was going on.'* As the recession was ending, managers in one agency described using non-verbal communications to boost morale. *'In 2012 we had a series of all staff meetings, where the directors and managers did flash mobs. We did like a red-carpet kind of event where the staff were on the red carpet, and they were stars, and we learned the Gangnam Style [a popular pop song and dance at the time] and we all danced . . . We just wanted to just to signal that we could all sort of breath again.'*

Credibility Managers also sought to demonstrate fairness and equity through non-verbal cues, primarily by being conscious of the messages sent through their actions. *'We deleted positions at the highest level because we wanted to show that we were not going to (expect from others) what we wouldn't do (ourselves).'* It was reported that staff responded particularly positively to activities that demonstrated concern for all staff, and not just management, and which signaled that management was listening to their concerns. *'And we actually tried to identify simple things we could do right away so that staff felt that we were proactively addressing the workload challenges that they were seeing.'*

Openness and candor Some respondents noted that a lack of openness and candor fostered staff distrust of management. *'I think that's important, you know, trust in your leadership is important, and when you are not communicating well, it doesn't breed trust very well.'* Many respondents repeatedly reflected on how staff seemed to respond well to consistent transparency about any news – good, bad, or uncertain. Several of those interviewed described a personal commitment to maximize transparency with staff, including sharing with staff when they genuinely did not know the future. *'I think that keeping people really well informed . . . with as much information as you have (and can share) is enormously important . . . When people don't know something they'll make it up.'* One county even created a slogan for the agency to emphasize this value. *'In fact, I made this into a button and distributed it at our meeting that said, 'We're Moving Forward without All the Answers.'* Such consistent and clear messaging about the state of the organization helped to reinforce management credibility, and as one respondent observed, *'You are only as good as your credibility.'*

Trust While many respondents acknowledged the role that open and candid communication can play in establishing trust with staff, the level of trust existing between management and employees was demonstrated in other ways. Many respondents indicated that they demonstrated trust in their staff by decentralizing decisions to each department. *'It's basically the people who do the work; they are the ones that are the problem solvers.'* On the other hand, even when managers explicitly told employees that they trusted them to make the best decisions about program cuts, some respondents felt that employees did not feel comfortable with that level of responsibility. *'I think that there is a fear about if something bad happens. So, staff have really needed to be supported (and we would say) "As long as your kind of following those values and principles, we're going to support you."'*

Level of Support To maintain or increase staff trust in leadership, management also attempted to convey to staff that they would be supported in the change process and that leadership believed in their abilities to navigate and implement needed cutbacks while continuing to serve increasingly more consumers. Respondents noted that they promoted a supportive agency culture by verbally and non-verbally communicating genuine empathy and respect for workers. *'You have to be there. You have to be walking through. You have to get the feel of what's going on. You have to see how many people were in line (for services) in the morning'* Many senior managers sent messages to staff that acknowledged everyone's

stress and helped them adjust their expectations while also keeping them focused on the needs of the community and the organization's mission. *'And he (County Administrative Officer) would say, "it's not going to be doing more with less, it's going to be doing less with less".'*

At times, however, the need to consider the feelings of employees had to be balanced with the needs of the organization to serve increasing client demands. *'It's really a matter of how you humanely manage your own staff while dealing with the masses of people that are coming to the organization with problems of their own?'* This tension was addressed by one organization with a messaging campaign: *'So we did, it's called "Quality Matters, YOU Matter."'* This effort was organized around emphasizing the value of employees by asking them to give the organization their best work.

Feedback Mechanisms

All organizations had some type of mechanism for employees to provide feedback to senior managers regarding the perceptions of changes and the effectiveness or quality of communication tactics. One organization used a survey to gather staff input about improving change communications. *'We did a communication survey asking people how we could do a better job of communicating and listening.'* Another organization describes the use of a feedback tool that helped managers see when messages were being distorted. *'We have something called the Feedback Tool that is on our intranet where any of the line staff can leave their concerns and . . . we often hear how our communication . . . translates to the line staff in a way that we didn't intend it to be.'* Most organizations used feedback instruments such as surveys or suggestion boxes as a means of gauging staff satisfaction or engaging them in decision making. One organization also went to great lengths to provide feedback to staff by providing individual responses to staff regarding their suggestions for cost saving, *'. . . just so people knew that we were listening.'*

