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Verheyen, Tanja; Guerry, Marie

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Motives for (non) practicing demotion

Tanja Verheyen and Marie-Anne Guerry

Department of Business Technology and Operations, Vrije Universiteit Brussel, Brussels, Belgium
Abstract

Purpose – The purpose of this paper is to provide insights into the practice of demotion. This study aims to do so in two ways: first by investigating Belgian HR professionals’ key motives for practicing and not practicing demotion and second, by examining the reasons why HR professionals choose these specific motives.

Design/methodology/approach – The explanatory mixed methods design is used: survey data are analysed by cluster analysis, resulting in insights into the motives for practicing demotion. Follow-up qualitative focus group interviews provide an explanatory understanding of the motives for practicing and not practicing demotion.

Findings – Low employee performance, optimization of the organization, employer branding and career possibilities are motives for practicing demotion. Demotivation, salary issues, a taboo and a lack of vacancies are motives for not practicing demotion. A cultural change, walk the talk, carefully selected vocabulary and transparent communication could possibly counter the motives for not practicing demotion.

Originality/value – Motives for practicing and not practicing demotion are to our best knowledge never studied from a recent, Belgian HR perspective. These motives are contextualized in organizational justice theory. This study contributes to the demotion literature by elaborating the list of motives for practicing and not practicing demotion.

Research limitations/implications – The use of terminology such as “downward career twist” instead of “demotion” in some questions of the survey might have influenced the answers of the Belgian HR professionals. In a focus group, no matter how small, participants sometimes tend to give socially-desirable answers under group pressure, and this could influence the accuracy. Moreover, the HR professionals often expressed their own opinions, which they clearly dissociate from the views of the organization.

Key words: demotion, motives, explanatory mixed methods

Research paper
Introduction

Demotion, a downward transition includes opportunities for employees as well as employers. As an age-based HR policy, demotion could encourage employees, most in particular older employees, to extend their career, by working with fewer responsibilities and less job pressure (Oude Mulders et al., 2015, Rappaport et al., 2003, Remery et al., 2003). Employers could upgrade the performance of their employees by putting, eventually demoting the right man in the right place within the organization (Greenhaus et al., 2010). Despite of these opportunities HR professionals are not keen to practice demotion (Baker et al., 1994). Demotion is associated with a decrease in function-, base salary-, fringe benefits- and authority level and a change in job content towards fewer activities (Feldman and Ng, 2007, Oude Mulders et al., 2015).

A general study on the possible motives for practicing or not practicing demotion is not straightforward because motives can be country-specific. For example, in Belgium, unlike in Anglo-Saxon countries (Bachmann et al., 2014, Cardoso, 2006), the law on salary preservation inhibits a unilateral change in salary, causing employers to be reluctant to practice a demotion with a salary decrease (Lyons et al., 2012, Pettit et al., 2010). However, salary is an important issue within career mobility: in personnel economics theories, the emphasis is inter alia on salary (Lazaer, 1995, Lazaer and Shaw, 2007). In career models, such as the boundaryless career, the career mobility is driven by factors including money (Segers et al., 2008). Moreover, in Belgium salary is most often connected to seniority, which makes older workers much more expensive and which causes inter alia a low employment rate (Dohmen et al., 2004). Belgium has one of the lowest employment rates in Europe (“Employment rate for older workers”, 2014). Instead of pushing these “expensive” older workers into early retirement or dismissing them, the program act of the Belgian Government stimulates Belgian organizations to keep their over 45s and to extend their careers. The program act prescribes some measures, such as the use of internal transitions of which demotion is one of the possibilities (cao 104, art.5, 4th item: 2 of “Collective bargaining”, 2014). As such “keep your over 45s in employment” is a motive for demotion.

In the past, demotion has not been widely studied (Carson and Carson, 2007, Hall and Isabella, 1985). As the demotion process involves two main stakeholders, it is remarkable that only a few researchers study the employer’s perspective on intra-organizational demotion (Kohl and Stephens, 1990, Remery et al., 2003); most studies examine the employee’s perspective (Eby and DeMatteo, 2000, Sargent, 2003).

The present paper aims to provide answers to the questions on what the motives for the practice and non-practice of intra-organizational demotion are and why HR professionals designate certain motives to the practice and non-practice of demotion. Moreover, the paper contributes to the research on
demotion from an employer’s viewpoint. In order to extend the insights into the motives for practicing and not practicing demotion an explanatory mixed methods design is used (Creswell and Clark, 2011). This design involves qualitative data, which offers explanations for the quantitative outcomes: a survey explores the motives Belgian HR professionals bring forward for practicing or not practicing demotion. Follow-up focus group interviews explain these views more in depth. The HR professional decides to demote or not, or allows his employee to demote. He is thus a very important stakeholder in the demotion process. Therefore, it is relevant to question HR professionals on their demotion motives. The HR professional not always demotes personally, in practice the team leader or the supervisor does. However, the HR professional determines the HR policy (Armstrong, 2006). In doing so he has a clear vision on demotion. As salary is an important motive within career mobility and because it is an issue in a Belgian context, it is relevant to conduct a Belgian study.

Theoretical background

In the literature, some studies mention motives for practicing and not practicing demotion. These motives are linked to organizational justice theory. Demotion can be voluntary that is initiated by the employee or imposed, which is initiated by the employer. Imposed demotions can be perceived as unfair. Therefore, the motives are contextualized within organizational justice theory. First we explain organizational justice theory in a context of demotion, then we discuss the motives for practicing and not practicing demotion.

