Organizational death and employee motivation

Investigating a plant closure in a
multi-plant organization

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To the men and women who
had to cope with job loss due
to organizational death

Abstract

Major organizational changes are often connected with a variety of negative outcomes for both employees and the organization alike. As a contrast to this, organizational deaths have instead been associated with increased productivity and motivation to perform, despite certainty of job loss. These results have been regarded as counter-intuitive, since employment and job security are regarded as a foundation for work motivation. Consequently, this thesis aims at investigating the motivational aspects of organizational deaths in terms of change in motivation as individuals adjust to changing realities. The thesis rests on three empirical studies.

The first study's results showed (contrary to theoretical postulations) that goal setting was able to influence employees' in-role and extra-role performance, job-induced tension, commitment to the closure, and job satisfaction. The second study showed that organizational productivity, efficiency, performance, motivation and psychological climate increased for both blue-collar and white-collar employees'. The results of the third study lend support to the anecdotal reports of high performers decreasing in their efforts during closures, but only when they perceive low justice, and while low performers perceiving low justice, received had second highest scores on effort. The results of the empirical studies support the notion that organizational productivity increases along with employees' motivation to perform. Finally, a common pattern in the data was that most positive variables increased and the negative variables decreased. These results are explained by the adoption of new goals, which creates horizontal coherence (harmony) among goals, which gives rise to goal proximity (motivation increases due to moving closer to the goal).

Keywords: Plant closure, closedown, goal theory, goal setting, motivation, organizational death, productivity, efficiency, performance and psychological climate.

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List of studies

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III Häsänen, L., Hansson, M., & Hellgren, J. (). Will high performing employee's continue to work hard during plant closure?

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Introduction

The modern business environment is complex, unpredictable and frequently changing. To be able to compete and survive in a global economy, organizations need to constantly adjust to simply maintain the status quo (Burke, 2002). The ability to manage continuous change has become a vital factor for business success, and organizations that are unable to change in accordance with the external environment will soon be forced to implement transformational change to avoid organizational death (Burke, 2002).

In recent years we have witnessed executives in multinational firms launching successive waves of restructurings, downsizings and delayerings (reducing hierarchies), which researchers have argued lead to a severe erosion of the more traditional psychological contract (the set of unspoken expectations between employers and their employees) (Rousseau & Wade-Benzoni, 1995). Such traditional contracts, in which employees expect continuity of employment and career advancements for showing loyalty and commitment to the organization, have been replaced by feelings of job insecurity and concerns over employability (Cheng & Chan, 2008).

Foster and Kaplan (2001) studied the history of some of the top firms in the US, and their findings present staggering evidence that organizational death impacts even the largest corporations. The Forbes list of top 100 companies was first formed in 1917, and a reexamination of those companies again in 1987 found that 61% had died out, and of the remaining 39%, only 18 remained on the top 100 list (Foster & Kaplan, 2001). A similar pattern emerged regarding the stock market index for the leading 500 companies, maintained by Standard & Poor's (S&P). Foster and Kaplan compared S&P's list from 1957 with that from 1998 and found that only 74 of the original 500 businesses were still active – the others had perished, and the surviving companies' annual overall performance was 20% below average during the four decades. Foster and Kaplan proposed that the pace-of-change phenomenon [firms need to launch successive changes to stay competitive] had increased significantly over these decades, especially since change was not a major concern for firms at the dawn of the 20th century but had become a major concern by the end of the century (Drucker, 1969). To give an example, during the 1920s and 1930s the yearly turnover rate in S&P's list was 1.5% –rate at which a company could expect to remain on the list for approximately 65 years after its debut. By 1998, the turnover rate had climbed

to almost 10%, which would reduce a company's average time on the list to ten years (Foster & Kaplan, 2001).

Indeed, the trend has been downward and organizational deaths currently affect millions of employees each year. In their statistical findings for 2005, Marks and Vansteenkiste (2008) found that 544,800 businesses had closed within just that one year in the US (Corporation for Enterprise Development, 2007). They concluded that this finding is consistent with Harris and Sutton's (1986) research, which showed a trend of nearly half of all enterprises going under within five years of their inception, and that 90% do so within 20 years. Government organizations in the US are no exception to this, as they have also been found to perish at a similar rate. There are similar trends in Europe as well. Every year 1.5 million people are displaced due to business failures (Creditreform Economic Research Unit, 2009). In a comparison of the enterprise deaths occurring in the US and those in 12 European countries (for which data is available), 9% of all enterprises in these regions were found to have perished in 2004 (Schrör, 2008).

Although closedowns are common in the contemporary business environment, we know astonishingly little about them. However, we do know that losing one's job due to closedown is psychologically taxing, and we all can imagine what a fundamental impact it has on those affected by it (e.g., Harris & Sutton, 1986). Workers displaced due to plant closure suffer severe impact to their economic situation, and their behavior disorders tend to increase (Dooley & Catalano, 1979, 1980; Kinicki, 1985). What is perhaps not so well known is that productivity increases during closedowns; Thus far, these results have not been associated with mechanical or managerial actions (Hansson & Wigblad, 2006a). This has led researchers to propose that it is due to a motivation surge that stems from people when there is a threat of closure or when top management has announced that the organization will close within a certain time. Increased productivity despite certainty of job loss has been recorded in several closures and has been labeled the Closedown effect (Bergman & Wigblad, 1999).

Aim of the thesis

The primary aim of this thesis is to investigate the motivational aspects of working during organizational death and possible reasons why employees would exert more effort during a closedown.

Objectives

The first objective was to investigate whether organizational goal setting can influence employees' performance motivation and commitment during orga-

nizational death. In such circumstances, conventional knowledge about organizational goal setting postulates that individuals would feel little or no commitment to the organizational goals, which aims to close the factory, and would result in the individuals' unemployment (Latham G. P., 2004).

The second objective was to investigate the change in productivity, efficiency, performance, motivation, and psychological climate, in particular, comparing blue-collar and white-collar employees perceptions. The nature of the changes occurring in the psychological climate were therefore investigated and contrasted between blue- and white-collar workers.

The third objective was to investigate anecdotal reports that high performers tend to stop performing during closedowns. To do so, a group-level analysis was conducted in which two levels of performance and two levels of justice perceptions were used as the independent variables, and effort as the dependent variable. This study also investigated if high-performing employees were more likely to quit.

Organizational decline and closure

The study of how organizations adapt to the external environment has long been an important theme in management research (Ashby, 1952; Lewin, Long, & Carroll, 1999). The objective of such research is typically to understand how firms manage to maintain a close fit with changing environmental conditions and still perform well (Burke, 2002). Indeed, organizations that are not able to adapt to new external conditions will fail to grow, gradually decline, and ultimately cease to exist (Greenhalgh, Lawrence, & Sutton, *Determinants of Work Force Reductions Strategies in Declining Organizations*, 1989).

In declining companies it is common for top managers to engage in re-trenchment (i.e., asset and cost reductions), but empirical research has shown that the results of such actions are ambiguous in that they may not imply increased performance (Weitzel & Jonsson, 1989). Rather than it being a problem of inefficiency in many of the declining firms, findings have indicated that the problem concerns the internal climate and especially the high level of conflict that arises between individuals or groups and affects the decision-making processes (Arogyaswamy, Barker, & Yasai-Ardekani, 1995).

There are several factors behind corporate failures, most of them human factors. Weitzel and Jonsson (1989), based on their studies of business failures, have proposed a model that defines organizational decline. In the model, the declining organization moves through five stages: “(1) the organization is blind to the early stages of decline; (2) it recognizes the need for change but takes no action; (3) it takes action, but the action is inappropriate; (4) it reaches a point of crisis; and (5) it is forced to dissolve” (Weitzel & Jonsson, 1989, p. 91). The process model was able to incorporate decline definitions of a lack of awareness of environmental threats, an unawareness of internal weaknesses, and an inability to take corrective action.

With a slightly different perspective on the matter, other researchers have proposed that declining companies will undergo the following pattern of events and actions: First, a company’s performance declines when it becomes “maladaptive to its environment; its environment becomes hostile, or both” (Cameron, Sutton, & Whetten, 1988). If no counter-measures are initiated, this leads to three consequences: (1) the loss of support from external stakeholders, (2) growing internal inefficiencies, and (3) internal climate and

decision processes starting to deteriorate. Following the emergence of these three consequences, the company's financial resources will start weakening and creditors will withdraw their support (Cameron, Sutton, & Whetten, 1988).

To avoid such developments, researchers have suggested that two strategies must be used conjunctively in order to manage a turnaround: "(a) decline-stemming strategies that reverse the dysfunctional consequences of decline, and (b) recovery strategies that position the firm to better compete in the industry" (Arogyaswamy, Barker, & Yasai-Ardekani, 1995, p. 32). For the decline-stemming strategy, *Stage 1*, they recommend that top management, firstly, stop the erosion of stakeholder support and make an effort to renew stakeholders' confidence in their management abilities. Secondly, efficiency should be created and the stability of the internal environment of the company established. For *Stage 2*, the company needs to adopt a recovery strategy. This strategy should take into account what has caused the decline and the company's inability to remain in a competitive position. If such an effective strategy cannot be implemented, the company's chances of long-term survival diminish severely.

Research indicates that if repetitive restructurings such as workforce reduction and large-scale asset downsizing are used as the only means of battling decline there is an increased likelihood that a company will be delisted from the stock exchange (Lin, Lee, & Gibbs, 2008, p. 539). Still, such actions are common in today's business world, regardless of whether or not a decline is occurring (Balogun, 2007), implying that top managers' determination to increase revenues could unintentionally start a chain of events that sets the organization on the path to decline.

However, it is important to point out that not all closures happen due to bad performance or decline. In multi-plant organizations, closures happen for many reasons and some closures are strategic decisions aiming at coming nearer to a specific market. The fact that the factory studied in this thesis was part of a multi-plant organization increased the interest in understanding what research exists about them. Therefore, next section will focus on different types of plant closures in multi-plant organizations.

Closedowns in multi-plant organizations

Much has been written about the business decisions and reasons behind plant closures (e.g., Chaganti & Hamilton, 1984; Watts & Stafford, 1986; Stafford & Watts, 1991). The decisions regarding a plant closure in multi-plant corporations are very complex matters, and are likely to be based on internal investments and profitability considerations as well as external market and other environmental factors and conditions (e.g., Chaganti & Hamilton,

1984, Schmenner, 1984; Watts & Stafford, 1986). Stafford and Watts (1991) studied drivers behind plant closures in multi-plant organizations, and proposed that plant closures could be categorized into two broader categories: cessation plant closure and selective plant closure.

Cessation plant closure

When a firm decides to abandon an activity/activities or a specific product leading to one or several plants' closing, this is a *cessation plant closure*. In situations in which many plants contribute to the production of goods, the closedown decision may lead to a domino effect whereby a whole chain of plants has to close. Watts and Stafford (1986, p. 211) grouped cessation closures into three distinctive types:

Type I: Firm goes entirely out of business.

Type II: Firm gives up a product line.

Type III: Firm replaces in-house production with outsourcing.

We do not have to look far to find an example of cessation plant closures. On June 1, 2009, one of the world's largest automobile manufactures, GM, filed for Chapter 11 bankruptcy protection during the US government-led restructuring of the whole firm, resulting in the closure of a dozen plants and a cut of around 20,000 employees by the end of the year (Isidore, 2009). This suggests that GM gave up several product lines, which indicates that most of the restructuring activities were Type II cessation plant closures.

Selective plant closure

Selective plant closure is when a firm chooses to close one factory and restart production in a different place. Some evidence points to this being perhaps the most common form of closure (Fothergill & Guy, 1990). One of the reasons why firms change location is that they can choose among several geographical locations, with the ultimate decision being based on geographical qualities that will most likely lead to reduced costs (See Stafford & Watts, 1991, p.428; Watts and Stafford, 1986, p. 213).

Type I: Firm reduces production, but other plants remain open.

Type Ia: Regional market has declined or resources are depleted (external-factor orientation).

Type Ib: Inefficient plant, old technology (internal-factor orientation).

Type II: Firm expands production at other sites.

