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THE RELATIONSHIP BETWEEN  
ORGANISATIONAL DOWNSIZING  
AND  
WORKPLACE ATTITUDES

A dissertation presented in partial fulfilment of the requirements for the degree of

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## ABSTRACT

The primary aim of this study was to explore the relationship between employees' experiences of organisational downsizing and their subsequent work related attitudes. Measures of work attitudes included affective and behavioural commitment, turnover cognitions, trust in management, job security perceptions, job and work involvement, instrumentalism, and the degree to which employees regarded their job as a central life interest. Ten hypotheses were formulated and tested, with the general expectation being that downsizing experiences would be negatively related to the work attitudes in question.

A secondary aim of the research was to explore the role of a wide range of possible moderating variables in any observed relationship between downsizing experiences and employee work related attitudes, including employee age, tenure, job satisfaction, exposure to high-commitment HR work practices, the way in which the last downsizing experienced was conducted, and the time elapsed since the last downsizing experienced.

Organisational downsizing was operationally defined, for the purposes of this study, as the intentional reduction by management of a firm's internal labour force by using voluntary or involuntary redundancies. Data collection was by means of a self-completion postal questionnaire sent late in 2002 to a random national sample of 2000 urban residents. Usable responses were obtained from 424 participants, who did not differ markedly from the survey population in terms of gender, ethnicity or age. Just over a third (33.9%) had never worked in an organisation that had downsized (a non-equivalent control group), 31.4% had experienced a downsizing (Survivors) and 34.7% had experienced a downsizing and lost a job through redundancy (Redundant).

Tests of the hypotheses found clear relationships between the experience of downsizing and job security perceptions, instrumentalism, affective commitment, and trust in management, although not always in the directions predicted. Few moderator effects were identified, the most notable being that job security perceptions moderated the relationship between downsizing and trust in management, as well as affective commitment. Implications of these findings are discussed, together with their limitations. A theoretical model of the downsizing-work attitude relationships is also presented.

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## CHAPTER 1: INTRODUCTION

*Downsizing did a lot of harm. Companies thought people were expendable but they also lost a lot of intangible assets, destroyed the organisational culture and broke the bond between employees and management. A lot of things were cast aside in the interests of maximising profits.*

Doug Matheson, Chairman, NZ Institute of Management. (Jayne, 2002)

### **1.1 Research Aims**

The primary aim of this research was to explore the relationship between New Zealand employees' experiences of organisational downsizing and their subsequent commitment to their employing firms, their trust in management, job security perceptions, instrumentalism expressed towards work, and other related work attitudes. The principal general research question was: *Does employees' experiences of downsizing predict their subsequent job security perceptions, organisational commitment, work and job involvement, trust in management and degree of instrumental work beliefs?*

A secondary aim of the research was to explore the role of possible moderating variables in any observed relationship between downsizing experiences and employee work attitudes. These variables included: job satisfaction, the degree to which the respondent's current employer engages in "high commitment" human resource management practices, respondent age, gender, ethnicity, length of time in the labour force, tenure with current employer, and, for those research participants with direct experience of organisational downsizing, their perceptions of the downsizing process and the length of time passed since their last downsizing.

The "experience of downsizing" is a naturally occurring independent variable (in the sense that the variable is not manipulated by the researcher). Organisational downsizing is itself a deceptively complex construct that lacks precise theoretical determination (Ryan & Macky, 1998). It is also conflated with a variety of other terms, including restructuring, redundancies, delayering and rightsizing. Other phrases that have been used with a similar meaning to downsizing include workforce compression, consolidating, demassing, downshifting, slimming down, leaning up, involuntary reduction of force, headcount reduction, release of resources, involuntary separation

from payroll, career change opportunity, and elimination of employment security (e.g., Lutz, 1996; Luthans & Sommer, 1999; Appelbaum, Everard & Hung, 1999).