- Organizational justice theory

Employees can be motivated by treating them fairly. Fairness is discussed within organizational justice theory. This theory consists of three principal concepts, namely (a) procedural justice, (b) interactional justice and (c) equity theory (Greenberg and Baron, 2000). These three concepts can be specified in relation to demotions:

a. Procedural justice

Demotion is an unfavorable decision which is, in practice, mostly a “one-off” case. Few companies have a demotion policy (Verheyen and Vermeir, 2011). That means that employees cannot rely on clear-cut rules as procedural justice suggests. This can lead to an increase in the perception of unfairness towards demotion decisions. When for example the demotion motive “keeping your value and expertise for the company up to date” is not concrete and clearly demarcated, this motive can lead to perceptions of unfairness (Colquitt, 2012).

b. Interactional justice
There must be fairness in the way a decision is taken (procedural justice), however the amount of information given in the context of the decision and the way this information is communicated, also referred to as interactional justice, is equally important (Greenberg and Baron, 2000). The amount of information given in a demotion situation and the way the motive for the demotion is explained, will lead to acceptance or non-acceptance of the demotion decision. In that way, interactional justice influences the demotion practice.

c. Equity

Equity theory explains that individuals experience distress when they perceive that the output (e.g. salary) for their input (e.g. amount of time worked) is not in line with that of other individuals at the same performance level (Greenberg and Baron, 2000, Huseman et al., 1987, Leventhal, 1976). In this case, salary demotion is an equity instrument: it is important to align the salary with that of the new colleagues with the same responsibilities and work efforts (Bosse et al., 2009, Emans, 2011, van Dalen and Henkens, 2016). In the next paragraphs, we will discuss how this way of practicing demotion also has a downside.

- Motives for practicing demotion

Motives for practicing demotion are situated at a macro, meso and micro level. Economic recession at a macro level, leads to reorganization or downsizing of the organization (Ng et al., 2007). Employers demote in a recession to retain the employees’ experience and knowledge as to be able to promote again when the economic situation revives (Golembiewski, 1982).

Mergers, reorganizations and a reduction in force are motives for practicing demotion at a meso level (Carson and Carson, 2007). Demotion can be practiced for cost efficiency reasons or to rebalance the productivity rate and wage of the employee (Schippers, 1989). Punishment is also a motive for demotion, as for example some banks have a punishment-policy (More, 1962).

On a micro level employees request themselves to demote under certain circumstances. For example, an employee chooses demotion to broaden skills and competences under the lee of a lower job level in order to have greater promotion probabilities in the future; an employee request demotion for health motives or in order to rebalance work and life (Stephens and Kohl, 1989, Verheyen and Vermeir, 2011).

Superior or poor performance are motives for practicing promotion and dismissal (Hofstede et al., 1990) but also for practicing demotion. These motives are situated between the meso and the micro level as they are brought forth by employers as well as employees. A failed promotion, incompetence
and the Peter Principle are motives for demotion (Carson and Carson, 2007, Goldner, 1965). To avoid large transaction costs employers will rather keep their older workers into the organization when they perform poor; younger workers with poor performance however, face dismissal (van Dalen and Henkens, 2016). Employers indicate that demotion is justified when employees cannot keep their value to and expertise for the company up to date (Emans, 2011). Employees are willing to accept demotion as an alternative to dismissal or in exchange for job security (Groot, 1997). In order to extend the careers of over-50s demotion can be an initiator (Isabella and Hall, 1984). A conflict with a colleague or a hierarchically superior supervisor can lead to demotion (Verheyen and Vermeir, 2011).

An overview of the motives for practicing demotion examined at macro, meso and micro level is shown in Table one:

“put Table 1 here”

- **Motives for not practicing demotion**

In contrast to the motives for practicing demotion, motives for not practicing demotion have not been extensively researched and the existing literature is rather dated. HR professionals are not keen on practicing demotion because they fear demotivation of the employee or resentment of unions (Baker et al., 1994, van Dalen and Henkens, 2016)). The motives for not practicing demotion are also linked to justice theory: an employee who has been working his entire life for the same employer and is then forced to accept demotion will feel betrayed by the employer; he has given his loyalty, talent and knowledge to his work and perceives his demotion as unfair (Greenberg et al., 2007, Greenberg et al., 2004, van Dalen and Henkens, 2016). To avoid demotivation, some employers demote their employees without cutting the salary, this is not in line with equity theory and will lead to frustration among employees and feelings of anger and guilt. Salary inequity can, for example, lead to underperformance, i.e. employees who are underpaid will lower their input (Greenberg and Baron, 2000). As such, organizational justice in general and equity theory in particular influence aspects of work performance, engagement and commitment, turnover and absenteeism (Colquitt, 2012, Gelens et al., 2013, Farndale et al., 2011, Judge and Kammeyer-Mueller, 2012, Purcell et al., 2003). These are motives for not practicing demotion. Furthermore, employee creativity is also a motive for not practicing demotion, since a demotion might curb the employee’s creativity (Chang et al., 2014).

Several motives for practicing demotion are found in literature. Though, to our best knowledge, these have not yet been researched in a recent, Belgian context. Therefore, it is relevant to research organizations on these motives. Moreover, the motives for not practicing demotion are scarce and the literature is dated. Therefore, this paper’s research questions are:
Question 1a: What are the key motives of Belgian HR professionals for practicing demotion?

Question 1b: What are the key motives of Belgian HR professionals for not practicing demotion?

Question 2a: Why do Belgian HR professionals designate these specific motives regarding the practice of demotion?

Question 2b: Why do Belgian HR professionals designate these specific motives regarding the non-practice of demotion?

Question 3: How are these motives contextualized in Organizational Justice Theory?

Methods

An explanatory mixed methods design is applied (Bryman, 2006) as other researchers used this method in motives studies (i.a. Yeager et al., 2012). A survey is conducted to identify the key motives for practicing and not practicing demotion. Follow up focus group interviews explain the findings more in depth.