Closedowns at multi-plant firms occur for several reasons and, according to Stafford and Watts, decline and poor performance are not preconditions for closure. This is important to acknowledge, since organizational death has excluded these types of closures from the definition (the definition of organizational death will be presented in the next section). Hansson and Wigblad (2008) have raised another concern that there is a mixture in the decline literature between downsizing and closedowns, despite the fact that they lead to different outcomes. The reason for this mixture is that, from the corporate point of view, they might be involved in downsizing activity while in reality this might mean they are closing one or several plants. Consequently, the prevailing focus should be on the individual level rather than the aggregated level when investigating employee reactions during corporate restructures (Hansson & Wigblad, 2008).

Organizational death

Definitions of organizational death

Sutton called closures *organizational death*; however, he did not include a definition of organizational death. The lack of consensus regarding a definition is disturbing since this may obscure findings, as data can represent a variety of organizational restructures. To date different terms have been used to represent organizational death, such as organizational mortality, exit, failure, bankruptcy, decline and retrenchment (Mellahi & Wilkinson, 2004), in some cases downsizings (Hansson & Wigblad, 2008), and mergers and acquisitions (Marks & Vansteenkiste, 2008).

However, few definitions can be found in the management literature; an exception is “The most straightforward way to define organizational death is to simply say that the organization dies when it stops performing those functions we would expect from it” (Sheppard, 1994, p. 796). Sheppard’s definition does not specify that an organization experiences either decline or closure; Thus, it may include radical changes based on the company’s need to change the core of their business. Hamilton (2006, p. 329) offered another definition: “...the substantial loss of customers, clients, and market value that causes an organization to cease operations in its current form, relinquish its existing organizational identity, and lose the ability to self-govern”. Hamilton’s definition incorporates declining business, which eventually leads to a stop of operations. This means that closure in which decline has not been present falls outside this definition, which is interesting since regional studies imply that most closures are strategic decisions rather than due to organizational decline (Stafford & Watts, 1991).

Further, why did Hamilton write “cease operations in its current form”; Does this mean that an organization that stops producing one product and starts producing another would fall into this category? Why not plainly write *closure*? One possible explanation is that Hamilton wanted to include mergers and acquisitions (M & A) as a part of the definition of organizational death. A counter-point would be that M & A do not necessarily have to be part of the definition at all, since they are not ‘dying’ but are plainly changing or perhaps evolving. However, one needs to bear in mind that these definitions are based on organizational lifecycle theories which are biological metaphors, which strive to understand how a company over the course of time moves through different maturity phases – like life in general. In this

attempt to bring coherency into an otherwise rather incoherent field embeds some developments while others are excluded.

This leads to the question: When does organizational death happen and what is suggested by the term? The failure to find an adequate definition has led some researchers to abandon the definition of organizational death altogether, and to embrace 'closedown' or 'closure' in order to minimize contamination by other restructurings and organizational change efforts (e.g., Bergman & Wigblad, 1999; Hansson & Wigblad, 2006).

Perhaps the division of closedown and organizational death may bring clarity to the field, but the downside to this is that it can become difficult to find research when several terms are used, such as closure, plant closure, closedown, shutting it down, etc. Further, Sutton called closedowns organizational death; If the term is already in use for closures, perhaps researchers studying closure could develop their own definition (e.g., Harris & Sutton, 1987; Sutton, 1987). However, Sutton (1987, p. 543) did add a footnote where he talked about the difficulties with using metaphors, and that organizational death is a metaphor for biological death. The problem according to Sutton was that in biological death all components of the system die, while this is not the case in organizational death whereas the people continue to live. Despite the criticism, Sutton chose to call closures organizational death for two reasons, 1) it clearly marks that he studied permanent closures, 2) death metaphor best describe how people experience the transition.

Definition of organizational death in this thesis

From a biological metaphor perspective, an entity can die for numerous reasons. In more general terms, life can end due to internal causes (e.g., disease) or external causes (e.g., accident), or a combination of the two. This means that an entity can be at any stage in life and any combination of these two outcomes can occur. Therefore, if one is interested in understanding how the entity experienced the very end, the reasons for how it got there become secondary. In lifecycle theories this is not the case; Most models aim to understand how a company passes through the stages that can be summarized as start-up, growth, maturity, decline and death (or revival) (Quinn & Cameron, 1983). Consequently, some organizational deaths are excluded from the definition, and this is why another definition of organizational death will be used in this thesis.

Organizational death occurs when employees are faced with certainty of job loss due to closedown, which may have been preceded by perceptions of threat of closure.

This definition incorporates propositions that when there is a threat of closure, employees stop investing themselves in the organization, and thus

the organization will lose some of its value to them. This proposition stems from Hansson and Wigblad's (2006b) paper, in which they showed that threat of closure is sufficient to instigate increased productivity; Some employees reject the boundaries of the formal organization, instead taking matters into their own hands and forming informal alliances to deal more swiftly with the threat. Hansson and Wigblad implied that the Hawthorne experiments might in fact show a Closedown effect, rather than the explanation that it was the attention from researchers that increased the employees' efforts (Hansson & Wigblad, 2006b, p. 121). Further, Blau's (2006; 2007) studies show how employees cope emotionally with the threat of closedown. They start by grieving the prospect of job loss, but gradually accept the unpleasantness and commit themselves to future endeavors in which they need to rely on their own competence to deal with the uncertain future.

Armed with this definition, the remaining section will give a short introduction of how closedowns differ from other types of extreme organizational changes in terms of outcome. This is followed by closedown research, presenting different process models that attempt to explain the temporal dynamics that occur during closedowns.

Organizational change perspective on restructures

Regardless of the reasons for initiating organizational changes such as layoffs and reducing hierarchies, changing organizational identity has often been associated with a variety of negative outcomes like resistance to change (Jones et al., 2008), perceptions of uncertainty (Bordia et al., 2004a), centralization of decision-making (Mishra, 1996), decreased work climate, health and performance (Carr, Schmidt, & Ford, 2003). One common belief is that these changes are detrimental to work relationships, work unit status and the social identities connected with group membership (Jones et al., 2008). In change that involves layoffs, employees often report increased pressure, stress and feelings of job insecurity (Sverke & Hellgren, 2002).

In light of these results, it is rather strange that organizational change under extreme conditions of closing the organization has been associated with positive outcomes such as increased productivity and employee performance, the surfacing of informal leadership and informal work groups, decentralized decision-making (Bergman & Wigblad, 1999), increased job autonomy (Hansson & Wigblad, 2006a), increased productivity (e.g., Hansson & Wigblad, 2006b), diminishing managerial control (Sutton, 1987; Wigblad et al., 2007). The difference between closedowns and other forms of restructuring is intriguing as researchers have proposed that the many negative effects observed in downsizing, mergers and acquisitions are largely due to increased pressure, stress and uncertainty (e.g., Bordia et al.,

2004a). In this case, one might assume that closedowns do not impose the same amount of uncertainty and pressure on all individuals.

Coping and stress literature on organizational changes suggests that individuals constantly appraise how a change is being managed, its outcomes, and how the change affects them (Fugate, Kinicki, & Prussia, 2008). According to Ivancevich, Schweiger and Power (1987), individuals may appraise a situation in three ways. Those who are unaffected by the change will find it irrelevant, while positive appraisal follows when the individual perceives challenging opportunities, and negative appraisal when the individual perceives a negative outcome of the change. However, such appraisal is based on the assumption that the individual has all the relative information to conduct a fair appraisal, and such assumption contradicts stress and coping literature.

Coping literature indicates that rapidly changing environments often increase uncertainty, which in turn disrupts the individual's ability to make proper assessments, thus hampering personal goal setting and affecting the individual's ability to cope effectively (Scheck & Kinicki, 2000). However, not all employees perceive equal amounts of uncertainty during organizational change. Uncertainty has been shown to be relative to the distance between employee [needs information] and management [provides information]. Employees situated in the higher hierarchies have more connections with decision-makers and thus receive clearer information about the change, which gives them a clearer picture and a better understanding of how the change will be implemented (Falkenberg, Näswall, Sverke, & Sjöberg, 2009). Employees at lower levels receive information that is filtered and obscured by others' interpretations (e.g., Berger, 1987; Smeltzer & Zener, 1992).

It is not uncommon that organizational restructures involve layoffs to some degree. If employees perceive that their jobs are in jeopardy, feelings of employment uncertainty and job insecurity fade in and people start to take action to decrease the likelihood of unwelcome job loss. Such actions could be shielding their work by not sharing their knowledge with co-workers, in hope that managers will perceive them as key employees with unique business knowledge that is vital to the organization. Employees may also believe that if they work harder they may retain their jobs, meaning that organizational performance might increase for a short period but dwindle when the verdict of who will stay and who will leave is known (Cameron, 1994). In changes in which uncertainty and job insecurity are present, the work climate deteriorates (e.g., Cheng & Chan, 2008; Sverke, Hellgren, Näswall, 2002), and may divide the workforce into different groups: those who perceive that they will lose their job, those who are uncertain whether they will keep their job, and those who perceive that they will survive (Appelbaum, Simpson, & Shapiro, 1987).

In a post-change period, stress increases since those who have survived will have more work to do, and on top of this the organization often needs to hire temporary workers to manage times of increased rates of production, or in more severe cases temporary workers may be the organization's daily life (Sverke, Gallagher, & Hellgren, 2000). It is easy to imagine that from an employee's perspective the whole change was a fiasco, since all it managed to do was replace their friends with external people whose heart is not in the organization. When negative and depressing thoughts enter an individual's cognition, he/she may start experiencing incipient survival syndrome (Appelbaum, Delage, Labib, & Gault, 1997).

The obvious difference between closedowns and other types of organizational restructures is that closures affect all hierarchies equally in terms of certainty of job loss. Consequently, all employees become temporary workers during the countdown period [the time between the announcement of closure to actual shutdown]. Another difference is that closedowns provide a very clear goal [closing the factory on x date] along with decentralized decision-making, meaning that employees on lower hierarchical levels experience increased autonomy and gain opportunities to make decisions over the day-to-day operations (e.g., Bergman & Wigblad, 1999; Sutton, 1987). Other types of organizational restructures often have the opposite impact: Instead there are often unclear goals and performance standards, and decision-making becomes centralized (e.g., Appelbaum et al., 1997; Greenhalgh & Rosenblatt, 1984; Koonce, 1991; Littler & Hansson, 2007; Probst, 2002). It appears that closing organizations develop a work climate that helps people cope with their looming job loss by giving them the ability to control their environment through having high level of job autonomy and being able to influence decision-making (Spector, 1986).

The conclusion is that there are notable differences between closedowns and the other organizational restructures, but research on closedowns is presently in its infancy and there is much work ahead before we will be able to unveil the reasons for the increased performance.

Organizational death research

Research on organizational death is rather broad and fragmented, and has been mainly oriented toward two perspectives. One, pursued by labor economists, involves studying how plant closings impact length of unemployment, personal income, community income and local tax base (e.g., Aiken, Ferman, & Sheppard, 1968), workforce reduction strategies during decline and plant closings (Greenhalgh, et, al., 1989). Another stream has studied productivity change during the process of closedown (e.g., Bergman & Wigblad, 1999; Hansson & Wigblad, 2006a; Wigblad, Lewer, Hansson, 2007).

The second perspective is pursued by behavioral scientists, studying the relationship between displaced workers' economic change and behavior disorders (e.g., Dooley & Catalano, 1979, 1980; Kinicki, 1985). Another stream has studied closedown victims' emotional reactions during the threat of a plant closure (Blau, 2006; 2007), parting ceremonies in closing organization (Harris & Sutton, 1986), and how leaders can influence employees by providing situational interpretation that creates meaning (Sutton, 1987). Among these articles, only Blau's (2006; 2007) studies are a quantitative investigation of employees' reactions during threat of closedown.

Researchers have stated their concern over the lack of attention to the field of organizational death. Little more than two decades ago, Sutton wrote "This lack of attention is puzzling" and echoed the concern that the majority of the lifecycle theories in the management literature did not include the decline phase (p. 542). Whetten's (1987) claim, that organizational death is the least studied field of any growth or decline process within organizations, is still valid. Today one might find more papers with organizational death in their title, but some of these investigate mergers and acquisitions (Marks & Vansteenkiste, 2008).

The remaining section is devoted to three different process models attempting to explain organizational death. Firstly, Hansson and Wigblad's model will be presented, providing us with an overview of the productivity increase. Secondly, Sutton's process model of organizational death will be presented, whereby one of his claims is that people's grieving the closedown is an important part of accepting it. However, Sutton's research was inductive and the next step was testing his arguments deductively, thus leading to the third and last model to be presented: Blau's (2006; 2007) model of grieving a closure. In his papers, he tested Sutton's claim that people move through several stages of grief before they are ready to accept their job loss. All these three models present important clues to understanding how people react to organizational death and provide a foundation for further analysis of the motivational aspects of working during closedowns.

