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The Management of Rumor in
a Retrenchment Setting

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FORWARD

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They represent the views of their authors only and in no way should be construed as OFS policy. Their aim is to help programs think through the many difficult issues presented by the current threats to Legal Services and to develop effective plans. The papers are based on many interviews and work with local programs as well as derived from the wider literature on retrenchment planning. Given the press of time, we have chosen to make them available in initial drafts. We would appreciate criticism and alternative formulations on these issues and if appropriate will include feedback in subsequent papers or revised drafts. Please send any comments to

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In a period of program retrenchment rumors can play a disruptive role in the life of the organization. Rumors are distorted or fragmented truths and consequently can lead to decisions, actions or postures which make the planning process inflexible and conflict ridden. Thus for example a rumor about an office closing may 1) lead staff to prematurely focus on office closings as the central option in managing retrenchment; 2) may make the particular office staff prematurely anxious about their status and thus limit their willingness to bargain with other staff about possible trade-offs; 3) create an agenda of discussion which is overly restrictive; 4) create suspicions within the program. In general managers will find that they must spend a great deal of time and energy simply correcting the disinformation that rumor brings rather than introducing new ideas and information that can help the program reorganize.

Managers must clearly learn how to manage rumor. But to do so, it is important that they understand the incentives people have for both producing and conveying rumors. Rumors have (at minimum) four purposes, to reduce and structure anxiety, to make sense of limited or fragmented information, to organize a strategic posture or tactic and to test or convey impressions about one's status. Let me briefly examine each of these purposes.

Anxiety Structuring/Reducing

In a period of retrenchment many people will experience a "global" anxiety which they are unable to structure. They fear losing resources, jobs or status but the fear is unspecific and unrelated to a particular set of events or decisions. Consequently, they do not know how and when to respond to the threats they face. In this context a rumor about office closings, a board decision, or pay cut may provide just the right degree of structure to

make the anxiety specific. People need no longer fear cutbacks in general but rather particular decisions and decision makers. Paradoxically, this may serve to reduce the felt level of anxiety because people can now mobilize to "fight" the specific enemy rather than the global fear. It is often argued that rumors create "panic" but the relationship between the two is reversed. Panic is the feeling of total entrapment, there are no options. A rumor may emerge to structure the panic so that people now have a sense of options (e.g. how to resist, how to trade) and consequently their sense of panic is reduced.

Rumors can reduce anxiety in another way. A person may experience global anxiety and hear or (unconsciously) produce a rumor which structures that anxiety. By telling the rumor to someone else he or she now shares a specific fear with a workmate and in so doing feels less alone and isolated. The recipient of the rumor may also welcome the focus it brings and may consequently feel close to the rumor teller. Rumors may paradoxically bind people together as rumor sharing creates a feeling of shared experiences and shared futures.

Distorted Sense Making

In any setting of uncertainty there will be gaps of information. People however want the whole picture and find it difficult to tolerate such a gap. They will therefore interpret various actions or interpolate between the lines of what is said (i.e. pay attention to what is unsaid) to make sense of the entire terrain of decision. Now this sense making process can be productive and helpful. Such interpretative behavior may be necessary for both making decisions and committing people to certain lines of action. But when this sense making process is tied to problems in the leadership-

followership relationship in the program it can have more problematic consequences.

Let me give an example. A program director announces that he or she fully expects office X to remain open despite all indications that it must close (it is in a rural area, it cannot be supported by a skeletal staff, etc.). The director however provides no rationale for his stated expectations and therefore the statement on its own is not credible. People therefore will try to make it credible by interpretation. They assume that the director is not stupid but is rather withholding information which if made public would reveal how certain people will be hurt (why else withhold?). Thus they invent plausible scenarios of who would be hurt ^{and} when, ~~and~~ These scenarios, when shared among the presumed victims, increase the defensiveness and hostility of certain staff. The leader is now suspect. This outcome may be ironic. The director may have in fact made a deal with a private foundation to keep the office open but is not yet at liberty to announce the grant. The unsaid part of this statement suggests that no one will be hurt by a decision to keep the office open. But because he could not reveal it, his good news reduces the credibility of his statement and increases the degree to which program staff suspects him in general. Since periods of retrenchment often place leaders in difficult "revealing and disclosing" situations, this source of rumor production can prove very important.