Quantitative data collection and analysis

1.1 Survey

An inventory of the motives for practicing and not practicing demotion served as a basis for setting up an online survey. Because in small companies, demotion is not regularly practiced, HR professionals from medium and large Belgian companies were surveyed (Josten and Schalk, 2010). The survey was available online and the link was distributed through Belgian HR-services, head hunter companies and HR-network organizations. Over a period of four months (September through December 2012) 297 respondents logged on, 113 of them completed the questionnaire, while 184 respondents left the site before finishing the questionnaire. Out of these 184 respondents, 18 questionnaires were extracted with partially completed answers, which were nevertheless useful for a part of the analysis. This resulted in a total of 131 answered questionnaires. In this paper, the HR professional is queried. The general term “HR professional” refers to the respondents who work in various positions within the HR department, such as HR director, HR manager, HR officer, HR business partner, etc. These HR professionals are in this research perceived as more suitable for the purposes of the study than team leaders or line managers because on the one hand these HR professionals have a responsibility towards the creation or the execution of the HR policy regarding demotion. On the other hand, they support or guide the team leaders or line managers in demoting their employees. As such the HR professional has a broader and better insight into the policy and practice of demotion in the company.
The respondents’ average age was 47 (SD = 8.390), the youngest participant was 26, the oldest 65. Gender is taken into account in the analysis because men and women have different leadership styles (Eagly and Johnson, 1990, Appelbaum et al., 2003), which could influence the respondents’ choice of certain motives. The sample is almost equally divided regarding gender. The respondents are employed in different sectors. The NACE-code (“NACE-Bel”, 2014), established by the European Union, is used to divide the economic activities of the companies into sectors. However, some sectors had very low frequencies, were very diverse and the number of sectors was too large to handle. Therefore, the industries were recoded to three global sectors: service-oriented (e.g. insurance companies, 55%), production-oriented (e.g. construction industry, 29%) and non-profit companies (e.g. healthcare, 16%).

1.2 Measures

To the question: (1) [“According to you, under what conditions can a downward career twist be executed tailored to the objectives of the organization?”] and the question: (2) [“According to you, under what conditions can a downward career twist be applied attuned to the employee?”] the participant had to rate respectively 7 and 10 items on a five-point scale ranging from “can absolutely not” to “can absolutely”. The respondents, who did not answer the question querying the actual practice of demotion affirmatively, were asked for their motives through two additional questions, namely (1) [“To what extent are the following aspects at an employee level important for not practicing demotion?”] and (2) [“To what extent are the following aspects at an organizational level important for not practicing demotion?”]. Then the respondent had to rate respectively 7 and 4 items on a five-point scale ranging from “not at all” to “very much”.

An inventory of motives is presented in Table 1. The item “job security” is queried in questions 1 and 2 of the practice of demotion. As a result of a good correlation (Spearman correlation coefficient equal to 0.654) one item is kept in the analysis, namely the item on the organizational level queried in the first question, which brings the total of items on the motives for practicing demotion to 16. Eleven items are analyzed as motives for not practicing demotion. An overview of the specific items is presented in Table 2.

“put Table 2 here”

1.3 Statistical analyses

First a univariate descriptive analysis was executed. Due to insufficient response on the motives for not practicing demotion resulting in a large number of missing values, only the most notable results for the motives for practicing demotion are discussed. Table 3 shows the mode and the median score for each item. The median and mode score for “self-request” as a motive for practicing demotion is 5,
these figures are also supported by the high percentage of HR professionals who indicate that self-request is a motive for practicing demotion (i.e. score 4 and 5 - 96.8%, n = 120). “To keep over 50s into employment” is for the majority of HR professionals also seen as a motive for practicing demotion (i.e. \textit{score 4 and 5} - 71%, n = 88). “Conflicts with colleagues or a hierarchically superior supervisor” are not at all seen as motives for practicing demotion. This is expressed by the score of the mode and median, but also by the neutral and negative response. The score on the neutral response is respectively 35% (n = 43) and 30% (n = 37) and on the negative response (\textit{i.e. score 1 and 2}) is respectively 39% (n = 48) and 46% (n = 57). “Reorganization”, “Merger” and “Reduction in force” all score more than 70% as a motive for practicing demotion. Another high percentage is for the motive “when the employee cannot cope with his work”, 89% of the HR professionals (\textit{i.e. score 4 and 5} - n = 123) indicate that this is a motive for practicing demotion.

\textit{“put Table 3 here”}

In order to find homogeneous groups of HR professionals (also referred to as “cases”), a cluster analysis technique was used, which enables the grouping of the cases into more manageable clusters (Burns and Burns, 2008). Moreover, the variables are measured on an ordinal scale, which makes cluster analysis suitable. In addition, several researchers successfully used cluster analysis in a context of labour (Poell et al., 2006) or to organize motives into segments (Lee et al., 2006, Van de Vrande et al., 2009).

Since there is no prior indication of the number of clusters that is appropriate, the analysis is performed in three stages: first, a hierarchical cluster analysis using Ward’s Method is carried out resulting in an indication of the appropriate number of clusters. Secondly, the hierarchical cluster analysis is rerun with the selected number of clusters. Thirdly, to verify whether the differences between the clusters are significant non-parametric methods are used such as a Mann-Whitney U-test (in the case of two clusters) and a Kruskal-Wallis-test (in the case of three clusters) (Van de Vrande et al., 2009: 431). The cluster algorithm of Ward is applied, in which an analysis of variance approach is used to evaluate the distances between clusters. In order to decide if a case is a member of a cluster, this method calculates the total sum of squared deviations from the mean of a cluster. The case becomes a member of the cluster when it produces the smallest increase in the error sum of squares (Burns and Burns, 2008).

2. \textit{Qualitative data generation and analysis}

Focus group interview techniques are particularly suitable for gathering inter alia motivations and opinions (Britten et al., 1995, Morgan, 1988). Nevertheless, these techniques have been rare in studies
on demotion up till now. In order to be able to explain the quantitative results, qualitative focus group interviews were conducted.

2.1 Participants

The respondents had to meet a number of conditions, such as (1) being employed in a medium or large company (Josten and Schalk, 2010), (2) being a member of management, (3) being experienced in HR management (Armstrong, 2006), (4) being able to express their visions and be prepared to share personal views regarding the practice, or not, of demotion. The participants were partly recruited from the quantitative sample group and partly through HR management fora and by the snowball method (i.e. one participant introduces another participant, who introduces another). The ten focus groups consisted of 31 participants in total. The groups were equally divided regarding gender. The participants’ age ranged from 35 to 64, the average age was 50 years. The respondents had between 2 and 33 years of experience in HR management, with an average experience of 20 years. Eleven participants came from production-oriented companies (e.g. petrochemical industry), 20 participants were from service-oriented companies (e.g. HR service companies).

