

# MANAGERS ON THE MOVE

The proportion of managers who change jobs in any given year has risen from about 10% in 1980 to 30% by the mid 1990s. And the results of restructuring are a major cause for this increase.

By Teresa Marchant,  
Bob Critchley, and  
Craig Littler <sup>(1, 2)</sup>

IN the past few years in Australia and other developed economies, downsizing as a form of restructuring has involved delayering — the elimination of levels of managers. Delayering has changed the nature of managerial hierarchies and caused an irreversible change in the way work is both conducted and perceived. But what does it mean for managers?

The labor market for managers is shifting as levels within organisations are removed. Over the period 1993-95, 44% of organisations in Australia delayered, with middle managers being the primary target of the cuts (Littler 1996, Littler et al, 1997). Is there a collapse of managerial careers or a transition to a new career pattern?

Given the lack of reliable data on managerial careers, we set out to map the prevalence of career change among managers; assess the effectiveness of resources used in career transition/outplacement; and assess the perceptions of job security and employability.

The research involved data gathered in 1997 from 1008 Australian managers who were from a broad cross section of job functions and industries, but mainly from

the private sector (78%). Of the survey sample, 41% had experienced retrenchment. The latter figure is skewed because we chose a sample of retrenched managers and a matching sample of continuous career managers. This national study of restructuring and managers' careers is the first of its kind in Australia. The results can be used to assist both organisations and individuals in better understanding the pros and cons of restructuring.

**Frequency of job moves.** There has been a marked increase in the frequency of job moves by managers in general. In the past 15 years, managerial mobility has increased threefold. The increase in the proportion of managers who changed jobs in any given year has grown from approximately 10% in 1980 to 30% in the mid 1990s (see figure 1). There is a peak in 1989, which is associated with the start of extensive restructuring in Australia.

Retrenched managers showed a marked career plateau in the five years prior to retrenchment, compared with other managers. This could be because of a lack of job opportunities within the employing organisations. Or, more likely, these individuals could have benefited from some career guidance.

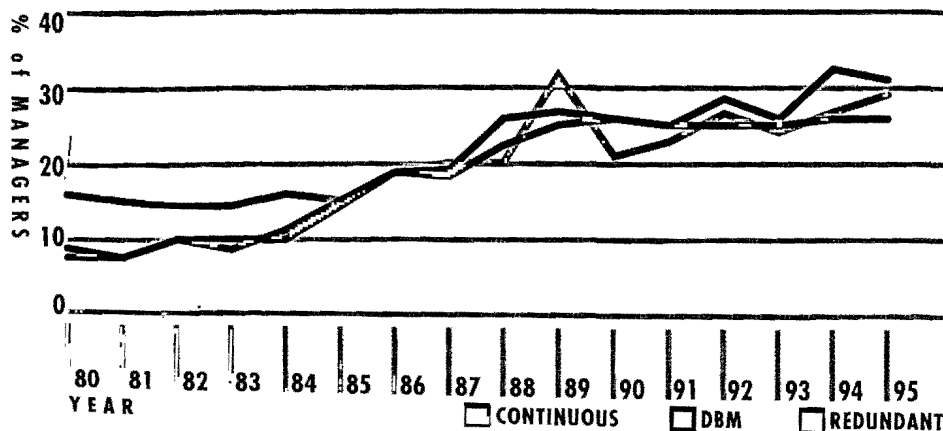
The respondents were asked what was the reason for their last five job changes, and restructuring over this period was an increasing reason for job change whereas promotion was a decreasing reason (see figure 2 on page 8).

Pursuit of career goals accounts for 40% of all reasons for job moves. However, this has dropped from 46% in earlier years to 31% for the most recent job change. Conversely, employer-initiated moves such as restructuring and retrenchment rose from 14% in earlier years to 37% as the reason for the most recent job change.

Where do retrenched managers go to? We mapped their subsequent career moves. Thirty-nine per cent were promoted within the same industry or

outside. This continuous career job move. Fifty-managers moved compared with continuous career make a difference. One reason for retrenchment for many managers, probably they left school, many may have lifestyle changes. Job security amount of restructuring changed our work. Although Australia shed staff in late early '90s as a today companies retrenching as streamline operations productivity. What does notions of job life. Overall, job important or v

FREQUENCY OF MANAGERS' JOB MOVES, FIGURE 1 1980-1995



outside. This compares with 65% of continuous career managers for their last job move. Fifty-two per cent of retrenched managers moved sideways or downwards, compared with 35% of managers with continuous careers. Continuous careers make a difference.