The Closedown effect

Perhaps the most intriguing finding, which sets closedowns apart from other restructuring activities, is that closedowns have a tendency to lead to an unexpected increase in productivity. This finding has been called the *Closedown effect* (Bergman & Wigblad, 1999) and refers to the enhanced productivity despite certainty of job loss for the employees. Hansson and Wigblad with colleagues have conducted the bulk of this research and have made several important contributions to the closedown field, which will be presented in this section. As there are presently only a handful of peer-reviewed articles about closedowns, they will be presented more thoroughly here.

“The closedown effect occurs under a variety of conditions and operates across an interlinked set of individual, group, organizational and institutional dimensions. Plus, the interaction between these elements is dynamic, i.e., changing during all the phases of the closure” (Wigblad et al., 2007, p. 88).

The Closedown effect has not been linked to any capital investments or mechanical improvements, since such efforts are very rare during plant closures (e.g., Sutton, 1987). The Closedown effect has been observed when the organization has abandoned all productivity targets (Bergman P. , 1997), and when it continues an active goal setting with heightened targets for productivity (Häsänen, Hellgren, & Hansson, in press). It seems to occur regardless of whether or not the organization assumes a social responsibility (SR), however when no SR activities are in place the productivity has first dropped and has later started to increase, continuing to do so all the way to shutdown (cf. Hansson & Wigblad, 2006a).

However, non-SR closedowns have been found to be the dominant type of closures (Hansson & Wigblad, 2006a). In such cases, managers are guessing that productivity would decline by 5% during the process of closedown, thus arguing for an immediate closedown, and therefore SR activities became dormant. Bergman and Wigblad (1999) presented productivity statistics for four closedown cases, where a productivity increase of 4% over the total 2 years closedown period was recorded, and other studies support that productivity increase over the course of an closedown (Wigblad, Lewer, & Hansson, 2007).

The improved productivity is not only found in Sweden; Similar reports have been presented in Australia and the US, with the performance increase present regardless of whether severance is paid or HRM programs are provided (Hansson & Wigblad, 2006; Lewer, 2006; Littler, 1999; Sutton, 1987). The Closedown effect has been observed mainly in situations in which the organization is no longer using goal setting in its production. Managerial control has diminished since they do not have to follow up productivity or the performance of day-to-day operations, thus increasing job autonomy for employees (Hansson & Wigblad, 2006b). Researchers claim that the Closedown effect is a multifaceted phenomenon where many factors unite in order to create the productivity improvement effect (Hansson & Wigblad, 2006a).

Closedowns impinge a change in the organization's institutional and economical structure whereas the management of operations changes accordingly (Wigblad, Lewer, & Hansson, 2007). The management does not have to focus on competition and long-term survival of the organization anymore, thus the business plans and priorities changes, whereas the main goal is to organize an orderly closedown.

This change in management's agenda has substantial effect on the whole organization, middle managers and supervisors become less inclined to con-

trol the day to day activities, whereas employees start to enjoy higher job autonomy (e.g., Bergman & Wigblad, 1999; Hansson & Wigblad, 2006a; Sutton, 1987).

Further observations have been made where employees find new ways to do the same work, discovering innovative solutions that have been suggested to enhance their performance (e.g., Bergman & Wigblad, 1999; Sutton, 1987). For this reason, researchers have implicitly suggested that the increased job autonomy is the key to the increased performance motivation, since employees are able to let go of previously held back capacity to perform (e.g., Bergman & Wigblad, 1999; Hansson & Wigblad, 2008; Sutton, 1987). Sutton (1987, p. 560) proposed that employees would continue working hard since this is what they have done in the past, thus arguing that the increased performance is “programmed behaviors” and as such involves “automatic responses.” Another explanation is that the increased productivity is a way of coping with an uncertain environment, whereby work provides control and have a de-stressing effect on the employee (Sutton, 1987). Other explanations are that the amount of internal work decreases and this gives people more time for their actual work (Hansson & Wigblad, 2006a). Still, many of these explanations do not take a broader motivational perspective when explaining why individuals’ performance motivation suddenly increases. A more critical posture towards the Closedown effect is that there are still very few studies and most of them are conducted by a handful of researchers and represents only few industries. This should be in thought when contemplating about the Closedown effect across industries and cultures.

The closedown process

Hansson (2008) proposed that an organization involved in closedown moves through four different periods. Figure 1 illustrates how these periods are connected to productivity. An organization moves from normal operations into the *Pre-notice period*, which refers to the time span when executives make a closedown decision but this has not been communicated to their own organization or the media. During this period, rumors may start about the organization’s closure.

When the announcement of closedown has been made the process moves into *Advanced-notice period*. People start a mourning process, which is a vital part of the adaption to a post-closedown life (Blau, 2007). Some individuals or groups may challenge the closedown decision. During this period negotiations with unions are carried out, and when agreement has been reached a turning point for productivity has been observed.

After the union negotiations, the organization enters a *Countdown* period, which refers to the remaining time for production until actual closedown. At the end of operations a *Rundown period* starts, during which the facilities are

virtually empty with only a few people remaining to ship material, file documents and store them appropriately.

Figure 1. Schematic outcome of the productivity development, economically reordering the organization into the closedown equilibrium. Reprinted from “On Closures: Towards a Pattern of Explanations to the Closedown effect” by M. Hansson (2008), with permission from the author.

Employee reactions during the process of organizational death

Currently, two process models can be found that attempt to explain the behavioral reactions connected with closedowns. Sutton's (1987) process model focuses on the relationship between a dying organization and its members, and on how leaders help orchestrate changes in the socially defined reality that members share about the organization's viability (Figure 2), while Blau's (2006; 2007) grieving model aims to explain employees' constructive and unconstructive behavioral reactions (Figure 3).

Leaders influence employees' change of perception

The process model of organizational death in this study focuses on the relationship between dying organizations and their members, and on how leaders' interpretations influence members' shared perceptions of that relationship. Sutton's model summarizes a sequence of events in which members first construe their organization as permanent, then as temporary and finally as defunct. These changes in members' perceptions are influenced by a pair of interpretation shifts by which leaders make intentional efforts to change members' collectively defined reality about the organization's viability, and finally to make them see it as defunct. Figure 2 shows the process of how employees' interpretations shift accordingly with the sequence of events in which members first construe their organization as permanent, then as temporary, and finally as defunct.

According to Sutton (1987), leaders drive the organizational death process by affecting employees through five steps. *First*, they inform employees that all effort to avert the demise has failed – often in terms of “despite a good fight”, the organization could do no more. *Second*, the leaders influence employees by painting a picture that the decision was the most rational alternative. This means presenting how the decision-making process of gathering information and considering various alternatives was undertaken. In some cases, productivity measures are presented. *Third*, the leaders often inform employees that the demise cannot be avoided through any action, and future action will not involve saving the organization. *Fourth*, disbanding and reconnecting will commence. “Disbanding entails removing members, clients and customers, and objects from the organization. Reconnecting entails attaching displaced people and things to other social systems” (p. 548). *Fifth*, an official closing date was part of the announcement in most of Sutton's cases. Such information suggests that members should view their roles, and the organization, as temporary rather than continuing.

Despite Sutton's effort, the process of disbanding and reconnecting is still unclear. Still questions remain un-answered, one such question was raised by Cunningham (1997, p. 472) “How does the disbanding occur and why are certain groups and individuals better at reconnecting than others?”

According to Sutton, the cognitive shift from perceiving the organization as permanent to suddenly realizing that it has become temporary and is moving toward death, evokes emotions connected to loss such as sadness and anger. Thus, Sutton turned his focus to Kübler-Ross's (1969) grieving process, whereby sadness and anger emerge when people are confronted with impending loss, including their own death (Kübler-Ross, 1969), the death of a relative (Bowlby, 1980) or the dissolution of a personal relationship (Duck, 1982). Sutton argued that these emotions meant that the grieving process helps people accept that a loss will occur and that people who do not display such emotions are engaging in an unhealthy denial of an approaching loss. Sutton also concluded that sadness was the most common reaction while anger was also present. Nevertheless, Sutton never tested the Kübler-Ross grieving stages quantitatively. Instead, Blau (2006; 2007) operationalized it in a longitudinal study.

Figure 2. The process model of organizational death. Reprinted from Administrative Science Quarterly, Vol. 32, by R. I. Sutton, The process of organizational death: disbanding and reconnecting pp. 542-569, Copyright 1987, with permission from Administrative Science Quarterly.

Process model of victim worksite/function closure

Blau (2006) stated that researchers have failed to create a systematic model of employee feelings connected with closedowns and downsizing. Literature reviews show that victims' or survivors' feelings have mostly been overlooked. Most research measures antecedents (e.g., organizational justice variables, fairness) and outcomes or reactions (e.g., reemployment, work effort, commitment, performance, intent to quit), layoff victims (Devine, Reay, Stainton, & Collins-Nakai, 2003), and survivors within the organization (Brockner et al., 2004), or across several organizations (Brennan & Skarlicki, 2004). All these papers study downsizings, while closedowns have been overlooked.

Some research has studied victims' or survivors' feelings associated with general downsizing. For example, victims of downsizing who felt higher levels of anger were more likely to engage in job-search activities (Bennett, Martin, Bies, & Brockner, 1995), and survivors of downsizing often felt guilt for not having been laid off (Brockner, 1990). Thus, Blau (2006; 2007) tested a process model of employees' responses during the threat of closure. Blau (2006) started by clustering the grieving stages into more general grieving categories of negative (denial, anger, bargaining, depression) and positive (exploration, acceptance). In the following paper, Blau (2007) conducted a longitudinal study with four waves of data collection. The results showed that personal factors (Time 1) had a minimal impact on any type of response, while situational factors showed that psychological contract violation resulted in higher strain, work incivility, organizational deviance and intent to sue the employer, as well as lower transactional obligations and employer endorsement.

Figure 3. The grieving process. Reprinted from Human Resource Management Review, Vol. 16, by G. A. Blau, A process model for understanding victim responses to worksite/function closure, pp. 12-28, Copyright 2006, with permission from Elsevier.

Figure 3 shows the grieving stages of denial, anger, bargaining, depression, exploration and acceptance. The central part of this model shows how people move successfully through the grieving stages, which helps them accept and let go of the old and embrace the new (Marks & Vansteenkiste, 2008). Work transition, including job loss, can be seen as a three-part psychological process in which the individual needs to: *first*, let go of the old; *second*, go through the neutral zone between the old and the new; *third*, make a new beginning (Bridges, 1991). Regarding the part during which people need to let go, Bridges stated that it is important for managers to accept the stages of grieving as a necessary component for moving to the next stage. In other words, the grieving process may be seen as a process by which people detach from their social bonds connected to the organization and which ultimately creates the motivation to move on (Scheck & Kinicki, 2000).

Negative grieving stages

The grieving process starts with denial as a result of the “shock” of hearing that the organization will close. The denial acts as a buffer to unexpected news, which allows the person to mobilize other defenses. The next emotion is anger, which stems from feelings of injustice or betrayal, since the individual has held up his/her end of the contract while the employer has not. Bargaining is an attempt to reverse the termination process by trying to “cut a deal” for not closing the factory or, in a Swedish setting, the union may use a wage earner consultant to audit the legitimacy of the closedown. During downsizings, individuals instead try to avoid being laid off by trying to move laterally or even downward to retain their job, however, during closedowns such attempts would not be possible since job loss is certain for everyone (Finley & Lee, 1981). Hansson and Wigblad (2006a) observed that bargaining behaviors are common in the advance notice period, which comes rather early in the closedown process, and the duration of the bargaining is short (Finley & Lee, 1981). When people enter the depression phase, feelings of sadness and withdrawal are often exhibited, stemming from a perception of low control (Blau, 2006). It is important for the individual to process the depression stage (Blau, 2006; Bridges, 1991). Blau (2006) labeled these four stages collectively the “destructive grieving stage since they represent different levels of victims fighting their involuntary leaving” (p. 17), and they have been associated with destructive victims’ responses (Blau, 2007).