2.2 Procedure and data analyses

The interview guide consisted of introductory, core, transition and wrap-up questions (Krueger, 1998). To gain insights into the respondents’ views on the obstacles preventing the practice of demotion, possible solutions to these obstacles and opportunities stimulating the practice of demotion, different focus group techniques are used: for example, the participants discuss controversial propositions, complete unfinished sentences and list motives and consequences of demotion. The interviews were conducted between February and May 2013. Trustworthiness of the focus group data was established through respecting credibility, dependability, transferability and conformability (Morrison-Beedy et al., 2001).

The data analysis is based on the successful approach of previous researchers (Claes and Heymans, 2008) where the findings of the focus group interviews were compared with the demotion literature. Then, the interviews’ findings were examined with the purpose of exploring and contextualizing the results of the survey, as prescribed by the explanatory mixed methods design. The transcripts were made promptly after the interviews. Each coder read the transcripts. These were re-read several times. Open coding was conducted. The two coders met and compared codes. After the axial coding, the coders compared again. Then the inductive method was used to extract the topics to be discussed. The interpretative model was adopted to report on the results of the focus group interviews: the transcripts are interpreted and where supporting or relevant, a participant is quoted (Wilkinson 1999).
Results

1. Performance and optimization: results from the survey

The cluster analyses resulted in current Belgian motives for practicing demotion; the analyses could not provide motives for not practicing demotion, due to insufficient response.

The analysis was carried out on 123 valid cases (n = 123). In order to determine the number of clusters, a hierarchical cluster analysis, according to Ward’s method, was carried out. Table 4 shows a plot of the agglomeration coefficients.

“put Table 4 here”

The column “Change” explains adequately the choice for three clusters: 218.876 indicates the biggest difference between three and four clusters. The lowest number of clusters is chosen, namely three. Based on this knowledge, the cluster analysis is processed again and explains the characteristics of each cluster and the differences between the three clusters (cluster one: n = 78, cluster two: n = 31, cluster three: n = 14). A Kruskal-Wallis-test verifies whether the differences between the three clusters are significant.

- Characteristics of each cluster

The analysis states that cluster one is predominantly characterized by “the employee cannot cope with his work”, followed by “the employee performs below the expected level of job content”. “Conflicts with a colleague” and “conflicts with a hierarchically superior individual” score the lowest. Cluster two is predominantly characterized by “the employee cannot cope with his work”, closely followed by “reorganization” and “reduction in force”. This cluster has the lowest score for “conflicts with a colleague” and “conflicts with a hierarchically superior supervisor”. Cluster three is predominantly characterized by “merger” and “reduction in force”. “The employee is not productive enough” and “the employee performs below the expected level of job content” score the lowest.

The HR professionals demote to increase the performance of the employee or the organization. “Low performance” (Cluster 1) includes “the employee performs below the expected level of job content” and “the employee cannot cope with his work”. “Low performance and optimization” (Cluster 2) involves “the employee cannot cope with his work”, “a reorganization” and “a reduction in force”. “Optimization” (Cluster 3) consists of “a merger”, “a reorganization” and “a reduction in force”. This is visualized in Table 5.

“put Table 5 here”
With respect to the demographics the majority of “Low performance” cases appear in non-profit companies. The most “Optimization” cases occur in service-oriented companies. HR professionals aged between 36 and 49 appear most often in “Low performance and optimization” and those aged over 50 emerge most often in “Optimization”. There are no HR professionals younger than 41 occurring in “Optimization” and the majority is male.

- Differences between the clusters

Table 6 presents the means of the clustering variables for each of the three clusters and the significance level of the Kruskal-Wallis-test. This test shows that the differences between the clusters for all except three variables are significant, namely “self-request”, (to keep) “over 50s” (at work) and “long-term illness”. Although the differences in mean values between the clusters are not significant, it is noticeable that “self-request” predominantly characterizes every cluster with the highest scores. In comparing clusters one and two, the mean scores differ the most between the clusters for “economic recession” and “cost efficiency”. Comparing clusters two and three, results in the highest difference in mean scores between the clusters for “the employee performs below the expected level of job content” and “the employee is not productive enough”. In comparing mean scores, cluster three differs the most with cluster one regarding “the employee performs below the expected level of job content” and “the employee does not reach the expected production level”.

“put Table 6 here”

2. Obstacles, solutions and opportunities for demotion: results from the qualitative data

The analyses of the focus groups result in insights into obstacles, which express motives for not practicing demotion, into solutions to these obstacles and into opportunities, which express motives for practicing demotion.

Obstacles preventing the practice of demotion

Several respondents indicate obstacles which keep them from practicing demotion in the workplace. Four main themes are mentioned, namely a lack of vacancies, demotivation, salary and taboo. Some participants do not have enough vacancies to redirect the employee. Therefore, the employee is often dismissed instead of demoted even though demotion might have been a solution. One of the participants expresses it as follows: “... before we can relocate someone, we have to have a vacant position, we are not going to create a new function.” Other participants explain they have a certain amount of jobs where the job content is very specific or the job requires specific skills and extensive
knowledge. These expert employees are not easy to move from one job to another; in this context demotion is in generally uncommon.

Demotivation comes with demotion; all respondents agree on that. However, they experience this demotivation as a temporary phenomenon. When demotion is the right solution for the problem, demotivation will fade in the long run, they argue. To reduce demotivation, the respondents provide training, internal or external coaching and follow-up consultations. If the employee’s demotivation continues, the respondents consider dismissal. The participants note that when the employee takes the initiative to demote he is less demotivated.