Participation in Decision Making

Each organization provided an avenue for staff to contribute to budget cut decisionmaking. Some organizations engaged employees by forming work groups or committees of mid-level and front-line staff as a way of soliciting staff input—a strategy that was positively received. But in many other organizations, senior leaders maintained control over the majority of significant fiscal decisions. As one HSO director reflected on a conversation with staff, *'Let's try and think of everything we can . . . . put it all in a mix and have lots of shared wisdom for use by a benevolent dictator.'* In these organizations, senior managers had minimal trust in the

administrative and financial knowledge of mid-level and front-line staff that they thought would limit the extent to which staff members could participate in budget reduction decisions. *'Sometimes, suggestions that people make might not have all the information (such as when) you cut those positions then you're also cutting (off the sources) of revenue.'* Some agencies addressed these perceptions of staff limitations by educating staff so they could meaningfully engage in decision making, *'So we had to inform, educate and then we could begin to really discuss.'*

Communication Effectiveness

Respondents in a few organizations regretted that they had focused too little attention on communicating with staff. For example, *'I didn't value enough the importance of having line staff just know (more about) what we were doing . . . but I think . . . looking back on it, it was important.'* In a few organizations senior managers went to great lengths to communicate with staff throughout the budget reduction process: *'There was a lot of work and a lot of effort that went into communicating what was happening.'*

However, from the perspective of some managers, even carefully planned and executed communication efforts sometimes did not have the desired effect. *'Our communication was exceptionally good, although it was not exceptionally effective.'*

Instead, providing brief, simple descriptions of the contexts for decision-making was seen as most effective and efficient. *'What I think has been more effective is writing the little email blast that goes out that's short, it's got a cute picture on it and it's just saying one thing. If you have to go look someplace, and read it, and it's dense, and you're not involved in it in any way, it's like watching paint dry.'*

ORGANIZATIONAL FACTORS SHAPING COMMUNICATION

Organizational structure

In this study, the size and structure of the organization as well as the formal and informal communication networks appeared to shape the perceived effectiveness of organizational communication strategies. Large organizations found it difficult to deliver information to the front lines in a quick and clear manner. *'We have 30 locations in [this city] and 1800 employees and a dozen programs, you know. How do you best communicate stuff like this? And I think we did a poor job of it.'* Within larger agencies, boundaries between departments or programs were less permeable, and communication across and between units was less manageable. Silos existed and hindered communication in smaller

organizations as well, but it was easier for smaller organizations to collaborate with others internally and externally as the recession continued and the imperative to do so became more apparent. *'I couldn't say enough about the efforts to integrate services and about the collaboration with everyone, because when I first started here, we were more siloed . . .'* Further, in super agencies (those providing health and human services, rather than just human services), the need and ability to move resources across departmental boundaries encouraged more cross-departmental collaboration, awareness and support. *'When the wagons are circled, and we are all worried about external things . . . and we are all moving money back and forth . . . there is a nice communal thing going on.'*

EXTERNAL FACTORS AFFECTING COMMUNICATION

The extent to which organizations had complete autonomy over their communication practices was limited in most organizations by the local and state level politics that shaped their organizational culture and environment, as well as the agency resources available to invest in communication planning and execution.

Politics

Local politics, including union relations, played a vital role in shaping organizational communication during budget cutbacks. *'It gets tricky, because you can't share everything because the politics of information can become a labor relations issue . . . So you have a certain amount of freedom of how you share information in your department, and the other part of the process that is orchestrated outside the organization.'* Transparency with staff was also sometimes constrained in an effort not to share information that could later be determined to be inaccurate. Due to changing information from the state or county regarding their actual allocations, county HSOs often did not know what their budgets would look like before decisions became final. *'. . . things were changing on a daily, weekly basis with respect to the County Administrator's office . . . part of our decision making around staff engagement related to our attempt to not freak them out.'*