Rumor as Power Tactic

In this domain of rumor production, people produce and convey rumors more self-consciously as a power tactic. In this degree the rumor comes close to being a lie purposely told by someone to increase his or her power. Nonetheless we cannot interpret all such purposeful rumor producing activity as lies per se.

One example is revealing here. Thus a leader may release a trial balloon by talking to someone below him or her, about a possible option under consideration. The leader knows that this subordinate will hit the phones about the option and that in a day or two the option will "return" to him or her ~~as~~ laden with affect and opinion. If the idea returns as one that produces a great deal of anxiety in the teller and the receiver (e.g. it is significantly exaggerated so that one office closing becomes many office closings) the leader may then decide to drop the option. He uses the rumor mill to maintain anonymity while testing an idea. If the idea flops he is not implicated. Clearly this is a dangerous use of the rumor mill, since the resulting anxiety produced, can backfire and limit the leader's ability to lead.

Similarly, a particular coalition of people may purposefully float a rumor to prevent a certain decision or action. A director may consider closing an office, and a board member, client group or office staff member acting on the basis of a "tip" may start a rumor about the impending closing, and so mobilize resistance before the director even makes a decision. Just as leaders may withhold decisions to win the advantages of surprise, so may others anticipate decisions to create time for mobilizing resistance. These are complex pieces of gamesmanship but they happen and leaders must be alert to them.

Finally, rumors told with "don't tell" instructions attached to them are used to create coalitions. The director may inform person X of his plans to close office A with explicit "don't tell" instructions. Depending on the affective content of the exchange, person A may correctly interpret the "don't tell" instruction as a message not to tell key personnel in office X only.

Person X may however tell others. This process then creates a bond of secrecy between staff not in office A further sealing the isolation of staff in A and setting them up for "expulsion." The bond of secrecy is not only created by the shared secret but by shared feelings of potency (those who know are "in the know") and guilt (watching colleagues being victimated). These affective bonds can be very strong.

Status Negotiation

In normal periods of organizational life rumors and rumor mills nonetheless thrive. The rumor is in fact a central feature of organizational process for it expresses the constant testing and jockeying of one's own and others' status and power. The explicit contents of a rumor are its facts--the when, what, where of the rumor. But the implicit content is about the relationship between the rumor teller and the rumor receiver. These implicit messages are complex. The rumor teller says to the rumor receiver "that I am an insider and with respect to this rumor you are an outsider." Or if a leader tells a subordinate a rumor, the implicit content may be "I have the power to make you into an insider." Rumors of course may not and often do not actually reorganize role relationships. Formal and explicit processes, reflected in salary and responsibility differentials will dominate. Thus the power content of the rumors implicit messages may be interpreted as displacements from actual power struggles. The rumor mill substitutes for real power struggles thus protecting the power system from excessive conflict.

In periods of retrenchment however when status anxiety is heightened the two power systems, the "real" and the "rumor," may interpenetrate. Uncertainty is high, status anxiety is great and the distinction between insider-outsider can mean the difference between who stays and who goes. Under these conditions people may (unconsciously) use the rumor system more actively than

before to both test and create impressions about their status, while recipients of rumors will pay closer (again unconscious) attention to the implicit message of a rumor. These unconscious communications may in turn distort the real or work-oriented power system and make decision-making and implementation difficult. Thus for example, a rumor producer may come to be regarded as an insider and his or her advice or agreement may be sought despite his or her lack of proven competence to exercise leadership and authority. In general, because power relationships in the rumor system are unstable and fluid, they need not be tested against real tasks and constraints, the interpenetration of the real and rumor power system can destabilize the latter making it all the more difficult for leadership to exercise and delegate authority.