The respondents remunerate the employees according to their job responsibilities, function level and job grading. When they demote, in the sense of a decrease in these dimensions, they are very frustrated that they cannot lower the base salary on a unilateral base because of the Belgian law on safeguarding salary. “… we apply functional premiums, so when people change functions, we can adjust the salary” (by abolishing the functional premiums). The respondents find it fair that the level of the salary is in relation to the job responsibilities, the function level and the job grading; not only towards the employee involved, but also towards the team to which the demotee is assigned. So, the respondents strive for pay equity. The HR professionals also think that the link between seniority and wage is a barrier for job mobility within the company. “… how we have made agreements concerning salaries in our labour market for generations, is a discouraging factor for our labour mobility today ... !”

The only solutions the respondents see today are cutting the fringe benefits or negotiating a new contract.

The participants believe that demotion is not, as yet, a part of their organizational culture, as seen by the demotion taboo. The respondents observe that their employees are not quick to ask for a demotion. As HR professionals they observe the taboo among their peers and certainly in relation to the unions. For these reasons, some of the respondents are afraid to consider demotion in their organizations. “..., the idea of demotion is not embedded in the mind of our employees as something worth considering, ..., it is more a taboo than an open discussion, and to me that’s wrong”.

Possible solutions to the afore-mentioned obstacles

The participants suggested a culture change and “walking the talk” an expression which refers to the fact that when people believe in something, they should be willing to act accordingly (Kennedy et al., 2009). In addition, the respondents suggested carefully selected vocabulary and transparent communication as solutions.
According to the HR professionals a culture change on a societal as well as on a company level contributes to successfully practicing demotion. Successful means that the demotee is “back on track”. “I often see when someone is not functioning well; he can have a particularly negative impact in the workplace. Demotion can then create a positive dynamic in this workplace... it also creates company culture, with these demotions you can install a number of values within the company”.

If the HR professional wants demotion to be a more acceptable transition and he wishes to implement the idea in the company culture, he must believe in the opportunities of demotion. This is a way of expressing “walking the talk”. In practice, one way to walk the talk could be that the HR professional is prepared to be demoted himself or to consider demotion for him. For some respondents, the idea of this self-demotion is not appealing: “… I worked hard to get where I am now. I wouldn’t mind getting a lateral transition, but taking a step back for the benefit of someone else, no”.

Demotion has a pejorative connotation according to the respondents. The HR professionals are convinced that a carefully selected vocabulary could contribute to the success of demotion. They suggest alternative words for demotion as “career change, rotation, mutation, reorientation or refocus”, although it is not always clear what these words exactly stand for.

According to some HR professionals a change in vocabulary can only work when the company culture supports the practice of demotion, when management has a clear vision on demotion and has it embedded within a talent strategy.

The participants agree that the demotion process and the related communication must be more transparent and clear, and will need time. Some respondents note that the supervisor sometimes fails to give the employee concerned clear signals. As a result, the demotion message often comes out of the blue and the employee is taken by surprise. The respondents regard a clear motivation for the demotion as a basic form of respect towards the demotee.

Opportunities for practicing demotion

The respondents express some valuable opportunities for practicing demotion, such as employer branding and career possibilities. In what follows, these opportunities are discussed in detail.

If the demotion is perceived as successful by the employee, this can ensure employer branding. One of the respondents explains this as follows: “... an image of “caring”, in the sense of: “look, the organization does not dismiss, they search as far and as long as possible to find an internal solution”.

The respondents are convinced that a successful demotion can boost the performance and create positive dynamics. When the demotion removes an unsuited employee, the whole department can
revive. The employer can retain the talent and competences of the employee, this time at the right
place within the company.

Demotion is also seen in the context of extending the career of older workers. It is noticeable that the
HR professionals do not interpret demotion as the means to extend these careers. A demotion in the
sense of losing job authority and decreasing work pressure can be a possible solution to extend the
older worker’s career, but the HR professionals do not find it the ideal solution because they fear
demotivation. They find better solutions in the adaptation of the ergonomics or a reduction in the
working hours. However, a reduction of 10, 20 or 50 % in working hours very often results in a
demotion: quite a lot of the respondents are convinced that a management function can only be
executed on a full-time basis. Reducing the working hours implies quitting the management level. “…
for example, it is mostly an older employee who will ask to work part time. And then we have a
problem: “yes, but you lead a team. Working part time in combination with leading a team is difficult.
In case of working 80%, the team will be without a leader for one day per week”. Then we start, as an
employer, putting pressure on the person to change the function. Officially, the function will stay the
same, but it will become a non-management position or a logistic position, where the individual does
not have to be a leader anymore. It is considered a demotion, but we never tag it like that”.

Discussion

An important issue is that there is a clear difference between the intention to practice demotion, the
actual practice and the perceived practice of demotion (Wright and Nishii, 2013). When the intended
practice of demotion is implemented in the organization’s strategy it becomes an actual practice. The
perceived practice is nothing more than a subjective interpretation of a possible practice (Liao et al.,
2009, Wright and Nishii, 2013), but a perceived practice sometimes has a bigger impact on attitudes
and behavior than the actual practice has (Boxall and Macky, 2009, Gelens et al., 2013).

In the present study, some HR professionals mentioned that demotion is still a by exception practice,
which is not in line with the results on the occurrence of demotion in Belgium based on the SILC-data
of 2007-2011 (Verheyen et al., 2016). A possible explanation could be that this SILC-study is based on
employees’ data, Conen et al. (2012) and van Dalen et al. (2010) found low demotion rates based on
employers’ data. Depending on whether it concerns the employers’ or employees’ perspective,
demotion could be perceived differently: In case for example an employee is fired and starts to work
in another organization at a lower level, this employee could perceive this lower job level as a
demotion. Though, this inter-organizational demotion is not perceived as such by the employer. The
study of Verheyen et al. (2016) does not make a distinction between intra- and inter-organizational
demotions. Therefore, it could be that the demotion figures mentioned in this study are higher because
they include intra-as well as inter-organizational demotions; and that the studies of Conen et al. (2012) and van Dalen et al. (2012) show lower demotion figures because only intra-organisational demotions are included. Yet another explanation, which is indicated by the survey results, could be that in practice particular sectors as the financial sector, are practicing demotion on a large scale, yet this sector is not representative for all sectors. Still, another explanation could be in interpretations given to the word demotion: some HR-professionals associate demotion with a salary decrease, others without a salary decrease, these different associations generate diverse amounts of demotion.