Positive grieving stages

As time progresses, employees accept the closure and are not angry or depressed about losing their jobs. When the acceptance of the job loss grows, negative feelings connected to the closure or downsizing decline (Blau, 2006). When people have mourned the job loss and the loss of meaningful relationships, they can start perceiving the closedown with “some degree of

quite expectation” (Blau, 2006, p.17-18)and have a willingness to explore what lies ahead, thinking about the future or contemplating where to go and what to do. “The willingness is critical to move from destructive to constructive grieving” (Blau, 2006, p. 18), given that from this willingness to explore comes acceptance (Noer, *Healing the wounds: Overcoming the trauma of layoffs and revitalizing downsized organizations*, 1993).

According to Noer (1997) acceptance is not the same as happiness, but is instead a way of breaking free from the organization and preparing for the next chapter in life. Blau (2006) called exploration and acceptance constructive grieving stages in his model, and other researchers have previously supported the sequential grieving stages in a job loss environment (Latack & Dozier, 1986). Within positive grieving, acceptance was the most influential grieving stage since it led to constructive victim responses. Blau also mentioned that the grieving process is present when people experience involuntary job loss regardless of restructuring type. Blau’s model does not account for why motivation should increase in the face of job loss, but it does provide us with the notion that people need to accept the job loss before they can start moving forward. Therefore, the next section attempts to theoretically investigate how closedowns may affect employees’ motivation during organizational death.

Organizational death and motivational theory

Work motivation has been defined as “a set of energetic forces that originate both within as well as beyond an individual’s being, to initiate work-related behavior, and to determine its form, direction, intensity & duration” (Pinder, 1998, p. 71). This definition recognizes that psychological processes’ directing behavior is determined by motive states that could be either conscious or sub-conscious (Latham & Budworth, 2007). Most of the work motivation models and theories deal with consciously induced motivation in the respect that they focus on how the organization can increase extrinsic motivation (Deci & Ryan, 2000). Perhaps the most prominent work motivational theory is that on goal setting, which has been proposed as one of the most researched theories and has consistently proven that setting challenging work goals leads to better performance than “do your best” or no goals at all (Locke & Latham, 2002).

However, since goal setting theory is based on social cognitive theory, the individual is aware of the goals and possible consequences if goal attainment is met (e.g., reward) or not met (e.g., punishment, or no reward) (e.g., Locke and Latham, 1990ab). If employees do not feel committed to the goals, further goal setting would be pointless and such outcomes happen when people perceive that the goals lead to negative outcome, or when too much uncertainty is present. Uncertainty disrupts individuals’ ability to lock on to the goals, since they are unsure whether they should be pursued or if the rapidly changing situation has rendered them obsolete (Latham, 2004). Organizational change literature has shown that many change efforts fail due to employees perceiving them as either negative or uncertain due to unclear plans and goals. From this perspective, involuntary job loss due to plant closure would dramatically reduce commitment to the goal of closing the factory. This postulation contradicts empirical results indicating that organizational death creates a high performing organization, rather than the opposite (Hansson & Wigblad, 2006a).

This suggests the existence of a temporal effect, affecting employees’ core motivation and eliciting increased effort. Closedown researchers have consistently reported the existence of temporal effects such as the Close-down effect, which is present regardless of whether severance pay is offered (Hansson & Wigblad, 2006a), as well as the grieving process whereby people let go of the old reality and embrace the new one (Blau, 2007).

The scope of the remaining sections is to theoretically elaborate on the underlying reasons for increased motivation during organizational death in general, and more specifically, why the Closedown effect may occur. First, exploring how closedowns affect the intra-individual goal system we gain an understanding of how the acceptance of job loss unfolds from a goal theory perspective and its implications for commitment and goal setting. Second, addressing how external and internal motivation is affected by organizational death increases the understanding of why managers may stop managing. Third, focusing on individual differences in motivation, observations have been made that not all are equally motivated and eager to conduct work tasks during closedowns. This section provides a psychological explanation for this observation. Fourth, it is explicitly stated how the Closedown effect is possible from a motivational perspective. Fifth, attention is given to more commonly investigated domains within organizational psychology – goal setting and work climate, and their relationships with organizational death.

Structural dynamics of intra-individual goal system

Most contemporary theories on motivation acknowledge goals as the core of effective self-regulation; Needs and desires becomes mental representations (outcomes, events, processes), which in turn direct behavior (e.g., Austin & Vancouver, 1996; Deci & Ryan, 2000, Dweck & Grant, 2008; Higgins, 1997; Locke and Latham, 1990a). Goal theory assumes that goals support self-regulation by helping us organize, prioritize and manage our often incongruent motives, and that the goal system is dynamic in nature and constitutes a whole array of goals reflecting the person's cognitions, capacities, limitations and affordances (Shah & Kruglanski, 2008, p. 218). There are at least two works that conceptualize how goal systems are believed to be structured: (1) Simon (1967) assumed that goals are structured in mental queue list, which is revised and updated after every goal-related outcome (success or failure) or when the environment changes; (2) Carver and Sheier (1998) claimed that goal systems have a hierarchical structure as well, whereby a general goal (e.g., achievement) is connected to a more concrete one (e.g., getting a high performance rating), which in turn leads to behaviors (e.g., working hard).

The goal system has several strings of goals operating simultaneously that can be activated both consciously and unconsciously by the environmental context (e.g., Locke & Latham, 2007; Shah, 2003). Consequently, when many goals appear in the same system it becomes important to understand how they relate to each other within a certain context. According to Shah and Kruglanski (2008), the goals may vary in terms of “(1) the degree to which they facilitate or hinder other goals, and (2) the degree to which they

are redundant with, or substitutable for, other goals” (p. 222). Therefore, the effect of goals on motivation is based on perceptions of the degree to which they facilitate or conflict with other goals (Emmons, 1991), a relationship that has been called the horizontal coherence (Sheldon & Kasser, 1995). From a horizontal coherence point of view, people would be less likely to act on conflicting goals that undermine commitment to other important strivings as well as to the preferred end-states (e.g., hopes, wishes and aspirations) (Sheldon & Kasser, 1995). However, if the individual perceives that pursuing another goal would facilitate the already existing goals then goal adoption is very likely (Donahue, Robins, Roberts, & John, 1993). Translated into a slightly different situation in which dramatic and irreversible changes in the environment render the working goal set invalid, such a situation would force the goal system to change accordingly to create a better fit to the environment (Higgins, 1997).

To put it more concretely, initially perceived conflicting goals stemming from the change can be perceived differently when acceptance grows concerning the change. Therefore, temporal effects in the goal system are important when contemplating how such changes affect individuals. Indeed, people would initially perceive a closedown as conflicting because of their wish for continued employment; Thus low commitment to the closure is expected. As individuals perceive that the situation will not change and their preferred end-states will remain unattained, they are forced to abandon the obsolete goals and pursue better-fitting ones – in harmony with the hedonic principle that people approach pleasure and avoid pain (Higgins, 1997).

Horizontal coherence and temporal distance

Closedowns have a fundamental impact on people’s goals, as many of the goals connected with the organization become obsolete, dormant or abandoned, affecting both behavior and emotional experience, and ultimately leading to the adoption of new goals (cf. Shah, 2005; Gollwitzer & Moskowitz, 1996; Shah, Higgins, & Friedman, 1998). This weakens the emotional and instrumental ties to the organization, and leads to a strengthening of the commitment to other goals (e.g., reemployment, retirement and education) (Prussia et al., 2001) – when this effect takes place people have entered the process of organizational death. This suggests that the horizontal coherence among goals has changed, whereas the actual closedown may facilitate the newly adopted goals. It might sound un-intuitive and perhaps even slightly bizarre, but theoretical examination of the relationships among goals and how they are situated in a temporal dimension provides a rather sturdy case for this possibility.

Reaching horizontal coherence during organizational death

There are several proposals for how individuals may embrace organizational goals of closedown and certainty of job loss. During a closedown, such a process could happen in accordance with Simon's (1967) assumption of a queue list, which would explain that people who are committed to pursuing reemployment, for instance, would first need to achieve the goal of job loss, which is connected with the actual closedown. This would mean that the individual is only able to pursue the goal of reemployment after the goal of job loss has been reached. On the other hand, conflict in the goal system arises if the goals are not aligned, such as pursuing the goal of job survival while the situation offers only job loss, meaning that there is horizontal incoherence among the goals.

Carver and Sheier's (1998) assumption of horizontal coherence explains that is a bit more complicated. Horizontal coherence investigates how one string of goals connects to behaviors and how these goals or behaviors may conflict with the environment – for instance, an employee who is presently a first-line supervisor with a general goal of reemployment and a more concrete goal as a manager (hierarchical advancement), which in turn leads to behaviors such as acquiring experience and competence from a managerial role. If the situation facilitates the person's goals by providing the opportunity to conduct managerial tasks, there is horizontal coherence among the goals.

Both these proposals show how conflict can be abolished from the goal system. The underlying assumption is that people need to accept the job loss, as it is expected and is a necessity for pursuing reemployment (cf. Liberman & Förster, 2008). As a result, job loss, reemployment and the closedown reach horizontal coherence in the goal system.

Shortcut to horizontal coherence

However, there is a shortcut to horizontal coherence that increases the rate of acceptance of the closure. Severance pay could be another goal that employees start pursuing (Locke, 1968), and is a direct link to the closedown and job loss. Accepting the severance pay may also increase the process of accepting the looming job loss. When horizontal coherence is reached, another effect called goal proximity (Latham & Seijts, 1999) or goal gradients (Liberman & Förster, 2008) sets in. Goal proximity refers to motivation increasing as an effect of moving closer to the goals in time. Thus, commitment to the general goal of, for instance, reemployment and severance pay would increase commitment to the other goals due to their connection (Klein, Wesson, Hollenbeck, & Alge, 1999). In turn, the effects of goal setting increase in relation to increased goal commitment (Locke et al., 1988).

Horizontal congruence and goal proximity do not offer the full picture of the motivational mindset involved with pursuing goals during a closedown. Therefore, the next section will address this question by focusing on how goals can induce different types of motivation.

A self-regulatory perspective on organizational death

Regulatory-focus theory provides us with clues to people's general purpose by investigating what the situation allows. The hedonic principle assumes that people approach pleasant end-states and avoid undesired end-states, and the regulatory-focus theory proposes that there are different ways of approaching different types of end-states (Higgins, 2008). "The desired end-states represent either their own or significant others' hopes, wishes, and aspirations for them (strong ideals) or their own or significant others' beliefs about their duties, obligations, and responsibilities (strong oughts)" (Higgins, 1997, p. 1281). Consequently, a situation could elicit one of the two types of self-regulation. The promotion focus type of self-regulation is concerned with advancement, growth and accomplishment, and where goal attainment is perceived as a gain it leads to pleasant end-states (happiness), whereas unattained goals lead to an absence of pleasant end-states or a milder form of unpleasantness (sadness). Prevention focus self-regulation is concerned with protection, safety and responsibility, and where goal attainment is perceived as non-losses it leads to an end-state of calmness, whereas unattained goals are perceived as losses and lead to an end-state of anxiety (see Figure 4).

In other words, when people pursue the promotion type of concerns they are striving toward positive outcomes, and at the same time are avoiding the absence of positive outcomes. In this regard, the negative end-state in promotion focus does not lead to equally severe psychological consequences as the prevention type of motivation does. This means that promotion motivation could be activated when the situation signals cheerful/dejected emotions as a consequence of gains versus non-gains. It can also be activated through ideal self-standards or self-construals. If the situation instigates ideal self-standards the individual tries to reduce inconsistencies within those standards, and promotion motivation emerges. Ideal self-standards deal with the individual's competences and identities; Thus they are more abstract and distant and give a perspective on the future by providing the general direction for where the person is heading. In contrast, ought self-standards deal with more concrete matters whereby the individual needs to perform duties and fulfill obligations that are occurring at the moment (Higgins, 2008).

Figure 4. The incentives and end-states for both types of regulatory focuses and how they are approached, according to the hedonic principle of approaching pleasure and avoiding pain. Based on Molden et al. (2008).

The notion that people conduct work mainly for their own sake has been a central theme for closedown researchers. This has been reported in different ways, but most researchers imply that performance stems from within the employees and that the closedown environment lets them exercise this motivation. Sutton (1987) proposed that people continue to work hard because this is what they have done in the past, and work itself relieves stress. Other explanations are cognitive in nature, for example: Employees want to show the executives that the closedown is a bad decision, and employees exhibit pride in their work by putting their talent and skills to the test (e.g., Bergman & Wigblad, 1999; Hansson & Wigblad, 2006a).