One reason for differences is that retrenchment creates a forced opportunity for many managers to reassess their career goals, probably for the first time since they left school/university. Subsequently, many may have opted for a career or lifestyle change (for instance, about 30% chose consultancy work).

**Job security and employability.** The amount of restructuring in Australia has changed our world of work forever. Although Australian companies initially shed staff in large numbers during the early '90s as a result of the recession, today companies are restructuring and retrenching as part of ongoing efforts to streamline operations and maximise productivity. Change has become a way of life. What does this imply for traditional notions of job security?

Overall, job security was considered important or very important by 68% of all

managers. However, retrenched managers placed less importance on job security. This suggests a shift towards the concept of employability. That is, individuals need to develop a portfolio of transferable skills and market themselves as their own small business. These skills and the individual's employability in the market then becomes his/her job security.

Managers who had experienced retrenchment reported that they were less satisfied with their job security, but they also reported that job security was less important to them, compared with other managers. This suggests that managers who had been retrenched absorbed some of the changing realities of the employment contract. Having experienced redundancy, retrenched managers had a greater appreciation of the fact that jobs were no longer secure.

Managers who had experienced retrenchment were less likely to "feel trapped" in their present positions, suggesting a liberating effect of retrenchment and outplacement. Most retrenched managers (82%) disagreed with the statement "I feel trapped here for the rest of my career", compared with

68% of managers with continuous careers who disagreed.

Most managers did not expect a job for life with one employer, with 85% agreeing or strongly agreeing that they did not expect it.

Most managers did not feel that employers should take responsibility for their careers or development. Overall, 97% of managers agreed that managing their career was their responsibility. However, it was interesting to see a small proportion of managers (12-16%) who still feel that it is the employer's responsibility.

The survey also explored attitudes towards employability and assessed to what extent managers were actually carrying out activities that would increase their employability (such as skill training, tertiary education, performance appraisal). Despite the rhetoric expressed by most managers in terms of taking care of their own professional development and careers, there was considerable variation between retrenched managers and those who had experienced continuous careers. For instance:

- 95% of all managers claimed to take

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responsibility for their own professional development.

- On average, managers carried out three to four professional development activities from a list of nine options.
- However, 20% did nothing or only one activity.
- Retrenched managers carried out fewer activities to improve their employability than those with continuous careers.

This suggests that undertaking career development activities may be seen as a good insurance measure for continuous employment.

**Career transition support.** Of the 411 managers who had experienced retrenchment, 81% were provided with career transition/outplacement support by an organisation external to the company from which they were retrenched.

Career transition support, or outplacement counselling, is a service provided to assist employees affected by organisational change resulting in job loss. It assists organisations in minimising the disruption caused by restructuring and assists the individual to move to a new position aligned with that individual's skills and interests. Given that 90% of all retrenched managers reported stress associated with looking for a job, outplacement can be a positive support for people experiencing career transition, particularly for a forced transition.

Managers who received outplacement support took less time to become re-employed. They found new employment on average two to four weeks faster than those who did not receive any professional assistance. The average job search time for retrenched managers who received outplacement was 3.3 months,

compared with 4.8 months for those who did not receive any support.

Sixty-one per cent of all candidates obtained the same or higher salary in their new job. Although 39% reported a lower salary level, this could be associated with a change in career (eg. consulting). However, there does not appear to be a lowering of job satisfaction associated with this change in income. This is consistent with other research conducted by DBM, where lifestyle changes influence the type of job and salary being sought.

**A new employment contract?** It is clear from this research that the concept of "cradle to grave" employment is gone forever. People are becoming far less dependent on one employer. The traditional employment contract for managers is crumbling.

The concept of changing jobs every three to six years has been evident in the United States for a long time. It is now clear that this trend has reached Australia. One in 10 managers were changing jobs in 1980. Today, one in three managers change jobs every year. During this time, promotion decreased as a reason for job change and the impact of restructuring accelerated.