What Can Be Done?

The question emerges--how can a director manage the rumor system to minimize its disruptive consequences. Clearly the directors cannot investigate every rumor--track down its source and shame the rumor producer. The central feature of a rumor is its anonymity. Investigation is difficult if not impossible. Nor is it sensible to have a rumor "hot line" or some such reactive mechanisms, since the hot line may be overloaded, and produce in the process new rumors.

Managing rumors is like predicting the weather. It is hard to predict the weather on any particular day, but if you know something about the climate of an area, you can place your weather predictions within certain bounds or limits. Climate establishes the boundaries for the possible set of "weathers." Similarly, management must set boundaries around the rumor system through a set of policies, that do not control particular rumors but rather limit their range, and impact. These policies are not specific to particular rumors but

to the rumor producing system in general.

To formulate a set of guidelines for policies it is helpful to return to the categories of rumor production and discuss what kinds of policies would reduce incentives for producing particular sets of rumors.

Anxiety Reducing/Anxiety Structuring

People need structure for their anxieties. Now programs face genuine uncertainty, but the nature and structure of the uncertainty can be clarified through open and collective discussion. To reduce the incentives for anxiety structuring rumors directors and program leadership must help people structure this uncertainty. This can be done by:

1) Specifying target dates when decision taken outside the program will be made--people then can begin their "work of worrying" at a time that suits their personal styles rather than worrying all the time about the contents of these decisions.

2) Clarifying a set of decisions alternatives under different scenarios of program events. It may be impossible to predict what funding levels will be in the coming year but program leadership can help the staff develop contingency plans based on different levels of funding. These contingency plans may reduce anxiety by showing how the program can respond across a set of possible events.

3) Creating a time line for decisions which relates program determined events to events determined outside the program. The time line is a "process plan" which shows how program decisions will be triggered by the flow of outside events. A process plan allows people to compensate for substantive uncertainty with process certainty.

4) Legitimizing worst case thinking. One source of panic is the unspoken fear of the worst case. People do not discuss these worst cases openly for

fear of either upsetting others, or seeming^{to} legitimate or affirm the events by simply mentioning them. But, as depth psychology suggests the unspoken fantasy is more fearful than when it is brought into the light of full discussion. This is because the person who harbors the fear cannot conceive of alternatives without talking to others. Thus if the director legitimates worst case discussion, they reduce anxiety by both bringing the undiscussable to light and clarifying alternatives to the once undiscussable fantasy.

5) Discovering "robust" decisions. External events may be unpredictable, but staff may decide that they should make certain decisions regardless of what happens. Such decisions are called "robust" ones because they are viable under a range of possible events. Thus for example, the staff may decide to buy a building with its slack funds if the funding cut comes in at either the low or high end. Under both cases, the staff surmises that a building acquisition will increase program viability far into the future. Such robust decisions, can increase people's sense of control over an uncertain context and most importantly, can demonstrate that results emerge from often complex planning and thinking processes.

Distorted Sense Making

As we have seen this problem emerges when leaderships discussions or opinions are not credible. This happens most often when leaders feel they must conceal certain pieces of information. Under these conditions leadership should:

1) "Call" or interpret their own unrevealing behavior. In the example given above the director should say "I fully believe that office X can remain open. I cannot at this time fully reveal why I believe this. This may lead you to suspect me or my decisions but I ask you to bare with me for the moment and trust me."

2) The leader should emphasize the down side as well as the upside risks of particular options or decisions. Leader credibility is undermined if the optimism and pessimism is "split" between leadership and staff. Leadership poses as the saviour of the program, winning against impossible odds, while staff either passively accepts this leadership posture, taking no responsibility for the outcome, or expresses skepticism and hostility toward the leader's irresponsible "pie in the sky" thinking. The leader can maintain credibility if he or she consistently emphasizes the risks and benefits of particular decisions, in this way coopting staff skepticism, passivity, or hostility and forcing staff members to make self-conscious commitments for or against the option.

