



Demotions and Career Growth

A demotion is not simply a downward move on the organizational ladder. There are psychological ramifications that can make the experience—even if it's a lateral move—more difficult for the individual and the organization than it would be if some simple steps were taken.

By LYNN ISABELLA and DOUGLAS T. HALL

A career move that is perceived as downward can be most troublesome for individuals and organizations. While such a move might be lateral, for example, the individual or others in the organization might believe the person is now "less well off," if he or she has less responsibility or authority or supervises fewer people. As Steve, a 36-year-old high-tech manager said, "Even though my transfer was lateral, I perceived it as down. Previously,

be traumatic, they can be handled astutely and sensitively so as to create and encourage employee growth and development, not bitterness and stagnation. People can be moved down effectively, to the ultimate benefit of all involved.

Issues and problems of moving down

In many organizations, downward movement is an embarrassment. Common sense tells us that organizations move people down; yet, nobody wants to talk about it. This sensitivity to the central issue may deter organizations from dealing effectively with downward moves.

Outsiders' feelings can affect their behavior toward the individual who moved down. Kirk, now a sales engineer, says of his downward move, "Management treated me as a non-person; my peers treated me as a non-person. I didn't care; I'd just sit at my desk and do nothing. I did this for 30 days."

For those on the outside, avoidance seems the only policy. Yet the results of that avoidance are painful. People who have moved down need to talk about their experiences and their feelings, to confront the issue and get career guidance and support. The process can be exacerbated by the discomfort and indifference of others.

Whether the move is perceived as long term or short term is another issue. For

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I had 45 people reporting to me; now I have far fewer people and certainly less responsibility."

Because of the vast numbers of middle-aged individuals in the work force today, there are not as many upward possibilities as before. Although downward moves can

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younger workers who still have many work years, a move down may represent a short-term strategy for gaining new experiences, shifting direction slightly or strengthening and broadening career options. For others, however, a downward move is more permanent.

The central issue is whether the individual has chosen the move or had it thrust upon him or her. Some people choose to move down in order to stay in the organization and continue to use the knowledge and relationships they have built up. Sara, a successful manager, said, "I could have taken a job with another company that would have been a distinct promotion. Yet, I knew I would have to start all over again learning the system. People here know me and know what I can do. That's worth more to me than anything else." Others may choose a move to reduce job stress, to spend more time with their families or to lead a more peaceful existence. As one man remarked, "For the last six years, I had been commuting 55 miles to work each way. I had had enough. I wanted to spend more time with my wife and family."

However, in times of retrenchment organizations often need to reduce their staffs. The individual who is forced to move down because of this situation is likely to feel "less well off." Moves necessitated by staff reductions can be especially difficult for persons in the early stages of their careers. They may feel shattered by an organization that they assumed was interested in helping, and may have bitter reactions.

Money is a critical issue in downward moves. Even if a person can adjust to a loss of status and power, reduced income presents a difficult reality. Fortunately, many organizations do not decrease the person's pay (except perhaps when downgrading is due to poor performance). A common way of dealing with pay is to "red circle" the person's salary. The person is kept at the same salary but given no increases until inflation has brought his or her pay into the range of the lower level position.

A large chemical manufacturing firm

uses a special salary category that is outside the regular compensation system. The person's current salary is maintained, and he or she also receives increases. However, the increases are smaller than those the person would have received at the old level and are calculated to reduce the person gradually to the lower pay range. The salary adjustment takes about two years, and, according to the firm's manager of personnel planning, "the person hardly feels the change."

How to manage downward moves

Many organizations must now decide not whether to move people down but how to do it so that the move contributes to the person's career development and the organization's human resource requirements. The following suggestions, based on our observations of several organizations, may make the transitions easier.

- *Make the move the person's choice.* Any move is ultimately the person's choice since he or she can quit to avoid making the move. But the organization should make every effort to give the person two or more options, one of which is the downward move. The other options might be lateral redeployment elsewhere in the organization, retraining, outplacement assistance or early retirement. If a downward move is presented as an attractive, career-enhancing move (see the following steps), the person is more likely to choose it.
- *Make it a growth move.* This guideline may sound like Orwellian "newspeak." How can a demotion be a growth experience? But this is the most important issue in a downward move.

Growth is the development and use of personally valued skills and abilities. Thus, the lower level position should contain some elements that are new to the person, that will stretch him or her in new directions. For example, a large pharmaceutical firm routinely demotes (rather than firing) district sales managers who perform unsatisfactorily. If the

person has been an outstanding sales representative, it is better to regain a strong salesperson than to lose the person to a competitor. In the process of moving the manager back into sales, however, great care is taken that the new territory is unlike any he or she has handled in the past so that the salesperson will be forced to grow in the new job.

Although this is only common sense, many firms' strategy is the opposite. They give the person an assignment he or she handled well in the past, in an attempt to make adjustment easier. But this rubs salt in the wound; the person feels that the move is backward as well as down.

- *Help the person see it as a growth move.* It is important for the new assignment to be a stretching one and for the person to perceive it that way. The lower level job may be important and challenging, but if no one communicates this to the person, much of the growth potential could be lost. Someone with good counseling skills should conduct a complete discussion with the person to help him or her become aware of the growth potential.
- *Be open about the move.* The secretive manner in which a downward move is often handled is one of the most difficult aspects for many people. The avoidance of the topic confirms the person's feelings of failure.

The move should be discussed openly, just as any promotion or lateral move would be, and the person should be encouraged to initiate discussions. The more openly the move is discussed, the more legitimate it becomes.

- *Be sure the person knows about future options.* People often fear downward moves because they fear that the next move may be termination. Counseling about the meaning of the move should cover what the future holds. If the move is a temporary one for developmental purposes, make that clear. If it is a permanent move, let the person know. If the person will be considered for promotion later, say so. If a lateral move at the lower level is an option, let the person know that this is a possibility. Will retraining or outplacement assistance be

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provided if desired? How much job security will the person have in the new job? Provide as much realistic information about future options as you can.

- *Provide retraining if necessary.* If the new assignment will be a stretching one, training in new skill areas will probably be necessary. Training reduces the chances of failure and provides tangible evidence of the organization's support. In a reorganization, one large manufacturing firm demoted a group of managers to engineering positions but sent them at company expense to a specially designed, one-year, full-time master's program in process control engineering. They gained new skills, and their loyalty to the company increased.

- *Provide life and career planning workshops.* A downward move can be the beginning of a new career. A life and career planning workshop could help the person put it into a total life perspective. This may be the first time that he or she has thought seriously about values, priorities and plans. The social support of the group may be valuable, as well.

- *Don't reduce salary.* Don't aggravate the stress of a downward move by reducing the person's salary. Red circle the salary, create a special category or subsidize it as a training and development expense. Look for creative ways to maintain the salary.

- *Don't put the person back into old surroundings.* Avoid placing the person in the position of having to deal with old colleagues. Make the new assignment really new—new skills, new people, new office. Separate the new role from the old one as much as possible.

- *Make downward movement part of the culture.* All of these actions should be designed to achieve one major change: making downward movement part of the organization's culture. As discussion becomes more open, as some high-potential people move down for development and others do so by personal choice, downward movement will become easier.

Organizational restructuring, slower growth and downsizing are making downward movement more necessary and more common. Like outplacement, it has become more acceptable, but it is still a sensitive issue. Discussing downward movement openly with employees, identifying key issues and providing mutually understood guidelines can reduce the move's bitter connotations.