Funding

A few participating organizations referred to generous political and public support from their communities that helped to encourage the Board of Supervisors and the County Administration to limit the amount of budget cutting. *'Even in times of budget cuts . . . our services are still prioritized in the political structure. So, when the Board of Supervisors is deliberating on our budget, and they reallocate*

money, we tended to benefit from that.' In some cases, additional county funding provided more time and resources to carefully think through their communication strategies. *'We had ten and a half million dollars of County General Fund money in our reserves to help us soften that load . . . we were able to hold things off longer, taper down less radically by having those financial reserves in our back pocket.'* HSOs in less politically supportive counties quickly lost county-generated funding with limited amounts of time to engage staff in decision-making or to plan a communication strategy. These counties found themselves *'making decisions right away that you have to make in the next three days . . . it just didn't seem like we had enough time.'*

Discussion

Building on the literature related to public organization cutbacks and communications in times of change, this study explored the internal communication strategies of eleven human service organizations as their senior management teams engaged in the painful process of budget reductions resulting from the Great Recession. Study informants indicated that employees responded to changes with fear, stress, and dissatisfaction with communications from senior management who shared the facts of the budget crisis, implications for the future, and a restatement of organizational values and priorities used to inform decision-making. While communications focused on addressing employee fear and anxiety, senior managers sought to be as transparent as possible and to support staff with messages of empathy, respect and an increased focus on the importance of their mission.

The communication efforts found to be most effective were clearly and consistently crafted, brief and concise, in-person communications. Top-down communications were found to be a source of miscommunications and staff anxieties increased when critical information was withheld. Due to the concerns of senior management about the capacity of employees to understand complex fiscal matters, staff were engaged, to varying degrees, in budget-related in decision making. However, most senior managers noted that providing an avenue for employees to have a voice in the process was important to maintaining trust in leadership and organizational commitment.

Most budget-reduction communications were impacted by organizational factors such as size and structure; larger and more bureaucratic organizations faced more challenges in disseminating messages with clarity due to multiple layers in the organization's hierarchy and the

sheer number of employees. External factors also impacted communications in terms of the different ways that senior managers were distracted by political pressures and time constraints. The existence of conflict in the political arenas that shaped state or local funding delayed information sharing with staff and political constraints created by elected officials inhibited transparency.

REFLECTING ON THE LITERATURE

While study results are consistent with the findings in the literature on organizational change and communication (Allen et al. 2007; Bordia et al. 2004a; DiFonzo and Bordia 1998) and the impact of environmental constraints on the level of discretion exercised by public sector senior managers (Levine 1979; Pandey 2010), this study expands our understanding of the ways that public sector managers engage and communicate with employees throughout the cutback-related change processes, and how those efforts are shaped by internal and external organizational contexts. The contextual factors affecting organizational resources were critical to planning and executing a communication strategy, and leaders found some strategies were better received than others. Variations in staff responses to diverse communication strategies may be rooted in the differences in pre-existing organizational climate or leadership styles that engendered more and less trust between staff and managers. Non-verbal and indirect messages may have contributed to a warmer, more trusting climate, and may be indicative of more sensitive leadership styles.

These findings extend our understanding of organizational communications in times of significant change by illustrating specific strategies that were more or less productive. Managers participating in this study perceived staff to be particularly dissatisfied with communications that were seen as not responsive to their ideas or concerns, and when messages were distorted through top-down channels of communication that did not include in-person exchanges. The nuances of verbal and non-verbal communications (e.g., tone and body language) were absent or altered from the original message when not delivered in-person, making room for misperceptions or misinterpretation.

Furthermore, and consistent with many other studies on public sector communication and management processes (Allen et al. 2007; Hameed et al. 2017; O'Brien 2002), most respondents noted that it was preferable to include staff in decision-making. However, if staff were not included in this process, senior managers understood that it was critical to explain the context for the decision-making. This finding matches elements of the five part model developed by Armenakis et al. (2000). In addition and consistent with other change communication research in public organizations (Allen et al. 2007; van der Voet et al. 2016), this study also found that high quality communications provided by line supervisors can increase staff acceptance or commitment to the change process.

The fiscal resources that reflect the political and economic dynamics of each participating county played key role in the ability of senior managers to engage in transparent communications with their staff members in the midst of profound change. Organizations with greater resources at the beginning of the recession, or those that experienced smaller reductions throughout the recession, were more likely to be in politically supportive and relatively wealthy counties with more funding for human services. In organizations in less wealthy and more politically conservative counties, budget cuts were deep and fast and change processes did not always include staff input due to lack of time. While most study participants repeatedly discussed their commitment to communicating with staff by sharing both good and bad news in order to reduce the impact of the rumor mill on staff fears, those organizations with less financial and political support from elected officials did not have the staff capacity to plan, execute and monitor agency-wide communications.