In this discussion section, in what follows, the motives for not practicing demotion are discussed first: demotivation, salary, taboo and a lack of vacancies. Then the motives for practicing demotion are considered, namely career possibilities, employee performance, organizational optimization and employer branding. The HR professionals’ designation of certain motives for practicing and not practicing demotion are in line with organizational justice theory. As such, these motives are discussed and contextualized within this theory.

Demotivation is a frequent threat to demotion, and is seen as a logical consequence of demotion. The literature confirms this motive for not practicing demotion, though it is not supported by the quantitative analysis. The qualitative analysis however, puts this motive in another perspective: because HR professionals see demotivation as temporarily, it could be considered as an inhibitor of the demotion practice. HR professionals provide training and coaching to reduce demotivation when they could avoid demotivation in the first place, by respecting the principles as prescribed within interactional justice theory. If the HR professional provided insufficient or untruthful information about the demotion decision, or explained the demotion in a very disrespectful way, the employee will feel unfairly threatened and will be demotivated. Although the HR professionals say that communicating a clear motivation for a demotion decision is a basic form of respect towards the demotee; it is not clear whether they practice what they preach.

Another possibility of countering demotivation in a demotion situation could be the enrichment of the demotee’s job content or his empowerment. Niehoff et al. (2001) found that job enrichment affects managers’ loyalty in a downsizing environment (Niehoff et al., 2001).

The qualitative results mention “salary” as a motive for not practicing demotion. The Belgian issue regarding the prohibition of a unilateral decrease of the base salary can be seen as an inhibitor of demotion. Since HR professionals are already actively practicing creative alternatives to the reduction in base salary, such as lowering or abolishing the fringe benefits or the functional premiums, it is not an “excluder” of demotion. The law on the safeguarding of the salary is a Belgian law; it is not generally practiced throughout Europe. This salary motive is linked to the quantitative result, namely HR
professionals do not practice demotion when this practice opposes collective bargaining. This is in line with the Belgian context of the power of strong labour unions power and the importance of following collective bargaining in order to maintain social peace (Marginson et al., 2003). If HR professionals were to negotiate a collective agreement on a salary decrease in the case of a demotion, both motives would be redundant. Moreover, in the context of equity theory, supporting salary inequity is unfavorable, as it results in underperformance, frustration and demotivation. Although this inequity is not an issue in every culture, it is in line with collectivistic cultures (e.g. Thailand) to strive for pay equity; in individualistic cultures (e.g. the United States) it is more common to have individual differences in pay (Greenberg and Baron, 2000, Hofstede and Hofstede, 2005). Following the principles of interactional justice that is for example a transparent and respectful communication, could avoid negative feelings and employee frustrations and result in an acceptance of a salary decrease in the case of a demotion decision, without a collective agreement.

As the HR professionals consider the demotion taboo as a motive for not practicing demotion, they are looking for solutions which are taboo-breaking. They suggest changing the company culture, walking the talk, improving the communication and the demotion language. The focus group findings are in line with the literature on organizational culture. A correct company culture in a demotion context is open and transparent towards demotion. This means that demotion is negotiable and that the consequences of the demotion are transparent for the employer as well as the employee (Hofstede and Hofstede, 2005, Schein, 1984). This is also in line with organizational justice theory which pleads for open, transparent communication.

Transparent communication is an important observation already expressed in demotion literature. Research argues for less ambiguity in communication because it leads to fear and low morale amongst managers (Goldner, 1965). Tan and Kramer (2012) explain the role of communication in a voluntary downward career change. They describe the demotee’s communication before, during and after his career change. Social identity theory explains that careers and identity are entwined in such a way that they are interchangeable: when careers change, the identities change too (Tajfel and Turner, 1986). The demotee reframes the demotion message in his favour so his embarrassment towards his environment is downsized (Tan and Kramer, 2012). The HR professional could practice these theoretical insights by helping together with the demotee to build that message in such a way as to decrease the demotee’s perceived failure or demotivation.

All motives for not practicing demotion can be refuted, but they need time and thorough discussion at company, sector and societal levels. Only a lack of vacancies is a very practical motive for not practicing
demotion, for which no straightforward solution can be found. This lack is inherent to specific company structures or is due to a constraint on the available full-time equivalents.

Although career possibilities, as a motive for practicing demotion, might partially compensate for a lack of vacancies, the survey analysis reveals that the employee’s performance and the organization’s optimization are two major motives for practicing demotion. This is in line with the literature on demotion (Carson and Carson, 2007, Hofstede et al., 1990). Organizational justice theory explains that the level of organizational commitment, work performance and trust in management is strongly related to perceptions of fairness (Colquitt, 2012, Farndale et al., 2011, Mohyeldin Tahir Suliman, 2007). That means that it is in an employer’s best interests to communicate the demotion decision respectfully and truthfully, providing sufficient honest and truthful information in order to increase the demotee’s commitment, trust and performance.

There are some interesting demographic outcomes to the clusters on the motives for practicing demotion: non-profit organizations (NPOs) mostly practice demotion for “Low performance” reasons. As “Low performance” is more employee-oriented, a possible explanation could be that the HR professionals of NPOs are not as such involved in organizational reorganization and mergers, since NPOs depend mainly on external funding. NPOs have different management styles and focuses than organizations for profit do. As such, NPOs could be much more directed towards people than towards the organization as a whole in daily practice (Macedo and Carlos Pinho, 2006). In “Optimization” mainly male HR professionals occur. There is a difference in leadership styles between men and women (Appelbaum et al., 2003). This could be of influence on the HR professionals’ choice for certain motives of demotion. “Optimization” is also characterized by older HR professionals. A possible explanation for the link between the respondent’s age and the choice for certain motives of demotion might be found in the fact that certain ages, belonging to certain generations, are driven by different career values (Twenge et al., 2010).