Promotion and prevention motivation

From a regulatory focus perspective, people perceive the threat of loss instantaneously after the announcement of closure, thus realizing that their preferred end-states will not be fulfilled. This type of situation instigates prevention motivation whereby people's security needs (e.g., income, group membership) are at stake, and such an outcome is associated with a range of negative emotions (Blau, 2007). Some individuals try to oppose and alter the

decision, but when all effort has failed there is no other strategy left but to cope emotionally with the severest of all losses in the regulatory focus theory (Kübler-Ross, 1969). The following is an example of how the announcement of closure affected one man (47 y). When asked if he remembered the announcement of closedown, he replied:

“Yes, I’ll never forget that day. I was utterly devastated, I felt panicked and I just wanted to leave the room immediately, but I stayed, as did most people. I only remember bits and pieces of what was said beyond the closure. When the meeting was over I got my things and walked straight to my car and drove home...I stayed there for three days...I didn’t want to go back, but I did.”

Shift between prevention and promotion motivations

People cannot function without goals, and consequently they start the journey of finding new goals to pursue immediately after realizing they have no future in the current organization. Because people have already grieved over their pending job loss and abandoned the goals connected with the organization, they are finally able to pursue other goals (Blau, 2007). When people have locked onto the new goals of reemployment, retirement, education or other goals, they also start to experience positive emotions (e.g., Higgins, 1997; Shah & Kruglanski, 2008). The oddness in this situation is that people progress toward the job loss simultaneously as they progress toward their preferred end-states connected with the new goals. Even though employees have cognitively left the closing organization, many are still emotionally tied to it because it has played an important part in their lives. This means that individuals perceive their duties, obligations and responsibilities differently when they do not have to conduct them for a longer period of time, which may cause a dismal feeling due to the ending of an emotionally positive and significant part of their life. In turn, this affects people’s perception of conducting even the dullest of work duties, and they can conduct them without pressure from supervisors. When the grieving and goal adoption processes have been completed, people are able to be emancipated through promotion focus.

Individual differences perspective

Blau’s (2007) study found partial evidence that core self-evaluations have a positive influence on the positive grieving categories while they have a negative influence on the negative grieving categories. Core self-evaluation has been defined as a “broad, latent, higher-order trait indicated by four well-established traits in the literature: self-esteem, generalized self-efficacy, neuroticism, and locus of control” (Judge, Erez, Bonon, & Thoresen, 2003).

This means that individuals' feeling of efficacy and control is relevant in coping with job loss (Leana & Feldman, 1995), while individuals with better self-esteem perceive that they are capable of dealing with the threat of job loss due to their positive perception of their abilities (Latack, Kinicki, & Prussia, 1995). Those with better self-esteem and feelings of efficacy and a high level of control over their own life may perceive the situation as more manageable and it thus might not provide a reason to increase their level of effort (Dweck & Grant, 2008). While it could prove to be the other way around for individuals with low self-esteem or locus of control: They could be more motivated to increase their feelings of self-worth and control through performing (Kofta, 1993). This could explain why high-performing employees may decrease their effort and why low-performing employees may increase their effort during the closedown process.

Organizational goal setting and job loss situation

Organizational goal setting is a form of managerial control activity that serves to ensure that employees put effort into the right tasks, and do so for a longer period of time (Locke & Latham, 1990a). Goal setting can be viewed as a coaching method for managers to promote individual performance at the workplace, where both parties are equally responsible for setting goals. However, there are limitations for when goal setting is appropriate, such as environmental uncertainty, or certainty of negative outcome from the goals (Latham, 2004). Consequently, goal-setting theory would postulate that goal setting might be a futile endeavor during negative situations such as restructures – since people are less than enthusiastic to pursue organizational goals if they perceive that they will not gain anything by reaching them. If goals lead to negative outcome, a dramatic decrease in goal commitment is expected (Locke et al., 1988). However, Blau's (2007) study showed that there is growth in acceptance of the impending job loss, and thus a temporal effect of increased commitment is expected.

This implies that people have accepted the organizational death, and thus personal goals become more important to them. Personal goals can be formulated in different life domains such as career, partnerships and friendships, and operate in the same manner as other goals (Maier & Brunstein, 2001). The difference between personal goals (self-set goals) and goals set by others is that personal goals have a higher instrumentality for the individual (Klein et al., 1999). Implementation of personal goals pertaining to one's job, or career, is an important aspect of work-related proactivity. "Work-related proactivity means that the individual does not only react to the explicit demands of the work environment such as from supervisors, colleagues, but also self initiated behaviors beyond immediate external pressure" (Wiese

& Freund, 2005, p. 288). In the present job market, with decreased job security and a rapidly changing environment, individuals have to respond proactively to changing job demands to maintain their employability (Fay & Frese, 2000). Those who set personal work goals direct their professional activities and define their own success criteria. This means that situations in which the external goal setting to a greater extent promotes the attainment of personal goals would increase individuals' adjustment (Fay & Frese, 2000).

To put it explicitly, in a job loss environment, if organizational goal setting is to be truly effective the goals need to be set by the individual. Otherwise there is a likelihood of decreased motivation to pursue goals that do not support individuals' needs and gains. The advantage of self-set goals is that the individual has set his/her own performance criteria and conducts ongoing self-monitoring and creates self-inducements to persist in the efforts until his/her performance matches self-prescribed standards (Bandura, 1986). An opposite effect may occur when the goals are set by a supervisor: The employee might rely more on the supervisor's evaluations rather than on his/her own evaluations, due to uncertainty over the acceptable level of performance.

However, some evidence points at employees becoming more self-contained and the day-to-day management of work duties being done by lower hierarchical levels (Bergman & Wigblad, 1999). This may indicate that employees pursue more self-set goals, thus relieving managers from having to provide as much feedback as in other situations. Further, goal setting is by all accounts a coaching method, meaning that both employee and manager are equally responsible for the process, with both parties discussing work tasks and opportunities for personal growth (Latham, Almost, Mann, & Moore, 2005).

Work climate and organizational death

Climate perceptions are commonly defined as the individual's opinion of the organizational structures, processes and events (Jones & James, 1979). Such perceptions allow the individual to interpret events, predict possible outcomes, and determine what action is best suited to the occasion. Thus, researchers have claimed that climate perceptions are "critical determinants of individual behavior in organizations" and are conceptually construed as the mediation between the objective environment and individual performance (Carr, Schmidt, & Ford, 2003, p. 605).

The previous closedown studies have implied that increased autonomy should be an important variable for many positive employee outcomes, such as increased motivation and acquiring enhanced task-related strategies that should lead to the Closedown effect (Bergman, 1997; Bergman & Wigblad,

1999; Hansson & Wigblad, 2006; Sutton, 1987). Martin et al., (2005) results showed that the psychological climate could help individuals cope with organizational changes. Employee relationships and supervisory support have both been positively associated with adjustment variables such as job satisfaction, psychological well-being and organizational commitment, as well as lower absenteeism and turnover intentions (e.g., Lazarus & Folkman, 1984; Locke & Latham, 2002; Martin et al., 2005). Consequently, as people experience the job loss and the disintegration of the organization together, there is no reason for continued disputes over work-related matters; Instead other types of values prevail, which affects the whole climate (cf. Harris & Sutton, 1986). This is rather different from other types of organizational changes or restructures, because people still compete over resources and pursue organizational goals; Therefore, the psychological climate is completely different between them. The reason for this statement is that people have a different mind-set when they work in a closing organization than in a non-closing organization.

Summary of studies

The studied closedown case

This research is based on a single-plant closure in a multi-plant medical manufacturing firm that took place in Sweden between June 2005 and November 2008. I will recapitulate the time prior to closure and the path to actual closedown as it was told to me in an interview with the senior manager, who was the driving force behind the closure, as well as based on news articles written about the closure. I cannot include references to newspaper articles since they state the firm's name, and due to confidentiality I am not at liberty to reveal the closing firm's identity.

Background

The overall strategy for the firm in 2004 was that a newly formed high-tech plant in a neighboring city would take over production from the old factory. However, the new factory faced severe mechanical problems which they failed to solve, thus leading to a closedown decision in May 2004. The factory closed without ever going into operation. Instead, the old factory would continue business indefinitely, but for this to be possible an upgrade of the whole factory was needed. The upgrade program ran into several difficulties, such as the company not owning their own premises, and when negotiations with the owner were unsuccessful, this resulted in the much-needed changes not being implemented. The road to getting the plant into shape to allow for continued production faced many difficulties, and while the problems stacked up other solutions emerged. One such solution was to outsource the production to a contractor and close the plant. The senior upper-manager introduced the rather unorthodox idea of outsourcing the production to the firm executives, and they ultimately accepted this solution.

Planning the closedown

The senior upper-manager brought the news of the closedown to the plant leadership team. They decided to do all the planning for the closedown in advance, and waited to inform the organization until the details had been

ironed out. The organization was fully unionized, with at least three unions present, the two largest ones representing white-collar and blue-collar workers, respectively. The leadership team took the unions onboard at an early stage and all agreed to keep the closedown a secret, which they managed to do. During interviews with employees and managers, reports were consistent that no rumors existed about an impending closedown. Some reported that they noticed the plant leadership team going off site and assumed they were planning something else.

The announcement of closure was made on June 6th, 2005. The meeting started with the senior manager explaining that the factory would close, the rationale behind the decision, and that the closedown would occur at the 2007-2008 year shift [meaning a long closedown period of 30 months]. After this, the factory director addressed his vision for the closedown and how the closedown process would be managed. The head of Human Resources explained the severance packages, job centers, individual coaches and other HR-related activities. When the meeting was over, some applauded. The senior upper-manager, who had been involved in 16 plant closures, explained that this was the first time employees had applauded after an information meeting. It should be known that the workforce included survivors of the previously closed “high-tech factory” from the neighboring city, and people with experience working at both places reported that there was rivalry between the factories.

Further, there was no advance notice period, which is when the negotiation between workers representatives and organization takes place. This had already been done behind closed doors, and both the unions and the organization had kept the secret until the all-hands meeting, meaning that the countdown period started right away.

Human resource management (HRM)

According to Hansson and Wigblad (2006a), a closedown can be categorized as either non-socially responsible (non-SR) or socially responsible (SR). They defined SR closedowns as “taking into account the demands of the labor union, the workers and their representatives and/or cushioning the impact of the decision” and including HRM activities such as “severance payments, educational and re-training programs and outplacement assistance” (p. 939). They defined the non-SR closedown as “does not consider the demand requirements of the labor unions, and the workers” and “Non-SR closedowns are also without any active support to the employees, neglecting the negative impact of the decision on employees” (p. 939).

This closedown was considered fully social responsible. The organization established a job center and offered outplacement aid, and provided opportunities to relocate to another country to work for the same firm, try out new jobs and receive re-training or education. Severance pay was offered, based

on tenure and pay grade. Further, employees who were +50 years of age and had a tenure of three or more years received contractual pensions.

Procedure

The research process started with discussions with the human resource manager, who was personally committed to initiating this research project. After meeting with the leadership team, I gained access to two data collection points. The measurement points were tapped into the organization’s goal-setting process, whereby employees answered the questionnaire after their goal-setting and feedback discussions (See Figure 5).

Figure 5. Timeline for organizational and research activities

Data was collected using questionnaires distributed in two forms, Internet questionnaires and paper copies. Information about the general objective of the study was also included in the invitation email, declaring that participation was voluntary and assuring confidentiality of the responses. No tokens or rewards were given in conjunction with the questionnaires. At Time 1 (February 2006), 450 questionnaires were distributed to employees at all levels of the organization and 275 questionnaires were returned, a response rate of 61%. At Time 2 (February, 2007), questionnaires were distributed only to those who had participated in the first data collection wave and were still employed at the local plant (40 respondents had lost their jobs between the data collection times). At Time 2, 151 questionnaires were returned to the research team, a response rate of 55%.

Study I: Goal setting and closedown: When bad things turn good

Rationale for the study

The organization needed to increase its productivity in order to build stock, which would sustain the market demands during the transfer time of production from the closing factory to the contractor factory. However, goal-setting theory postulates that goal setting is not able to influence employees' motivation during changes, which leads to a negative outcome of the change. Consequently, if employees perceive the outcome as negative, goal setting is a futile endeavor and there will be no relationships between the goal setting dimensions and the outcomes.