Finally, study outcomes also point to the ways in which messages sent by senior management may contribute to the overall culture of the organization and help to shape employee interpretation of those messages (Keyton 2014; Redding 1972). Further, message content may indicate a dominant leadership style in the organization—which has also been connected to employee change acceptance (Battilana et al. 2010; Kuipers et al. 2014). Messages aimed highlighting organizational mission and support for staff may indicate transformational leadership approaches to change communication management. Verbal and non-verbal indications of transparency and support aimed at increasing or maintaining trust between staff and leadership may also contribute an organizational climate that lends credibility to change communications for employees. Transformational leadership styles and a supportive and open organizational climate have both been linked to positive staff responses to change (Allen et al. 2007; Bordia et al. 2004a; van der Voet 2014; van der Voet et al. 2016).

PRACTICE IMPLICATIONS

These findings, consistent with other studies, also underscore the critical role of frontline supervisors in bolstering morale and supporting their staff when communicating

about significant organizational changes (Allen et al. 2007; van der Voet 2014; van der Voet et al. 2016). This suggests that one strategy for managing staff during major changes is to focus on enhancing and strengthening the staff/supervisor rapport and supporting that relationship in order to manage organizational communications and change management.

Further, leaders can enhance trust and credibility by conveying respect, empathy, and support for staff as they move through difficult times and should deliver as much information as possible in a timely manner –the good and the bad news. Finally, it is important for managers to invest time and resources during financial and programmatic stability to create and implement systems that are capable of quickly and clearly disseminating critical information, obtaining timely feedback, and preparing staff to participate in decision-making. Additional approaches for managing organizational communications are highlighted in *Table 1*.

Research Implications

This exploratory study provides a foundation for further research on how public organizations communicate with their employees during times of significant restructuring and downsizing. Further research is needed to investigate both sides of the communication equation—not just the views of senior management—in order to develop a clearer understanding of how internal communications are experienced by staff in public HSOs during cutbacks. Observational study of real time communications, combined with interviews with senior management and front-line staff would allow for a comprehensive, richer understanding of communication practices in these settings and would better identify effective approaches to organizational communications during times of change. Specifically, what role does organizational culture or climate factors play in how staff respond to organizational changes? How do specific change communication strategies contribute to the maintenance or creation of an organizational climate of trust and credibility?

Increased knowledge in these arenas is critical for public human service organizations, which operate in an environment of emotionally-laden service delivery and are often called upon to engage in swift, significant organizational change in response to external directives and changes. The staff in human service organizations represent another type of "first responder" but do not necessarily experience the same type of communications support that might be found in police or fire departments or hospitals. Future research

would benefit from a comparative approach to the structuring and implementation of communications systems to support staff in times of change.

References

Aggerholm, H. K., & Thomsen, C. (2016). Legitimation as a particular mode of strategic communication in the public sector. *International Journal of Strategic Communication, 10*(3), 195–206. https://doi. org/10.1080/1553118X.2016.1176570.

Allen, J., Jimmieson, N. L., Bordia, P., & Irmer, B. E. (2007). Uncertainty during organizational change: Managing perceptions through communication. *Journal of Change Management, 7*(2), 187–210. https://doi.org/10.1080/14697010701563379.

Armenakis, A. A., Harris, S. G., & Feild, H. S. (2000). Making change permanent: A model for institutionalizing change interventions. In *Research in Organizational Change and Development* (Vol. 12, pp. 97– 128). Emerald Group Publishing Limited. Retrieved from http://www.emeraldinsight. com/doi/abs/10.1016/S0897-3016(99)12005-6

Bartunek, J. M., Rousseau, D. M., Rudolph, J. W., & DePalma, J. A. (2006). On the receiving end: Sensemaking, emotion, and assessments of an organizational change initiated by others. *The Journal of Applied Behavioral Science, 42*(2), 182–206. https://doi.org/10.1177/0021886305285455.