“Caring” as an aspect of employer branding is a motive for practicing demotion which is suggested by the HR professionals in the focus groups. This motive has not yet occurred in the literature on demotion, as such it is an elaboration of that literature from an employer point of view. This motive will only gain importance as good, qualified employees become scarce in the future (Edwards, 2009). “Caring” is also a “fragile” motive as many things can go wrong. For example, the employer can initiate demotion for a caring motive, but because he communicates it in a clumsy, untruthful way (cfr interactional justice), the demotee might perceive the demotion differently. There are many different aspects that determine a brand which can include “caring”. Moreover, these aspects are organization specific (Edwards, 2009).
“Self-request” is a general motive for demotion initiated by the employee, which refers to motives such as health reasons, work-life balance or the opportunity of broadening skills at a lower level. In the quantitative analysis, “self-request” occurred frequently in the three clusters, but did not characterize one cluster in particular. Nevertheless, this motive is highly relevant, because when the initiative is taken by the employee, the obstruction or demotivation will be less strongly present (Carson and Carson, 2007). “Self-request”, is seen by the HR professional as the “ideal” motive for demotion. However, due to a lack of vacancies, this motive can be thwarted. A lack of vacancies is a motive for not practicing demotion, which was not mentioned in the literature on demotion. Another obstacle, in addition to a lack of vacancy, for choosing “self-request” is that it implies a sense of ownership (Baruch, 2006, Schein, 2006) which infers the employee is managing his own career (De Vos and Soens, 2008). This self-management is not yet widespread, but mostly relates to adaptive and proactive employees (Raabe et al., 2007).

It is noticeable that the analysis of the focus group interviews resulted in a focus on so called “soft skills” such as communication and motivation, and of the survey resulted in a focus on “hard skills” such as optimization and performance. An explanation can be found in the fact that communication and motivation were not queried in the survey. As such, the qualitative analysis could not fully explain the quantitative results. However, the qualitative results, due to the focus group technique, give more insights into the broader views on the practice of demotion in a daily, organizational context.

This research contributes to the demotion literature since some of the discussed motives for practicing and not practicing demotion have not yet appeared in the literature yet. Moreover, the present paper contextualizes the practice of demotion within organizational justice theory. This theory reveals how demotion can be an opportunity for the employee and the organization, provided there is socially sensitive communication and that the right amount of information on the demotion decision is given. Organizational justice theory holds the solution towards a better practice of demotion possibly without resentment of unions or demotivation of employees, but on the contrary, towards a career opportunity. However, in that situation, a change in language, from demotion towards career twist, would be highly recommended.

**Limitations and future research**

The use of terminology such as “downward career twist” instead of “demotion” in some questions of the survey might have influenced the answers of the Belgian HR professionals.
In a focus group, no matter how small, participants sometimes tend to give socially-desirable answers under group pressure, and this could influence the accuracy. Moreover, the HR professionals often expressed their own opinions, which they clearly dissociate from the views of the organization.

Demotion is a current topic, linked to several other topics such as the Belgian law on salary, seniority and the imbalance between productivity and wages. These topics are being fiercely debated at present in Belgium, which implies that the research on demotion is an ongoing process.

The influence of age, gender and sector on the cluster outcomes need to be further researched, such as, for example, the relationship between NPOs and certain motives of demotion. But the finding that male HR professionals occur more in some clusters than females and the possible link between these differences and those in leadership styles should be further researched in depth.

Employer branding and self-request as motives for practicing demotion are interesting results though under researched.

The present paper only studies intra-organizational demotions in line with other studies regarding the employer’s point of view (Remery et al., 2003). The number of inter-organizational demotions is not to be underestimated and should be further researched.

Demotion is studied from an employer’s point of view in the present paper. A survey among employees or focus group interviews with demotees could give practical insights into the motivation of employees choosing for demotion. These studies could also show the opposite side of the demotion story.
References


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of the oil and gas industry”, *Journal of Managerial Issues*, 1 (1), 35-43.


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</table>
Table 1: Overview of the motives for practicing demotion based on the literature study

<table>
<thead>
<tr>
<th>Micro level (employee)</th>
<th>Meso level (organization)</th>
<th>Macro level (society)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SELF REQUEST</strong></td>
<td><strong>PERFORMANCE</strong></td>
<td><strong>OPTIMIZATION</strong></td>
</tr>
<tr>
<td>Health reasons</td>
<td>A failed promotion</td>
<td>Economic decline</td>
</tr>
<tr>
<td>The opportunity to broaden skills at lower level</td>
<td>Incompetence</td>
<td>Economic downturn</td>
</tr>
<tr>
<td>Balance of work and life</td>
<td>Peter Principle</td>
<td>Economic recession</td>
</tr>
<tr>
<td><strong>OPTIMIZATION</strong></td>
<td>Punishment</td>
<td></td>
</tr>
<tr>
<td>Mergers</td>
<td></td>
<td>Economic downturn</td>
</tr>
<tr>
<td>Reorganization</td>
<td></td>
<td>Economic recession</td>
</tr>
<tr>
<td>Reduction in force</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imbalance productivity rate and wage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost efficiency</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 2: Overview of the items queried in the survey

<table>
<thead>
<tr>
<th>Survey questions</th>
<th>Items</th>
</tr>
</thead>
</table>
| (1) [*“According to you, under what conditions can a downward career twist be executed tailored to the objectives of the organization?”*] | There is an economic downturn  
There is a reorganization  
There is a merger  
There is a reduction in force  
Cost–efficiency is pursued  
To keep over-50s at work  
To guarantee job security |
| (2) [*“According to you, under what conditions can a downward career twist be applied attuned to the employee?”*] | Self–request by employee  
A conflict with a colleague  
A conflict with hierarchically superior individual(s)  
Long–term illness of the employee  
When the employee is not productive enough  
When the employee cannot cope with his work  
As an alternative to dismissal  
The employee performs below the expected level regarding the job content  
The employee does not reach the expected productivity level |