Aim

The main aim was to investigate whether there were longitudinal effects of goal setting on job performance, organizational citizenship behavior (OCB), job satisfaction, goal commitment and job-induced tension.

A secondary aim was to investigate qualitative change over time in the outcome variables.

Method

All employees at the organization received the questionnaire after their goal-setting discussion with their supervisor. The reason for this approach was that the goal-setting questionnaire would tap into the organizational goal-setting process. The goal-setting questionnaire dimensions are presented below.

The independent variables (IV)

- 1) Supervisory support and participation (e.g., *'My manager is supportive with respect to encouraging me to reach my goals'*).
- 2) Goal stress (e.g., *'My goals are much too difficult'*).
- 3) Goal efficacy (e.g., *'I usually feel that I have a suitable or effective action plan or plans for reaching my job goals'*).
- 4) Goal rationale (e.g., *'My manager tells me the reasons for giving me the goals I have'*).
- 5) Use of goal setting in performance appraisal (e.g., *'In performance-appraisal sessions with my manager, he stresses problem-solving rather than criticism'*).
- 6) Tangible rewards (e.g., *'If I reach my goals, I feel that this will increase my chances for a pay raise'*).
- 7) Goal conflict (e.g., *'I am given incompatible or conflicting goals by different people, or even by the same person'*).

- 8) Organizational facilitation of goal achievement (e.g., *'Work teams in this company work together to attain goals'*).
- 9) Dysfunctional effects of goals (e.g., *'Goals in this organization are used more to punish you than to help you do your job well'*).
- 10) Goal clarity (e.g., *'I have specific, clear goals to aim for in my job'*).

The dependent variables (DV)

1. Goal commitment (e.g., *'I find it difficult to take the plant closure date seriously'*, *'I think the closure date [2007-2008 year shift] is unrealistic'* and *'I'm determined to do my best in order for the plant to reach its goal'*).
2. Job satisfaction (e.g., *'The feeling of accomplishment I get from the job'*).
3. Job-induced tension (e.g. *'I work under a great deal of tension'*, and *'I have felt fidgety or nervous as a result of my job'*).
4. Job performance was measured with a managerial ratings of employees' performance. The performance ratings consisted of six points anchored by the phrases: 1=did not meet expectations; 2=generally met expectations; 3=constantly met expectations; 4=consistently exceeded expectations; 5=extraordinary and recognized throughout the corporation; 6 =exceptional and recognized throughout the corporation.
5. Organizational citizenship behavior (e.g., *'I am prepared to make an extra effort to make my factory a good factory'*, and *'I am motivated to work extra hard for my factory'*).

Results

We started by investigating whether the mean values of the DVs changed between the time points, and results showed that goal commitment, OCB and job satisfaction increased while job-induced tension decreased significantly. No significant increase in job performance emerged.

The regression analysis showed that adjusted R^2 was significant for all the dependent variables. However, adjusted the R^2 showed that there was rather much distortion in the sample, which led to an R^2 decline in some cases by as much as .07.

The significant regression weights for most variables went in the predicted direction, except for goal clarity. Job performance was predicted by goal rationale, indicating that individuals who had a clear understanding of why they should pursue the goals and how they were measured for goal attainment, and received regular feedback increased their performance ratings. Goal commitment was predicted by tangible rewards, meaning that individu-

als who perceived that they would increase their likelihood of being rewarded after goal attainment were more committed to the closedown. OCB was predicted by goal efficacy, indicating that individuals who perceived high personal competence and enjoyed the work took more responsibility for the functioning of the organization. Job-induced tension was predicted by goal stress, dysfunctional effects of goal setting and goal clarity, while tangible rewards alleviated tension. This suggests that individuals who feel more pressure to achieve the goals also need to exert more effort to meet them; Thus increased job-induced tension would be expected. Further, when the organization hinders individuals' goal attainment they perceive higher tension. That goal clarity increased tension could be interpreted as a reflection of the announcement of increased targets for production leading to higher levels of tension.

Conclusions

These results suggest that goal setting is applicable in a closedown environment where severance pay is utilized. The reason for this is the rather high values in goal commitment, suggesting that people had accepted the closedown. When goals are accepted motivation increases as an effect of goal proximity, meaning that motivation increases as an effect of moving closer to the goals in time.

Study II: The upside of organizational deaths: Investigating change in productivity, efficiency, performance, motivation and psychological climate during plant closure

Rationale for the study

Previous research has shown that work climate plays an important role in the productivity increase; Especially job autonomy and supervisor support have been mentioned as important variables for promoting adjustment during organizational restructures. To the best of my knowledge, there are presently no publications presenting quantitative data on work climate perceptions during organizational death.

Aim

The aim of this study was to explore patterns of productivity and efficiency, as well as change in performance, motivation and psychological climate perceptions, by contrasting between blue-collar and white-collar workers.

Method

Productivity was measured with lead-time, which shows how many days it takes to produce a batch of products. Efficiency was measured with yield, which represents how many products pass inspection and is thus a measure of quality. Analysis of variance was used to test whether productivity and efficiency improved. Then, three multivariate repeated measures were conducted to investigate differences between blue-collar and white-collar workers' perceptions of work climate, motivational measures and performance measures.

Results

Productivity and efficiency improved between Time 1 and Time 2, indicating that there was a Closedown effect present. Repeated measures showed that there was a main effect of time in all the performance, motivation and psychological climate variables. Both quantitative and qualitative role overload, together with job involvement, decreased over time, while all the other variables increased. There were also main effects of collar, whereas white-collar workers perceived higher job autonomy, lower levels of qualitative role overload and higher levels of managerial support. No effects of collar were found in the motivational or performance variables. Lastly, no significant interaction effects were found.

Conclusions

Studies from other types of organizational changes show that white-collar workers and administration handle changes better than blue-collar workers do. The researchers have proposed that the reason for this is that they do not receive as much information or managerial support during the change, and thus may find it more difficult to predict and cope with the future. The results from this study indicate that this specific closedown is no exception: White-collar workers enjoyed more job autonomy and managerial support, and perceived lower role overload.

Despite these differences, the two groups had no significant differences in the motivational and performance variables. One explanation for this is that both types of workers perceived that the work climate became "better" as time moved nearer to the actual closedown.

Study III: Contrasting between high performers' and low performers' justice perceptions of effort and turnover cognitions: Can you rely on high performers during plant closures?

Rationale for the study

In his interview, a senior top manager who had overseen 16 closures reported that it is common that high performing employees stop performing during the course of a closedown. This could have severe consequences if the person holds a key position such as Division Manager.

We based this study on Blau's (2007) results that showed that employees who have not progressed from the negative grieving stages to the positive ones still cope with troublesome emotions and express negative behaviors due to perceptions of unfair treatment. We operationalized unfair treatment with overall justice, which would be low for those who are still in the negative grieving category, while those who have accepted and moved on in their lives would perceive higher justice.

Purpose

The purpose of this study was to investigate the anecdotal reports that high performers tend to lose their motivation to put forth effort, or even quit, during the process of a closedown. The hypothesis in this study is that performance group perceiving the highest amount of overall justice would also score higher on effort and lower on turnover cognitions than high performance group perceiving low justice.

Method

Group-level analysis between four groups based on job performance level (high vs. low) and dichotomized overall justice (high vs. low).

A 2 (T1 Job performance: high vs. low) $\times$ 2 (T2 Overall justice: high vs. low) between-subject analysis of covariance (ANCOVA) was performed on two dependent variables, effort and turnover cognitions, while controlling for positive and negative affectivity.

Results

An interaction effect between job performance $\times$ justice perceptions was found on effort. Employees in the high performance $\times$ high justice group had higher effort and lower turnover cognitions than those in any other group, while high performance $\times$ low justice had the lowest value on effort. The opposite results were found for low performers, whereby those who perceived high justice had lower values on effort than the low justice group but the low justice group had the highest amount of turnover cognition.

Conclusions

Using high-performers' in key positions during a closedown case could lead to disappointment, as the results suggest that high-performers' could be those who put forth either the most or the least effort, depending on their perception of justice. Therefore, we suggest that it could be more productive to open up the key positions to all employees, interview those who are interested, and give the role to someone who has considered it as a continued career.

Discussion

To reiterate, organizational deaths happen frequently and have been postulated to become even more so due the age of discontinuity (Foster & Kaplan, 2001). Researchers have observed that many organizational deaths result in high performance outcome and increased productivity despite certainty of job loss (e.g., Hansson & Wigblad, 2006b, Sutton, 1987), and this phenomenon has been labeled the *Closedown effect* (Bergman & Wigblad, 1999). These results have been calculated in several countries such as Australia, Sweden and the US (e.g., Hansson & Wigblad, 2006; Lewer, 2006; Littler, 1999; Sutton, 1987), and have been present regardless of severance pay or HRM programs (Hansson & Wigblad, 2006; Wigblad, Lewer & Hansson, 2007; Sutton, 1987). The literature indicates that certain dynamics come into play during the closedown process such as diminishing management control (Hansson & Wigblad, 2006), reordering of the economic and institutional structure (Wigblad, Lewer & Hansson, 2007), increased operative space (Bergman & Wigblad, 1999) and the development of informal leadership and informal groups (Hansson, 2008). Blau's studies (2006; 2007) indicated that the six stages of grieving are important parts of coping with job loss. More specifically, the results showed that of all the grieving stages, anger had the strongest influence on employees' reactions of general strain, work incivility, organizational deviance, transactional obligations and pre-closure intent to sue, as well as employer endorsement. Contract violations had the strongest situational influence, and influenced the above-mentioned employee responses (Blau, 2007). Presently, there are hardly any studies that investigate the motivational aspects of working during the closing of an organization; Thus the reasons for the Closedown effect remain unrevealed.

The overall aim of this thesis was to examine the motivational tenets of working in a dying organization. Particular attention has been devoted to employees' perceptions of organizational goal setting, and differences between blue-collar and white-collar workers' perceptions of work climate, and differences in motivation and performance, as well as motivational differences between performance groups. This section starts by discussing the three independent studies and then answers the primary aim of this thesis.

Organizational goal setting support adjustment

The objective of the first study was to investigate whether goal setting was able to influence employees' commitment to closedown-related goals, job satisfaction, performance ratings, organizational citizenship behavior (OCB) and job-induced tension. Sutton (1987) implied that goal setting is successful in affecting motivation during closures, but did not provide evidence for this claim. Instead, goal-setting theory postulates against such results because closure would be considered a negative outcome and commitment to such a goal would be low or non-existent (Latham, 2004).

The results of this study contradicted the theoretical postulation, and showed that organizational goal setting was able to positively affect employees' job performance, work-related attitudes and well-being in a closedown environment. The reason for this may be found in the rather high values of goal commitment to the closedown, which indicates a wide acceptance of the closure. This shows that the employees had embraced the closure and accepted their looming job loss due to closedown. This supports the notion that people adjust to impending job loss by adopting new goals that better fit with the situation, thus creating horizontal coherence (no significant conflict) in the goal system. As described in the motivational section, this process starts with the abandoning of conflicting goals (e.g., job survival, tenure), and the adoption of new goals such as reemployment, job searching, acquiring severance pay or retirement (Fugate et al., 2008), which abolishes any goal conflict and brings horizontal coherence among the goals. As a result, goal setting was able to influence employees. This study showed that managers were able to increase employees' job satisfaction, indicating that site leaders wishes that managers would focus on maintaining good relationships were fulfilled. Those who found their work enjoyable went beyond their roles and assumed more responsibility for the functioning of the plant.

Similar findings were reported in Hansson's (2008) unpublished thesis, in which he observed workers at a factory slated for closedown manufacturing wire rods continuously trying to improve the quality of the wire by making it as thin as possible. The explanations for this behavior were associated with taking pride in one's work and showing the management that the closedown had been a bad decision (cf. Hansson & Wigblad, 2006a). Goal setting was also able to influence the employees' performance ratings, meaning that those who had a clear understanding of why the goals were important were those who received higher performance ratings. This is in line with goal theory, which states that people need to have a rationale for being truly effective when pursuing organizational goals. Another interesting result was that tangible rewards predicted an increase in commitment to the actual closedown plan, and a decrease in job-induced tension. This could be interpreted as the employees perceiving the severance pay as a form of tangible reward. The reason for this assumption is that severance pay is associated

with accepting the job loss and the closedown. The rather large amount of money certainly helps with worrying thoughts about the future, and interviews that were conducted between data collections supported this notion.