Battilana, J., Gilmartin, M., Sengul, M., Pache, A.-C., & Alexander, J. A. (2010). Leadership competencies for implementing planned organizational change. *The Leadership Quarterly, 21*(3), 422–438. https://doi.org/10.1016/j.leaqua.2010.03.007.

Behn, R. D. (1980). Leadership for cut-back management: The use of corporate strategy. *Public Administration Review, 40*(6), 613–620. https://doi.org/10.2307/3110316.

Black, J. S., & Gregersen, H. B. (1997). Participative decision-making: An integration of multiple dimensions. *Human Relations, 50*(7), 859–878. https://doi.org/10.1177/001872679705000705.

Bordia, P., Hobman, E., Jones, E., Gallois, C., & Callan, V. J. (2004a). Uncertainty during organizational change: Types, consequences, and management strategies. *Journal of Business and Psychology, 18*(4), 507–532. https://doi.org/10.1023/B:JOBU.0000028449.99127.f7.

Bordia, P., Hunt, E., Paulsen, N., Tourish, D., & DiFonzo, N. (2004b). Uncertainty during organizational change: Is it all about control? *European Journal of Work and Organizational Psychology, 13*(3), 345– 365. https://doi.org/10.1080/13594320444000128.

Bozeman, B., & Bretschneider, S. (1994). The "Publicness Puzzle" in organization theory: A test of alternative explanations of differences between public and private organizations. *Journal of Public Administration Research and Theory, 4*(2), 197–224.

Bozeman, B., & Pandey, S. K. (2004). Public management decision making: Effects of decision content. *Public Administration Review, 64*(5), 553–565. https://doi.org/10.1111/j.1540-6210.2004.00403.x.

Brockner, J. (1990). Scope of justice in the workplace: How survivors react to co-worker layoffs. *Journal of Social Issues, 46*(1), 95–106. https://doi.org/10.1111/j.1540-4560.1990.tb00274.x.

Burnes, B. (1996). No such thing as . . . a "one best way" to manage organizational change. *Management Decision, 34*(10), 11–18. https://doi.org/10.1108/00251749610150649.

Center of Budget and Policy Priorities (2014). *Chart Book: The Legacy of the Great Recession.* Retrieved from http://www.cbpp.org on August 12, 2014.

Coram, R., & Burnes, B. (2001). Managing organisational change in the public sector– Lessons from the privatisation of the Property Service Agency. *International Journal of Public Sector Management, 14*(2), 94–110. https://doi.org/10.1108/09513550110387381.

DiFonzo, N., & Bordia, P. (1998). A tale of two corporations: Managing uncertainty during organizational change. *Human Resource Management, 37*(3 & 4), 295–303.

DiFonzo, N., & Bordia, P. (2002). Corporate rumor activity, belief and accuracy. *Public Relations Review, 28*(1), 1–19. https://doi.org/10.1016/S0363-8111(02)00107-8.

Dunsire, A., Hood, C., & Huby, M. (1989). *Cutback management in public bureaucracies: popular theories and observed outcomes in Whitehall.* Cambridge: Cambridge University Press.

Fisher, S. R., & White, M. A. (2000). Downsizing in a learning organization: Are there hidden costs? *Academy of Management Review, 25*(1), 244–251. https://doi.org/10.5465/AMR.2000.2791613.

Frahm, J., & Brown, K. (2007). First steps: linking change communication to change receptivity. *Journal of Organizational Change Management, 20*(3), 370–387. https://doi.org/10.1108/09534810710740191.

Graaf, G., Hengeveld-Bidmon, E., Carnochan, S., Radu, P., & Austin, M. J. (2015). The impact of the great recession on county human-service organizations: A cross-case analysis. Human *Service Organizations: Management, Leadership & Governance, 0*(0), 1–18. https://doi.org/10.1080/23303131.2015.1124820.

Greenberger, D. B., Strasser, S., Cummings, L. L., & Dunham, R. B. (1989). The impact of personal control on performance and satisfaction. *Organizational Behavior and Human Decision Processes, 43*(1), 29–51. https://doi.org/10.1016/0749-5978(89)90056-3.

Greenhalgh, L., & McKersie, R. B. (1980). Cost-effectiveness of alternative strategies for cut-back management. *Public Administration Review, 40*(6), 575–584. https://doi.org/10.2307/3110310.

