

cheap painkillers, they experience less relief than when they take the same but higher-priced pills.

Consuming goals. Pursuing a goal can be a powerful trigger for consumption. At a convenience store where the average purchase was \$4, researchers gave some customers coupons that offered \$1 off any purchase of \$6, and others coupons that offered \$1 off any purchase of at least \$2. Customers who received the coupon that required a \$6 purchase increased their spending in an effort to receive their dollar off; more interestingly, those customers who received the coupon that required only a \$2 purchase to receive the dollar off actually decreased their spending from their typical \$4, though of course they would have received their dollar off had they spent \$4. Consuming the specific goal implied by the coupon – receiving a savings on a purchase of a designated amount – trumped people’s initial inclinations. Customers who received the \$2 coupon left the store with fewer items than they had intended to buy.

Consuming memories. One study of how memories influence consumption explored the phenomenon whereby people who have truly enjoyed an experience, such as a special evening out, sometimes prefer not to repeat it. We might expect that they would want to experience such an evening again; but by forgoing repeat visits, they are preserving their ability to consume the pure memory – the concept – of that evening forever, without the risk of polluting it with a less-special evening.

So concepts not only can influence people to consume more physical stuff, but also can encourage them to consume less. Offering people a chance to trade undesirable physical consumption for conceptual consumption is one way to help them make wiser choices. In Sacramento, for example, if people use

Downsizing

After Layoffs, Help Survivors Be More Effective

by Anthony J. Nyberg and Charlie O. Trevor

If your firm has downsized recently, you’re now managing a bunch of survivors – the lucky ones who didn’t get laid off. But good fortune doesn’t make for good performance – at least not in this situation. Chances are, you’re presiding over a heightened level of employee dysfunction, even if you don’t see it yet. Here are areas to address to limit the damage, according to our research and influential studies by others, including Teresa Amabile of Harvard, Regina Conti of Colgate, Wayne Cascio of the University of Colorado, Joel Brockner of Columbia, and Priti Pradhan Shah of the University of Minnesota.

Creativity. Evidence from several researchers suggests that downsizing dampens survivors’ creativity – a potentially dangerous development for almost any company. To offset the drain on innovative energy, managers should put renewed effort into team building. Maintaining or improving work-group stability and providing challenging work stimulates creativity.

Communication. Downsizing tends to disrupt social networks and information exchange within companies, adding to employees’ negative feelings. Leaders should encourage increased contact among managers and employees, promote active listening, institute open-door policies, and get employee input into decision making.

Perceptions. Layoffs tend to increase employees’ levels of stress, burnout, and insecurity and to decrease morale, job satisfaction, and trust. Such perceptual changes are linked to greater turnover, diminished willingness of employees to help one another, and poorer job and company performance. Managers need to help employees see the downsizing process as fair and show that other options had been considered first. A moratorium on future layoffs, even if it has an explicit end point, might also be helpful. One study found that the anticipation of downsizing can have an even stronger effect than layoffs themselves on employees’ negative perceptions of their work environment.

Turnover. Our own research shows a substantial increase in voluntary departures after layoffs, even if the downsizing was small. The costs of being understaffed and of employee replacement and training are particularly unwelcome when a company is attempting to save money. All the above recommendations can help limit voluntary turnover. And for the future, institute HR policies that promote a sense of justice, such as confidential problem-solving avenues and effective grievance or appeals processes. Companies with those policies had smaller increases in voluntary turnover after layoffs.

Stars. Pay special attention to high performers. Research by one of us (Trevor) shows that those with the most training, education, and ability are the most likely to quit if dissatisfied. Provide support and encouragement, and help them see that downsizing opens new opportunities and channels for promotion.

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