Goal setting could be viewed as a method for the management to wield their control over the workforce, and if the employees are more inclined to pursue personal goals this may cause a problem. Therefore, perhaps the most critical question this paper should raise is why employees would accept further goal setting, especially if they are on the verge of going from being extrinsically motivated to being increasingly intrinsically motivated. First of all, we need to acknowledge that power can be wielded in different ways, such as providing employees with goals or letting them set the goals themselves. In normal situations, people easily accept that their manager provides them with goals, but this may be harder during closedowns. Thus the manager needs to “feel out” the situation and perhaps let the employees set the goals in order to gain their commitment to them (Latham & Locke, 1991). As managers often see the high achievers as their “commando troops” they can be handed almost any task and excel at it and show positive results. However, this perception could be deceptive during closedowns, especially if they are handed an assignment without the management investigating their commitment to it. Perhaps high achievers should be approached in the same manner as everyone else is during closedowns, by asking them what they want to do.

Work climate supports setting of self-set goals

Study II investigated the qualitative patterns of work climate, productivity and motivation. This research yielded answers to the question of whether work climate aids or hampers individuals’ adoption of goals, or hinders them from reaching already-set goals.

Previous research on organizational changes has often lead to negative consequences for employees (e.g., Armenakis and Bedeian, 1999; Ashford, 1988; Bordia et al., 2004), while researchers have reported contrary findings when the organization closes (Bergman & Wigblad, 1999; Blau, 2007; Sutton, 1987). The reason for negative consequences has been associated with increased uncertainty about the outcome of the change (Sverke & Hellgren, 2002). Major organizational changes affect the hierarchies differently, with blue-collar workers often reporting higher levels of role ambiguity and overload and lower levels of job satisfaction, organizational commitment and mental and physical health than white-collar workers and managerial staff (Ahmad, 2000). The explanation for these hierarchical differences is that white-collar workers receive higher supervisory support and more informa-

tion about the change than blue-collar workers, and can thus better control the situation (Luthan & Sommer, 1999).

Presently, we have little knowledge of how organizational hierarchies such as blue-collar and white-collar workers experience closedowns. However, there are reports that job autonomy increases for blue-collar workers as an effect of management retreat, especially during closedowns when no further goal setting was utilized (cf. Hansson & Wigblad, 2006). This closedown case, however, utilized active goal setting in which productivity goals were continuously increased throughout the closedown. Consequently, this could mean that the management did not back away from its duties but instead continued supervising.

The results of this study offer no evidence of an encumbering work climate for either blue-collar or white-collar workers. On the contrary, they became more positive as time went on, and the same temporal effect was found for productivity, efficiency and motivation. Another interesting result was that blue-collar and white-collar workers perceived some facets of the work climate differently, with white-collar workers perceiving higher job autonomy and qualitative role overload but lower supervisory support. Surprisingly, there were no differences in their motivational or performance variables, but there were rather strong effects of time, whereby organizational citizenship behavior, experienced responsibility of work outcomes, performance ratings, perceived performance, and productivity and efficiency increased between the time points. However, job involvement (e.g., the degree to which the job is central to the employee and his/her identity) declined as time moved nearer to the closure. This finding is also along the lines of what other researchers have observed, that people start preparing to leave the organization by “detaching” from it and from co-workers (e.g., Blau, 2007; Harris & Sutton, 1986; Sutton, 1987; Marks & Vansteenkiste, 2008).

When high-performers’ lose their motivation and degraded low-performers’ increase their effort

The aim of the third study was to investigate the anecdotal reports (from a senior top manager who had overseen 16 closures) that high performers decrease their performance during closedowns. The underlying assumption was drawn from Blau’s (2007) study indicating that perception of contract violation had a strong positive relationship with negative grieving (denial, anger, bargaining and depression) and a negative relationship with positive grieving (exploration and acceptance). Contract violations also led to higher “strain, work incivility, organizational deviance, and intent to sue employer, and lower transactional obligations and employer endorsement” (Blau, 2007).

Study III operationalized the contract violations and investigated de-motivation of high-performers' by creating four groups, low vs. high performance in combination with low vs. high justice, and the dependent variables were effort and turnover cognitions. The results showed that high performers perceiving low justice had lower scores on effort than did low performers perceiving low justice. These results supported the anecdotal report of de-motivation among high performers, but only those who feel they are being treated unfairly.

The second result regarding low-performers' who perceive they are being treated unfairly rated next highest in effort. This supports the notion that people in degrading situations may become motivated to increase their own competence and self-esteem thru performance (Deci & Ryan, 2000; Dweck, 1996). Perhaps this sounds logical since there is low variability in performance ratings, meaning that those who received a low grade are more likely to receive the same grade again¹.

This study lends support to the anecdotal report that high-performers' may decrease their effort, but only if they experience the situation as degrading, while the same situation could cause low performers to increase their level of effort. This study proposes that staffing policies should not be based on performance during closedowns, but instead that the organization should let employees apply for a position like in normal operating procedure. This approach could attract candidates with career motivation to pursue such a role, meaning that the role has higher instrumentality to them. This statement contradicts "common knowledge" acquired from environments with high uncertainty, which proposes that high performers should be placed in key positions to ensure continued productivity during times of organizational restructures such as downsizing and mergers and acquisitions (Appelbaum et al., 1987). During uncertain times, such actions clearly show that the organization wants the high-performing employees to remain within the organization, while such signals are unnecessary during closedown.

The psychological Closedown effect

In its simplest form, the Closedown effect is a combination of several psychological processes, creating a motivational 'surge' directed toward an emancipation of self. This means that all the processes we have dealt with in previous sections and through the studies show how individuals strive to become autonomous. This means that closedown employees' behavior is

¹ Anecdote: The union had raised the issue of unfairness in the performance appraisal system and the HR department had revised the system accordingly. However, the announcement of closedown lowered the priority of this issue; Thus it was left up to the middle managers whether to adopt the revised system.

undertaken simply for its own sake, and that the work can be enjoyable when it is not forced upon them. Further, the emotional ties to the closing organization cannot be understated. Emotionally, it can be a contradictory feeling to work for a closing organization; On the other hand, feelings of sadness may be present due to awaiting the impending end of an important part of one's life, but at the same time sensing positive emotions about doing something new and exciting (Kübler-Ross, 1969).

This would suggest that people's perceptions of their work change dramatically to the positive, allowing them to conduct even the dullest of work tasks with increased vigor since it will all soon be over, and they will leave the factory, the people and the work itself.

Conceptual model of organizational death

The results of the three longitudinal studies show that: 1) Goal setting influenced employees' attitudes and behaviors; 2) Work climate improved, along with motivation and performance, as time moved forward; 3) High performers perceiving low justice from the organization rated less effort than did low performers perceiving low justice. There are some underlying conceptual challenges involved in trying to explain the rationale for these results, especially since job security and job involvement have been seen as imperative in achieving work motivation (e.g., Brown & Leigh, 1996; Sverke et al., 2002). These challenges could be stated as questions, two of which are especially interesting: "Why are employees committed to the organizational goals of closing the factory?" and "Why does the motivation of an employee appear to increase when he/she is faced with job loss?" The three studies do not provide direct answers to these questions, and it would be unsatisfactory not to attempt to offer an explanation for the results in the discussion of this thesis.

Thus, the results of the three studies in this thesis will be discussed within a wider theoretical framework. The core of the model is goal theory and self-regulation, which are integrated with Blau's (2006; 2007) process model of victim worksite/function closure (See Figure 6). Only the most vital parts will be discussed.

Figure 6. Conceptual process model of organizational death. Integrated with Blau's (2006; 2007) process model of victim work-site/function closure.

Announcement of closure

According to Hansson and Wigblad (2006), closing organizations could be categorized into social responsible (SR) or non-social responsible (non-SR). A fully social responsible closing implies that the organization employs severance benefits, job centers, contractual interment and career coaching, and provides opportunities for employees to test new roles for the duration of the closure. Meanwhile, non-SR closedowns do not utilize severance packages. Social responsible closedowns have shown to produce the Closedown effect faster than non-SR closedowns, which indicates that severance packages and HR activities play an important role in promoting adjustment.

Separation from the organization

The reason why increased motivation to perform during closure is counter-intuitive is that organizational psychologists have long shown that job involvement [the cognitive belief state of psychological identification with one's job] is an important part of activating employee motivation. From an individual perspective, "job involvement has been regarded as a key to personal growth and satisfaction within the workplace, as well as to motivation and goal-directed behavior" (Brown & Leigh, 1996, p. 235).

Under normal circumstances, people who feel involved in their job perceive their work as more meaningful and fulfilling. On the other side of the coin, individuals who do not invest core aspects of their self in their job may have difficulty motivating themselves since the rewards for doing the job are not there. However, as shown in Study 2, during closedown job involvement decreases, implying that identification with the job diminishes due to there being no chance for long-term existence in the organization (Corley, 2004). An example of such a decrease in identification is that when people "feel threatened, their attachment to the organization becomes weaker as the individual's identification with the organization suffers" (Spreitzer & Mishra, 2002, p. 712).

When an individual no longer feels involved and his/her identification with the organization has become weak, the state has transcended to alienation (Brown & Leigh, 1996). In closedowns, people need to separate from the organization and their job, and do so by adopting new goals connected to a post-closedown life and by detaching from the organization in terms of not investing core aspects of their self in a dying cause. This is important for the person to be able to make a healthy transition into the future (Marks & Vansteenkiste, 2008). According to social psy-

chologists, members within each level of organizational hierarchies perceive themselves as more similar to each other than to individuals from other hierarchies (Gioia, Schultz, & Corley, 2000). This may manifest itself in the salience of interacting between hierarchies lessening, with the individuals instead seeking social affiliation from their peers. Many researchers have reported that informal groups and informal leadership appear at the lower hierarchical levels (e.g., Bergman & Wigblad, 1999; Hansson & Wigblad, 2006; Sutton, 1987). In sum, employees separate themselves from the dying organization, and along with this the formal hierarchies may lose their control and the ability to influence them.

Approach independency

Researchers have reported a rather strong temporal effect in change of attitudes and motivation, whereby individuals' move from being preoccupied with day-to-day activities, as time moves on, and adjust to the organizational death (e.g., Bergman & Wigblad, 1999; Marks & Vansteenkiste, 2008; Sutton, 1987). This adjustment could be understood in terms of a change to people's goal systems. When the announcement of closedown reaches employees they realize that their career goals no longer apply in the situation, and thus start adopting new distal (long-term) career goals, and a change in the proximal (short-term) goals is also likely to occur (Häsänen et al., in press). When facing involuntary job loss, people cope by adopting new goals such as reemployment, studying or retirement (Prussia et al., 2001). Meanwhile, the proximal goals are likely to be associated with the distal goals, meaning that people who wish to pursue reemployment in a different job role (such as supervisor) would try to gain experience in this role during the close-down. Both the employee and organization benefit from such arrangement: The employee receives experience in a new job role and the organization gains another committed employee – meaning that horizontal coherence exists in the goal system. Therefore, the increased motivation and commitment should not be regarded as misplaced loyalty to the firm.

Losing one's purpose – when goals become obsolete in the situation

Figure 6 illustrates how the goal system changes after announcement of closure. *First*, for employees who wish to remain at the organization and who consider their job meaningful, goals connected with the organization will become obsolete or dormant. This means that people may choose between different strategies when facing a situation that affects their goal system (Shah & Kruglanski, 2008). When a person perceives that a situation no longer supports their goal attainment, he/she may abandon the

goals in question, or continue striving toward the same goals but only after leaving the organization, thus causing the goals to lie dormant until that time.

Another strategy is shielding the goals, which implies that the person will try to change the situation rather than changing the goal. These strategies are connected with both emotional and cognitive experience and affect self-regulation (Shah & Kruglanski, 2000). When facing a situation that changes the individual's goal system fundamentally, people often react strongly and have a strong emotional reaction such as denial, anger or depression (Shah & Kruglanski, 2008). This can be found in Blau's (2007) study, where immediately after the announcement of closure people expressed negative grieving stages of denial, anger, bargaining and depression (Negative stages of grieving). As this is the first phase of coping with involuntary job loss, the distressful emotions can lead to unconstructive self-regulation because they have not adjusted to the changing reality (Marks & Vansteenkiste, 2008).