Hameed, I., Khan, A. K., Sabharwal, M., Arain, G. A., & Hameed, I. (2017). Managing successful change efforts in the public sector: An employee's readiness for change perspective. *Review of Public Personnel Administration.* https://doi.org/10.1177/0734371X17729869.

Herold, D. M., Fedor, D. B., & Caldwell, S. D. (2007). Beyond change management: a multilevel investigation of contextual and personal influences on employees' commitment to change. *The Journal of Applied Psychology, 92*(4), 942–951.

Holzer, M. (1986). Workforce reduction and productivity. *Public Administration Quarterly, 10*(1), 86–98.

Ingraham, P. W., & Barrilleaux, C. (1983). Motivating government managers for retrenchment: Some possible lessons from the senior executive service. *Public Administration Review, 43*(5), 393–402. https://doi.org/10.2307/975846.

Kanter, R. M., Stein, B., & Jick. (2003). *Challenge of organizational change: How companies experience it and leaders guide it.* New York: Simon and Schuster.

Keyton, J. (2014). *Communication, organizational culture, and organizational climate.* New York: Oxford University Press. Retrieved from http://search.proquest.com/psycinfo/docview/1696217784/FD77 BFECF9E843 57PQ/12?accountid=14496

Kuipers, B. S., Higgs, M., Kickert, W., Tummers, L., Grandia, J., & Van Der Voet, J. (2014). The management of change in public organizations: A literature review. *Public Administration, 92*(1), 1–20. https://doi.org/10.1111/padm.12040.

Leitch, S., & Davenport, S. (2003). Strategic ambiguity in communicating public sector change. *Journal of Communication Management, 7*(2), 129–139. https://doi.org/10.1108/13632540310807340.

Levine, C. H. (1979). More on cutback management: Hard questions for hard times. *Public Administration Review, 39*(2), 179–183. https://doi.org/10.2307/3110475.

Levine, C. H. (1984). Retrenchment, human resource erosion, and the role of the personnel manager. *Public Personnel Management, 13*(3), 249.

Liu, B. F., & Horsley, J. S. (2007). The government communication decision wheel: Toward a public relations model for the public sector. *Journal of Public Relations Research, 19*(4), 377–393. https://doi.org/10.1080/10627260701402473.

Lodge, M., & Hood, C. (2012). Into an age of multiple austerities? Public management and public service bargains across OECD countries. *Governance, 25*(1), 79–101. https://doi.org/10.1111/j.1468-0491.2011.01557.x.

McNulty, T., & Ferlie, E. (2002). *Reengineering health care: The complexities of organizational transformation.* Oxford: OUP.

Miles, M. B., Huberman, A. M., & Saldaña, J. (2013). *Qualitative data analysis: A methods sourcebook* (3rd ed.). Thousand Oaks, CA: Sage.

O'Brien, G. (2002). Participation as the key to successful change – a public sector case study. *Leadership & Organization Development Journal, 23*(8), 442–455. https://doi.org/10.1108/01437730210449339.

Pandey, S. K. (2010). Cutback management and the paradox of publicness. *Public Administration Review, 70*(4), 564–571. https://doi.org/10.1111/j.1540-6210.2010.02177.x.

Podsakoff, P. M., MacKenzie, S. B., & Bommer, W. H. (1996). Transformational leader behaviors and substitutes for leadership as determinants of employee satisfaction, commitment, trust, and organizational citizenship behaviors. *Journal of Management, 22*(2), 259–298. https://doi.org/10.1177/014920639602200204.

Redding, W.C. (1972). *Communication within the organization: An interpretive review of theory and research.* New York: Industrial Communication Council.

Robinson, S. L. (1996). Trust and breach of the psychological contract. *Administrative Science Quarterly, 41*(4), 574–599. https://doi.org/10.2307/2393868.

Ruffing, K.A. & Friedman, J.A. (2013). *Economic downturn and legacy of Bush policies continue to drive large deficits economic recovery measures, financial rescues have only temporary impact.* Center on Budget and Policy Priorities. Retrieved from http://www.cbpp.org on August 12, 2014.

Ryan, N., Williams, T., Charles, M., & Waterhouse, J. (2008). Top-down organizational change in an Australian Government agency. *International Journal of Public Sector Management, 21*(1), 26–44. https://doi.org/10.1108/09513550810846096.