### Table 3: Descriptive analysis of the motives for practicing demotion

<table>
<thead>
<tr>
<th>Survey questions</th>
<th>Items</th>
</tr>
</thead>
</table>
| (1) [*“To what extent the following aspects on an employee level are important for not practicing demotion?”*] | Employee satisfaction  
Work motivation  
Career orientation  
Work engagement  
Organizational engagement  
Individual creativity  
Job insecurity |
| (2) [*“To what extent the following aspects on an organizational level are important for not practicing demotion?”*] | Absenteeism  
Turnover  
Social conflicts  
Collective bargaining |

<table>
<thead>
<tr>
<th>Items</th>
<th>Mode</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is an economic downturn</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>There is a reorganization</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>There is a merger</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>There is a reduction in force</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Cost-efficiency is pursued</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>To keep over-50s at work</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>To guarantee job security</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Self-request by employee</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>A conflict with a colleague</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>A conflict with hierarchically superior individual(s)</td>
<td>2</td>
<td>2.5</td>
</tr>
<tr>
<td>Long-term illness of the employee</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>When the employee is not productive enough</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>When the employee cannot cope with his work</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>As an alternative to dismissal</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>The employee performs below the expected level regarding the job content</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>The employee does not reach the expected productivity level</td>
<td>4</td>
<td>4</td>
</tr>
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</table>

**Table 4:** Agglomeration plot regarding the motives of demotion

<table>
<thead>
<tr>
<th>Number of clusters</th>
<th>Agglomeration of the last step</th>
<th>Coefficient of this step</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>2391.545</td>
<td>2136.534</td>
<td>255.011</td>
</tr>
<tr>
<td>3</td>
<td>2136.534</td>
<td>1917.658</td>
<td>218.876</td>
</tr>
<tr>
<td>4</td>
<td>1917.658</td>
<td>1767.832</td>
<td>149.826</td>
</tr>
<tr>
<td>5</td>
<td>1767.832</td>
<td>1650.563</td>
<td>117.269</td>
</tr>
<tr>
<td>6</td>
<td>1650.563</td>
<td>1554.632</td>
<td>95.931</td>
</tr>
</tbody>
</table>

**Table 5:** Visualization of the characteristics of each cluster

- **Low performance (Cl.1)**
  - the employee cannot cope with his work
  - the employee performs below the expected level of job content

- **Low performance/Optimization (Cl.2)**
  - the employee cannot cope with his work
  - reorganization

- **Optimization (Cl.3)**
  - merger
  - reorganization
  - reduction in force

**Table 6:** Means per cluster and Kruskal-Wallis-test (KW) regarding the motives of demotion
<table>
<thead>
<tr>
<th>Variables</th>
<th>Cluster 1 (n = 78)</th>
<th>Cluster 2 (n = 31)</th>
<th>Cluster 3 (n = 14)</th>
<th>KW $\chi^2$ (df=2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic recession</td>
<td>2.82 (1.14*)</td>
<td>4.23 (0.81*)</td>
<td>3.36 (1.39*)</td>
<td>30.68*</td>
</tr>
<tr>
<td>Reorganization</td>
<td>3.76 (0.94)</td>
<td>4.58 (0.67)</td>
<td>4.07 (1.07)</td>
<td>22.68*</td>
</tr>
<tr>
<td>Merger</td>
<td>3.59 (1.06)</td>
<td>4.35 (0.84)</td>
<td>4.21 (0.89)</td>
<td>16.35*</td>
</tr>
<tr>
<td>Reduction in force</td>
<td>3.68 (1.05)</td>
<td>4.58 (0.72)</td>
<td>4.14 (0.77)</td>
<td>22.59*</td>
</tr>
<tr>
<td>Cost efficiency</td>
<td>2.79 (1.09)</td>
<td>4.32 (0.70)</td>
<td>3.57 (1.16)</td>
<td>37.68*</td>
</tr>
<tr>
<td>Over 50s</td>
<td>3.74 (1.11)</td>
<td>4.06 (1.15)</td>
<td>3.93 (1.07)</td>
<td>2.94</td>
</tr>
<tr>
<td>Self-request</td>
<td>4.60 (0.67)</td>
<td>4.87 (0.43)</td>
<td>4.93 (0.27)</td>
<td>8.87</td>
</tr>
<tr>
<td>A conflict with a colleague</td>
<td>2.62 (1.04)</td>
<td>3.39 (1.36)</td>
<td>2.79 (1.19)</td>
<td>9.78**</td>
</tr>
<tr>
<td>A conflict with a hierarchically superior individual</td>
<td>2.42 (1.00)</td>
<td>3.42 (1.36)</td>
<td>2.79 (1.25)</td>
<td>14.50*</td>
</tr>
<tr>
<td>Job security</td>
<td>3.36 (1.03)</td>
<td>4.26 (0.82)</td>
<td>3.57 (0.65)</td>
<td>18.52*</td>
</tr>
<tr>
<td>Long term illness</td>
<td>3.27 (1.16)</td>
<td>3.71 (1.19)</td>
<td>3.50 (1.23)</td>
<td>4.05</td>
</tr>
<tr>
<td>The employee is not productive enough</td>
<td>3.92 (0.83)</td>
<td>4.48 (0.68)</td>
<td>2.43 (1.28)</td>
<td>28.21*</td>
</tr>
<tr>
<td>The employee cannot cope with his work</td>
<td>4.35 (0.62)</td>
<td>4.61 (0.92)</td>
<td>3.50 (1.16)</td>
<td>19.00*</td>
</tr>
<tr>
<td>As an alternative to dismissal</td>
<td>3.85 (0.98)</td>
<td>4.45 (1.09)</td>
<td>2.07 (1.14)</td>
<td>34.78*</td>
</tr>
<tr>
<td>The employee performs below exp. level of job cont.</td>
<td>4.09 (0.67)</td>
<td>4.45 (0.77)</td>
<td>1.64 (0.50)</td>
<td>46.99*</td>
</tr>
<tr>
<td>The employee does not reach expected prod. level</td>
<td>3.90 (0.73)</td>
<td>4.35 (0.94)</td>
<td>1.86 (0.84)</td>
<td>40.33*</td>
</tr>
</tbody>
</table>

^ SD
* p = 0.00
** p ≤ 0.01