The meaning and measurement of the downsizing construct will be further explored later. Suffice to say here that, for the purposes of this research, downsizing was defined as *the intentional reduction by management of a firm's internal labour force by using redundancies*. While the term redundancy has a specific meaning under New Zealand employment law (a person loses their job because the position they hold ceases to exist), its use here is not seen as dissimilar to the terms commonly used in the US literature of 'job losses' and 'layoffs'. The essential meaning is that a person is involuntarily removed from paid employment through no fault of their own (Latack, Kinicki & Prussia, 1995). The meaning of the terms commitment, trust, job involvement, work involvement and instrumentalism are discussed in Chapter 2. The measurement of these and the other variables used in the research is outlined in the Method chapter.

Research hypotheses informing on the research aims and general research question are stated in Chapter 2, where the relevant literature is reviewed. In addition to the statistical analyses specifically aimed at testing these propositions and hypotheses, exploratory statistical techniques have also been used to explicate the role of the suggested moderating variables or sources of secondary variance. Results of these analyses are presented in Chapters 4 to 6 and later discussed in Chapter 7.<sup>1</sup>

## **1.2 The Conceptual Territory**

The published literature on organisational downsizing is often descriptive and or atheoretical (Ryan & Macky, 1998). There are, however, some notable exceptions, including the work by Brockner and colleagues (e.g., Brockner, 1988; Brockner, Greenberg, Brockner, Bortz, Davy & Carter, 1986; Brockner, 1990; Brockner et al., 1994; Brockner, Siegal, Daly, Tyler & Martin, 1997), as well as that by Mishra and Spreitzer (1998; Mishra & Mishra, 1994; Spreitzer & Mishra, 2000). Taken as a whole, research-grounded theory about organisational downsizing, at an employee level of analysis, appears somewhat underdeveloped. To this end, the general tone of the present study is exploratory.

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<sup>1</sup> Aspects of Chapters 1, 3, 4 and 7 have now been published in: Macky, K. (2004).

This said, research on downsizing can be conceptually located in the confluence of three inter-related domains of organizational literature.

1. The first domain includes the relatively limited theorizing and research on organizational downsizing and how it impacts on both organizational outcomes and individual employees. The present study is located firmly at the individual rather than organisational level of analysis.
2. The second conceptual domain is less well defined but encapsulates the contemporary discourse on the nature of the employment relationship, with particular regard to the social and psychological meanings of work in Western industrialized societies. Included here is the literature on the changing nature of the psychological contract in employment, together with that dealing with the importance of trust in the employment relationship. Overlapping this domain and the third is the construct of instrumentalism, which can be seen as a measure of the degree to which employees regard the employment relationship primarily as a means to seek material or otherwise transactional rewards, rather than as a central life interest and source of socioemotional rewards.
3. The third conceptual domain deals with the meta-construct of employees' commitment to their organisations, and encapsulates the concepts of both affective and behavioural commitment. Relevant here is the growing literature on strategic human resource management (SHRM) that emphasises employment commitment as a core organisational strategic input (Macky & Johnson, 2000, 2003). This is reflected in continuing research and practitioner interest in high-performance high-commitment work human resource management (HRM) practices (e.g., Appelbaum, et al., 2000; Guthrie, 2001; Huselid, 1995).

The literature pertinent to these second and third conceptual domains is reviewed in Chapter 2. Rather than exhaustively reviewing the considerable literature encapsulated in these domains, instead only that literature that most directly informs on the primary and secondary research questions is considered.