3) The director can support "scenario" construction as a legitimate staff activity. The wish to make sense of an uncertain setting is a strong one. Distorted sense making through the rumor mill is a sign that this creative impulse has been blocked or become the victim of global anxiety. If the director legitimates such creative activity in the planning process, by supporting staff production of scenarios of program evolution, the wish and need to interpret the uncertain environment can be met in a more realistic and productive manner.

Power Tactics

As I have argued people will deploy more purposeful rumor behavior to protect their position or influence decisions. The protection of special interests, an office group, a job grouping, a minority grouping, is legitimate to be sure. Leadership cannot wish it away by reference to a shared future that only some people may share. Rather management must work to insure that historical coalitions and interests do not overly restrict the discussion

of program development alternatives. Leadership may try to:

1) Legitimate the right of groups to defend their special interests. In particular leadership should try to get different interest groups to specify the minimum conditions they feel should be protected in any retrenchment process. Often groups with particular interests will exaggerate their demands under the assumption that only by exaggeration can they get the minimum they absolutely need. If leadership can commit to finding solutions that respect these minimal conditions these exaggerated bargaining positions will not obstruct the planning process.

2) Leaders must create option expanding planning committees, particularly in the beginnings of the planning process. Often different groups find it inconceivable that compromise solutions can be found. It may seem for example that either one office or the other must be closed. But there may be new solutions or designs that create new opportunities for each group. Thus for example, staff might decide to close all offices, move to a central office where personnel and resources can be concentrated and deliver services to areas abandoned through a network of cooperating professionals. The central office may in turn target its case load to particular problems and issues that match emerging community development issues. Under this scenario, though every staff member must move, the resulting concentration of resources and the reorganization of activity provide new opportunities for work and service.

3) If leadership should promote collective and free-wheeling discussions early in the planning process so that agendas are shaped in the open, if these discussions are well staffed, if subcommittees develop ideas that emerge in the discussions, if program leadership commits resources to support these committees, then this agenda shaping activity will minimize the impact of agenda shaping rumors.

Status Testing

I suggested that rumors displace "power playing" behaviors from the center to the periphery of organizational process to rumor work. I argued however that under conditions of retrenchment these displaced power plays could interfere with the real power system in ways that disorganized planning and management. Status anxiety is a central feature of organizational life in a retrenchment setting and no amount of good cheer and optimism can push it away.

1) Leadership should legitimize the discussion of "individual futures" planning. Organizational culture in a period of retrenchment may punish open discussion about individuals' plans for their own future. The culture may reinforce "going down with the ship" postures. Because such plans are not discussed people have no way of testing their viability. This increases their status anxiety, since career or job alternatives to the present one seem only like wishes or dreams. Thus open and legitimated discussion about individual futures--where people can go if they are layed off, what is likely to happen to them, will enable them to develop realistic alternatives to their present job.

2) Leadership must deploy a comprehensive lay off plan that, under a reasonable range of conditions, can be executed with few surprises. Such a plan should at minimum specify the order of lay off, the timing of lay off, the amount of warning before lay off and the level of resources committed to outplacement. With such a plan, status anxiety will be somewhat minimized since staff will have a set of "trigger dates" and trigger events which will enable them to judge how much time and resources are at their disposal for making the transition out of the program.

In sum, all these suggestions share one assumption. The rumor system can be managed if leadership can develop a relatively open and collective planning process. The strength of a rumor is anonymity, its uncertainty reducing power, and its ability to resist investigation. Discrediting any single rumor takes an inordinate amount of resources. But leaders can create a climate of information sharing that resists rumors, if the climate helps structure uncertainty, produces credibility and enables people to creatively explore individual and program futures. Such a process should be developed for many different reasons. But one by-product will be an effective rumor management policy.