This means that people may feel used or even punished since they are still externally regulated (Sutton, 1987). External regulation entails that individuals are accustomed to pursuing organizational goals, and expect to be rewarded when they attain a goal. In this state, people are more prone to display unconstructive behaviors (Blau, 2007), such as disputing the closedown decision or trying to alter the decision to their favor (e.g., Bergman & Wigblad, 1999; Sutton, 1987). These types of behaviors can be categorized as prevention-focused self-regulation (Higgins, 1997). If their demands are not met, the prevention focus becomes psychologically exhausting and too painful to continue. Therefore, most people abandon the goal-shielding strategy and start adopting new career goals.

Finding new purpose - regeneration of goals

According to Blau (2007), when employees have passed the negative grieving categories they enter the positive grieving phase of exploring other options, finally accepting that they will lose their jobs and need to focus on the future. Perhaps the exploration can be better understood from the perspective of implementation intention, especially if one is interested in understanding how people test what goals to pursue (Gollwitzer, Implementation intentions and effective goal pursuit: strong effects of a simple plans, 1999). Often, people adopt goals from their closest surroundings such as family, friends or coworkers. People generally find it easy to adopt new goals; They might have already thought about working with something else but due to convenience or family obligation have never pursued these ideas. Others, meanwhile, need to start by investigating through discussing career goals with others.

When new goals have been adopted, they will take effect when individuals exit their job, meaning that the actual closedown and peoples' goals are intertwined, and commitment to one goal spills over into commitment to another (Häsänen et al., in press). This is also why organizations are able to utilize goal setting during the process of closedown, which has otherwise been postulated to be ineffective during changes that lead to negative outcomes for employees (Latham, 2004). At this point, the closedown has been accepted and the outcome in itself cannot be considered negative since people are looking forward to starting on a new path. Consequently, the psychological maxim of goal proximity is valid – that goals loom larger as one gets closer to them in time (e.g., Latham & Seijts, 1999; Liberman & Förster, 2008).

As people lock on to new long-term goals, they enter a state of promotion-focused self-regulation, which is a strategic means of increasing their likelihood of goal attainment (Higgins, 1997). Displaced workers need to rely on their own competence to obtain a new job, and therefore individuals try to gain abilities to reach the goal of new employment. According to Sutton (1987), employees also have motives to be friendly and helpful to each other since this could result in friends helping friends find reemployment.

Finally, the employees are still emotionally tied to the organization. Sadness is a prevailing emotion when thinking about the organization and the importance it has played in one's life (Noer, 1997). This affects how people perceive their job and work tasks, and even the duller work task can seem worthwhile when it is seen as a temporary.

Methodological considerations

As with most empirical research there are always other factors that can have affected the results. For example, self-reports run the risk of having common method variance (Campbell & Fiske, 1959), meaning that there might be systematic errors in the data that direct the results in a certain direction. One way of handling this problem is to use several types of measures such as performance ratings, productivity measures and actual stress measures, also known as the multitrait-multimethod design (Campbell & Fiske, 1959). This problem is mainly directed at the attitudinal and stress measure where only one self-rated scale represented the data, while several measures were used for performance, both self-rated and actual.

Regarding Study III, this was a group-level study in which we dichotomized actual performance and overall justice. Artificial dichotomization might miss information since individuals are placed in a particular

category and are viewed as identical to each other in the same group (Maxwell & Delaney, 1993). Therefore, it is more likely that this study missed significant effects because the method yields less power for detecting true scores and increases the likelihood of Type-II errors (Maxwell & Delaney, 1993).

Another criticism could be directed at the fact that the studies did not attempt to link productivity measures to individuals. This approach is not as straightforward as it seems. At a factory, there are many types of workers who are not all part of the actual production, but all contribute to the overall performance of the factory in their own way. Further, criticism that there are also other aspects affecting productivity, such as reorganizing the work and a closing organization, interfere less; Thus workers may enjoy a better flow (Hansson & Wigblad, 2006a).

As with most longitudinal studies, the sample reduction between data collections could be a potential problem (Bergman & Magnusson, 1990). Both Studies I and II included dropout analysis but there is still a possibility that those who chose not to answer the questionnaire and dropouts affected the results in some systematic way. Longitudinal studies have an erosion of the sample size, which may lessen the studies' power or the ability to identify relationships that actually occur in the population, which also contributes to increasing the risk of Type-II errors. Another concern regarding this research is, even though this is longitudinal research and the results indicate that organizational goal setting was able to predict employee outcomes, it does not automatically mean causality since the Closedown effect could be argued is expected either way. Therefore, one might ask 'Could we have expected the same results, or even better ones, without goal setting?' Despite these limitations, the results are an important part of the closedown research as they suggest why employee motivation increases during the closedown process.

When the formal system breaks

Researchers have shown that larger organizations include two systems, formal system and informal. When organizations reach a certain size, people will start forming informal networks in order to make work more efficient. Krackhardt and Hanson's (1993) research on informal social networks shows that employees form informal networks because they are much faster in handling work-related issues and minimize frustration. The informal system is "highly agile, they can move diagonally and elliptically in the organizational structure, and skip entire functions altogether to get work done" (Krackhardt & Hanson, 1993, p. 104). The informal system is excellent in handling unanticipated problems, since

people are not burdened with unnecessary bureaucracy in the same way as in the formal organization. The reason it has been called *the shadow system* is that executives are blind to informal networks, and when they plan restructures they seldom consider how they will affect the informal networks and, consequently, may lose the part of the organization that is most capable of handling unexpected problems.

Drawing on this line of reasoning, organizational death may trigger the breakdown of the formal organization due to the legitimate hierarchy of roles and responsibilities losing power over the employees. This may affect supervisors and managers, causing them to become more lenient with their employees due to the fragile connection between organization and employee. When supervisors and managers depend on their employees to continue performing despite certainty of job loss, the power structure may change entirely to the employees' favor. Many reports within the closedown literature can be interpreted as implying that the informal system takes over when the organization is closing. These reports have described this as 'certain dynamics' coming into play in a closing organization, such as diminishing management control (Hansson & Wigblad, 2006), reordering of the economic and institutional structure (Wigblad, Lewer & Hansson, 2007), increased operative space (Bergman & Wigblad, 1999) and development of informal leadership and informal groups (e.g., Sutton, 1987). Therefore, further studies on the network-based informal system are warranted and may shed light on how daily operations are organized and managed.

Practical considerations

Human resources (HR) practices like job centers, training, coaching and mentoring, severance packages, aim to support employees' transition to a post-closedown life, and send a message that the organization is committed to them. One indication of the motivation of HR practices was reported by Hansson and Wigblad (2006a), who showed that organizations that utilize HR practices gain increased productivity much sooner than those who do not. One way of understanding closedowns is to acknowledge that they seem to affect people differently depending on what kind of severance packages they receive, and that such deals based on age and tenure have a significant effect on individuals. During interviews it became apparent that those who had received the early retirement pension were very committed to the closedown, and one person even expressed that there was something appealing about ending his career with a closure of the very factory he'd been working at for a long time. These interviews indicated that people were generally very satisfied with the se-

verance and had very elaborate plans for the future. However, there were also those who were not so content, and some were displeased with the exit time, or with how a manager had treated them, as well as those who had missed the contractual pension by just a few months. These people expressed thoughts that indicated that the organization was not supporting them in this difficult period, and this created frustration and discontent.

Dividing the responsibilities

A larger organization is able to make the planning a little smoother by dividing responsibilities whereby the company's representatives are to inform employees about the reasons for closure, the timetable and what they have to offer in terms of severance if such is offered. Meanwhile, the organization's management team is responsible for finding a plan and vision for the closure. For a unionized organization, there are several advantages to bringing the unions onboard at an early stage. Evidence points to the possibility that a good relationship with the unions increases employees' acceptance of the closedown decision (Hansson & Wigblad, 2006a).

Staffing

During organizational restructures, managers often contemplate how they can increase performance through staffing, and one such policy could be to place high-performing employees in key positions. This thesis proposes not to follow this simple staffing rule since it contains an element of chance, as high-performing employees may lose their motivation during closedowns. This was something the senior top manager had experienced during his first closedown, when he placed high performers in important positions and they stopped performing. Instead, the organization could announce vacancies and any employees could apply for the position; When conducting interviews with the candidates it would then be possible to analyze the reason they had applied for this job. If the role would give them vital experience that they perceive they may profit from in the future, it could have high instrumentality for them.

Management conduct

When the time comes to announce a closure, it is important to do so by giving employees full knowledge of the closedown. For some executives this may feel counter-intuitive, since it seems that "many executives want to believe that their workforce is blissfully whistling away, ignorant of the realities of the contemporary workplace" (Marks & De Meuse, 2005, p. 27). Therefore, the first intervention should be at the managerial level, involving a change to their view of the employees. Management's

primary task is to create as much certainty as possible in an otherwise rather dynamic environment. This means that management should discuss the transition openly, and even help to coach employees during this period, since people are already discussing these topics among themselves at lunch and around the coffee table. However, people may try to probe using hypothetical questions to detect hesitation in the managers, and managers must therefore remain firm in their communication that they are closing the organization.

Managers and supervisors would benefit from training in coaching techniques and communication skills to increase their effectiveness as transition leaders for employees. Management should communicate openly, frequently and honestly; Marks and De Meuse (2005, p. 29) wrote that “the need to ‘over-communicate’ in a transition has been over-communicated for years now.” Managers could embrace ‘managing by walking around’, which may increase job autonomy in the lower hierarchies as well as increasing supervisory support, which was an important variable in promoting commitment and well-being (Study I).

Employees will express emotions such as anger, frustration and confusion, which are all natural human reactions when one is losing something important and treasured in life and is not able change the outcome (Kübler-Ross, 1969). These reactions should be expected; However, although for the most part they are only temporary there are certain occasions when they need to be handled by management. A sit-down meeting with the employee can be held, during which the manager listens to the employee’s concerns and keeps an open mind about how he/she can help the employee adjust. As the top manager (with experience from 16 closures) testified, “not all people are able to work under these circumstances; You never know who they are before you embark on the journey to close. When there are people who stop working, or worse, it’s time to consider letting them collect the severance pay”. This is also why it is better to start with the closedown before filling key positions, because those who have been put in the roles may be unable to function properly (as seen in Paper III).

In some countries it is standard procedure to be escorted out by a security guard on one’s final day of work. The reason for this is to minimize sabotage and theft. However, if someone wants to commit sabotage or steal, they would certainly do so any other day than their last, which leads to the question of why such a policy exists. This procedure is not expected in Sweden, and could in fact have the total opposite effect since it could easily be perceived as humiliating and undignified. Instead, managers and supervisors should thank employees who are leaving for their unwavering loyalty and commitment to the organization, and give them the courtesy they deserve. For example, parting ceremonies held by

the organization give the employees the opportunity to tell stories about the organization and to socialize, which is an important part of the grieving process (Harris and Sutton, 1986).

Concluding remarks and future research

The impression from the three studies is that a plant closure creates a strong situation which affects people in a similar way. This means that people behaviors and mindset is strongly affected by the situation and the environment, in contrast to a weak situation. This thesis proposes that employee's motivation to perform increases for two reasons: *Firstly*, Individuals become increasingly self-regulated whereas they are inclined to pursue goals associated with advancement, growth and accomplishment, and where goal attainment is perceived as a gain. This could indicate that people are preparing to leave the security of the organization and thus they need to mobilize themselves for being self-reliant and independent. Simultaneously, it is emotionally loaded situation and where people may want to repress the negative emotions and one way to do so is to conduct work, and to think about possible gains in the future rather than depressing thoughts about the present – in accordance with the hedonistic principle. *Secondly*, as people have a strong focus on their future goals and as time progresses towards them, the motivational effect of goal proximity sets in, meaning that motivation increases as an effect of moving closer to them in time (cf. Liberman & Förster, 2008). However, there was distortion in the data (cf. study I) perhaps some of which stems from individuals being at different stages of the adjustment process or experiencing different levels of justice, which may decrease employees' willingness to exert additional effort. Further studies are warranted regarding individual differences and in absence of research on organizational deaths with a toxic work climate, this type of studies may yield some insights on how individuals are affected by such climate.

It would be interesting to see future studies investigating what type of goals employees' are pursue and how they are connected with the organization, as well as emotional experience and their motivational mindsets they use to approach their new goals. Such knowledge would provide understanding of how organizational death affects individuals' motivations more comprehensively.

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