

Communication During a Restructuring in a Manufacturing Company

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This case study describes how the lack of proper communication in organization can affect the effectiveness of organizational restructuring process. Shontelle Bryan (2015); in Hodges and Gill (2015) presents a manufacturing company in Barbados, that experienced a big restructuring implementation by applying a staff reduction of a third of employees (pp. 279-280). This situation was a blow that created increasing feelings of bitterness and anger of employees towards management, whereas management thought the change was a solution for the company to increase profitability and to become more competitive in business arena. Every effort to make adjustment became vain.

The company's CEO and the management found out a year after the change that things went wrong. The work load had increased on the employees, and "when the books were examined, the CEO realized that profitability had not significantly increased" (Shontelle Bryan, 2015; in Hodges & Gill, 2015, p. 279). The CEO had to bring in an external consultant to review the problem and to bring remedy to the situation.

Implementing change in organization, and most importantly in changing structures, demands careful analysis of the structure change and the envisioning of future outcome. In the beginning, the massive staff reduction (one third of the staff) took place without prior communication with the employees. Getting the stakeholders and employees involved in organizational change is critical, as Hodges and Gill (2015) state that although change is often experienced to be a top to down process, like the case in this study text, "upward communication is essential because it provides leaders and managers with valuable information that can help them clarify the need for change "so that they can properly develop implementation plans and ensure successful restructuring" (p. 278). For change communication to be effective and to produce

positive outcome, communication needs to be up, down, and laterally across the organization (Hodges & Gill, 2015, p. 278).

There was no effective communication during the restructuring process of the manufacturing company in Barbados. Even after the external consultant's attempt to create communication with the employees through survey, feedback about communication, job satisfaction and trust, it appears that the employees' responses were negative, and they mostly expressed their lack of trust. Many employees were keeping resentment toward management and they were under the feeling that the restructuring was not fair. They felt that the staff reduction only targeted the bottom employees, while the top management were moving on well with the business. Yukl (2013) states that there can be resistance to change in organization because the management who initiate the change are distrusted; even if there is no obvious threat, the employees will have the feeling that there are hidden agendas and implications that they may discover when it is too late (p. 81). Even though the company's management created open forums to discuss past restructuring and to try to rectify any misconceptions of the part of the employees, even though committees were formed to deal with conflicts that had occurred, some employees still "felt that they would be victimized if they were to openly speak their mind" (Shontelle Bryan, 2015; in Hodges & Gill, 2015, p. 280).

In an article on behavioral responses to organizational change, Thomas (2014) states that "transparency, inclusiveness and effective communication within organizational setting can neutralize an individual's resistance to the imposition of change" and that the restructuring of an organization with staff reduction or recruitment, with purpose of promoting growth, will obviously create different emotions from the restructuring that consists of downsizing, and in order to develop employee's trust, leaders must be "transparent in their communications and

foster an environment of open transmission of information” (pp. 3-4). The key problem of the Barbados Manufacturing Company was that of communication and trust. Shockley-Zalabak (2015) remarks that “communication competence is necessary for organizational excellence” especially when it comes to building trust. To understand the magnitude of the impact distrust can create, think that distrust was at the bottom of the global financial crisis that began in 2008 (p. 236). Sherwyn Morreale, Michael Hackman, and I (2010); in Shockley-Zalabak (2015) give a thorough description of the impact of the lack of trust, that presents five broad categories among which: “we-versus-them behaviors, lower employee commitment to productivity goals, fear and destructive behaviors” (p. 236).

To resolve the basic problem and have the restructuring take place appropriately, the company’s leader and managers could first consider a “shared sense of direction, purpose and values; establish strategies, plan and priorities; reduce uncertainty and build trust; empower and engage people in doing what needs to be done; and facilitate learning” (Hodges & Gill, 2015, p. 281). Many changes had been made in the company prior to this situation, but they were not sustained. Therefore, many employees made up their mind that any attempt of change in the company would be a waste of time. When lack of trust and confidence is stacked in the people’s mind and hearts, it becomes difficult to revert and have them believe that change will be beneficial, since it has not been the case to this date. The writer states that even the change agents lost their motivation overtime. They went back to their old habits, fully convinced that change was not necessary.

Conclusion

It is important for organization leadership to be aware that “communication plays a vital role in the change process” (Hodges & Gill, 2015, p. 280) and that since we live in a world of

permanent change, the entire organization should learn and be prepared for innovation, progress, and improvement at all times. At the same time, trust must be built and sustained from up to down, and vice versa, so that leaders, managers and employees may stay on the same page always. And if downsizing becomes necessary, the company will make sure, and let the people be aware of this, that those who will leave shall enjoy substantial benefits and even job placements outside the company. The lack of communication and trust in the Barbados manufacturing company that ended up in change failure provide lessons to learn about communication during change implementation.

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