HRM

**Notes**

1. DBM Australia partnered with Professor Craig Littler and Teresa Marchant, from the University of Southern Queensland, to complete this study.
2. The project was sponsored by DBM Australia and we would like to thank all parties who enabled this project to be completed, including AHRI, members of

the Australian Institute of Management, the Finance Sector Union, and people on DBM's programs.

3. This per cent is skewed by the number of DBM people that participated in the survey. It is not a reliable indication of management retrenchment levels in Australia.

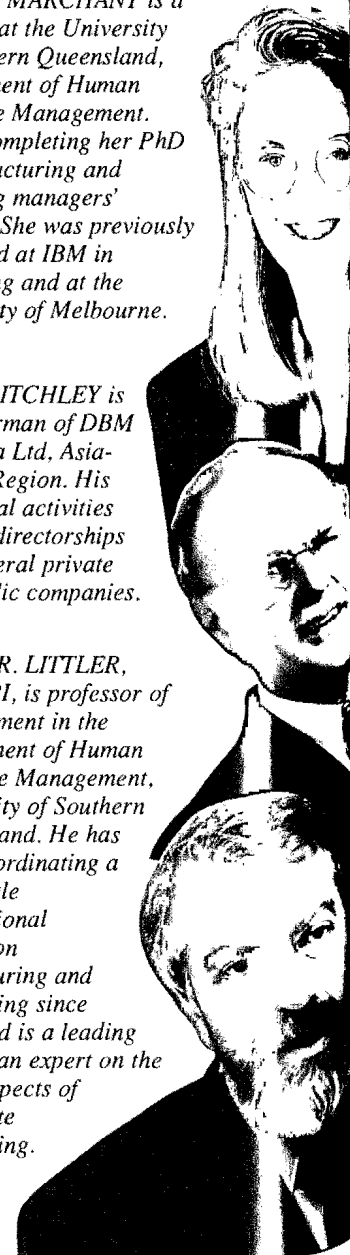
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- Littler, C.R., Wiesner, R. & Dunford, R. (1997) 'The Dynamics of Delaying: Changing Managerial Labor Markets in Australia, New Zealand & South Africa', article to appear in *Journal of Management Studies*, 1997.

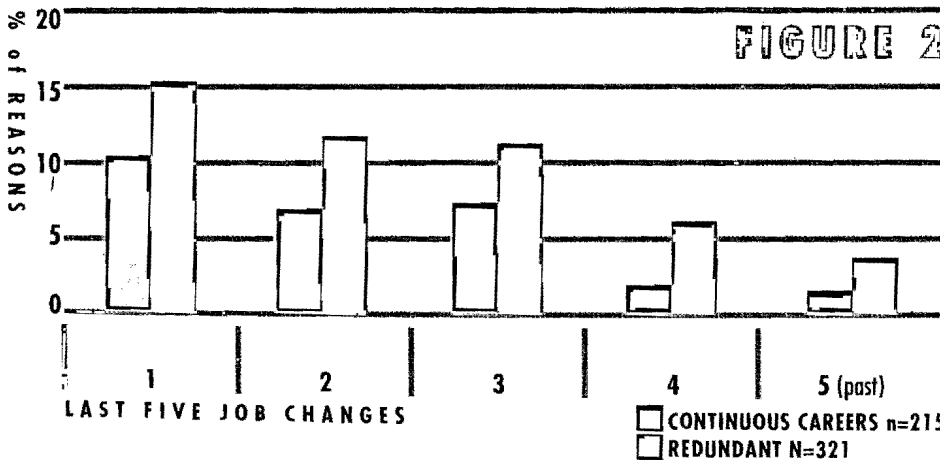
*TERESA MARCHANT is a lecturer at the University of Southern Queensland, Department of Human Resource Management. She is completing her PhD on restructuring and changing managers' careers. She was previously employed at IBM in marketing and at the University of Melbourne.*

*BOB CRITCHLEY is the chairman of DBM Australia Ltd, Asia-Pacific Region. His additional activities include directorships with several private and public companies.*

*CRAIG R. LITTLER, CMAHRI, is professor of management in the Department of Human Resource Management, University of Southern Queensland. He has been coordinating a largescale international project on restructuring and downsizing since 1993 and is a leading Australian expert on the HRM aspects of corporate downsizing.*



**INCREASING PERCENTAGE OF MANAGERS REPORTING RESTRUCTURING AS THE REASON FOR EACH OF THEIR LAST FIVE JOB CHANGES**



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