Saldaña, J. (2013). *The coding manual for qualitative researchers.* Los Angeles, CA: Sage.

Shah, P. P. (2000). Network destruction: The structural implications of downsizing. *Academy of Management Journal, 43*(1), 101–112. https://doi.org/10.2307/1556389.

Spector, P. E. (2002). Employee control and occupational stress. *Current Directions in Psychological Science, 11*(4), 133–136. https://doi.org/10.1111/1467-8721.00185.

Stake, R. E. (2006). *Multiple case study analysis.* New York, NY: Guilford Press.

U.S. Census Bureau State and County Quick Facts. (2014). Retrieved from http://quickfacts.census. gov/qfd/index.html# on June 12, 2014.

van der Voet, J. (2014). The effectiveness and specificity of change management in a public organization: Transformational leadership and a bureaucratic organizational structure. *European Management Journal, 32*(3), 373–382. https://doi.org/10.1016/j.emj.2013.10.001.

van der Voet, J., Kuipers, B. S., & Groeneveld, S. (2016). Implementing change in public organizations: The relationship between leadership and affective commitment to change in a public-sector context. *Public Management Review, 18*(6), 842–865. https://doi.org/10.1080/14719037.2015.1045020.

Waterhouse, J., & Lewis, D. (2004). Communicating culture change. *Public Management Review, 6*(3), 353–376. https://doi.org/10.1080/1471903042000256538.

TABLE 1

Organizational Communication Recommendations for Public HSO Cutback Management

Participatory Decision Making

1. Engage staff as much as possible in decision making.
2. Equip employees with the knowledge necessary to participate meaningfully in decision making.

Meta Messages

1. Be as transparent as possible with staff, sharing reasoning behind decisions, as well as good, bad and uncertain news.
2. Create messaging strategies that deliver critical information in the context of the organization's mission, while also conveying respect and empathy to employees.
3. Management should be visibly accessible to employees and provide answers to staff questions.

Communication Tactics

1. Communicate with staff often, repeat the message in short, simple ways and communicate in settings that minimize or alleviate staff stress.
2. Communicate in person or in writing whenever possible.
3. Involve front-line supervisors when delivering critical information to direct service staff.
4. Designate one person or team to streamline and create consistency in messaging.
5. Monitor the extent to which messages are received and understood.

Witherspoon, P. D., & Wohlert, K. L. (1996). An Approach to Developing Communication Strategies for Enhancing Organizational Diversity. *The Journal of Business Communication (1973), 33*(4), 375–399. https://doi.org/10.1177/002194369603300402.

Yin, R. K. (2003). *Case study research: Design and methods* (3rd ed.). Thousand Oaks, CA: Sage.

Zorn, T. E., Page, D. J., & Cheney, G. (2000). Nuts about change: Multiple perspectives on change-oriented communication in a public-sector organization. *Management Communication Quarterly, 13*(4), 515–566. https://doi.org/10.1177/0893318900134001.

Genevieve Graaf received her doctorate in 2018 from the University of California, Berkeley, and is an Assistant Professor in the School of Social at University of Texas, Arlington. Her research interests include human service organizational processes and policy, specifically as it relates to accessing to high quality and effective mental health care for seriously emotionally disturbed youth and their families. She is also interested in evidence-based practice and implementation science and its implications for community based mental health organizations and service delivery.

Evelyn Hengeveld-Bidmon has been working in the field of human services since 1979 – in public education, the non-profit sector and, most recently, in county government. Evelyn has served in positions of management and executive leadership for the last eighteen years. She recently retired from the position of Staff Development Program Manager for the County of Santa Cruz Human Services Department.

Sarah Carnochan is the Research Director for the Mack Center on Nonprofit and Public Sector Management in the Human Services. As an attorney and a social worker she has worked with nonprofit legal services, transitional housing, and community-based advocacy organizations. She received her Ph.D., M.S.W. and J.D. from the University of California, Berkeley.

Micheal Austin is the former Mack Professor of Nonprofit Management and the former director of the Mack Center on Nonprofit and Public Sector Management in the Human Services in the School of Social Welfare, University of California, Berkeley. He is currently Professor of the Graduate School.

Marianna Salomone completed her MSW at the University of California, Berkeley. She now practices in management and planning in social work services.