### **1.3 Organisational Downsizing**

While the term “downsizing” may lack precise theoretical determination (Ryan & Macky, 1998; Littler, 2000), fundamentally it refers to a deliberate reduction by management of a firm’s size in terms of the number of employees it has (Kammeyer-Mueller, Liao & Arvey, 2001). There are many ways in which an organisation can be downsized (Greenhalgh, Lawrence & Sutton, 1988), including eliminating functions, cutting hierarchical levels (Tomasko, 1987) or ‘delaying’ (Littler, 2000; Littler et al., 1997), eliminating business units, using the natural attrition of employees combined with hiring freezes, offering early retirement incentives, and, most commonly, via redundancies (Appelbaum et al., 1999). All such practices represent a managerial strategy that affects the size of the firm’s workforce (Cameron, Freeman & Mishra, 1993) and whose primary purpose, either reactively or proactively, is to improve organisational performance (Littler, 2000; Kinnie, Hutchison & Purcell, 1998). Proactive downsizing can be conceptualised as strategic downsizing (Parker, Chmiel & Wall, 1997), in the sense that it is aimed at achieving long-term organisational ends, while reactive downsizing is a managerial response to some short-term crisis or business need (Kozlowski, Chao, Smith and Hedlund, 1993).

Managers of organisations have always used downsizing as a means to reduce employee headcount in response to financial need, even if it was not referred to as such (Kinnie et al., 1998). What is new is that from the beginning of the 1980’s and into the 1990’s, downsizing appeared to become the human resource management “strategy of choice” among America’s large organisations (Cameron et al., 1993, p.21). DuBrin (1996), for example, observed that downsizing was a more frequently practised organisational intervention than business process reengineering (BPR) and Covin (1993) notes that “a majority of Fortune 1000 companies have chosen downsizing as a strategy for organisational improvement.” (p73)

Further to this, Department of Labour statistics cited by Latack (1990) show that nearly 11 million employees in the United States lost their jobs between 1981 and 1986 due to mergers, acquisitions and plant closures. A further 5.6 million lost permanent jobs between 1987 and 1991 (Whetton, Keiser & Urban, 1995). More recent data show continuing job losses in the US with 2.6 million lost since the beginning of 2001, partly

attributed to efficiency gains from IT and manufacturers moving jobs offshore to low-wage countries such as China and India (Stone, 2003).

A similar picture emerges elsewhere in the world. For example, a survey of the largest Australian and New Zealand organisations by Littler, Dunford, Bramble and Hede (1997) found that 57% of Australian organisations and 48% of New Zealand organisations had downsized between the years 1993 and 1995. Of the New Zealand companies that reported downsizing, 34% had done so three or more times while 63% had downsized least twice. Littler et al. (1997) comment that their results indicate that more extensive downsizing and delayering had occurred in New Zealand and Australia than previously expected. They also predicted that the trend would continue as downsizing became an increasingly used strategy to improve efficiency and production through cost cutting. A more recent study (Littler, 2000) extended this analysis to include South Africa and shows that 60% of South African firms had downsized between 1994 and 1996.

While the primary contemporary focus may be on cost cutting, downsizing occurs for many reasons. Indeed, prior to the late 1980's downsizing was seen as "an aberration from normal organizational functioning" and "a last-ditch effort to thwart organizational demise or to temporarily adjust to a cyclical downturn in sales." (Cameron et al., 1993, p20) However, the downsizing of the 1990's and into the new century occurred for a much wider range of reasons (Ryan & Macky, 1998; Cascio, 2002), including:

- Rectifying historical tendencies towards overstaffing.
- Mergers and acquisitions resulting in the shedding of apparently surplus staff.
- The generation of surplus employees (particularly supervisory and middle managers) from the abandonment of divisional and hierarchical organisational structures, in favour of delayered organisations with team structures (Tomasko, 1987).
- Business process reengineering interventions eliminating the need for some staff through improved operational efficiencies.
- The adoption of workforce flexibility and multi-skilling programs resulting in the breakdown of job demarcations and improved labour efficiency, and thereby a need for fewer workers (Harrison, 1997).

- Cost reduction strategies aimed at improving competitive advantage by reducing labour costs. Kets de Vries and Balazs (1997) also suggest that global benchmarking of overhead costs against international competitors may be a major contributing factor to contemporary downsizing.
- Shifts in business strategy resulting in, for example, the abandonment of some services and/or product lines and/or markets.
- The adoption of 'lean production techniques', including total quality management (TQM), just-in-time (JIT) manufacturing and teams (Kinnie et al., 1998), as well as 'kanban employment' where firms manage workers in the same way as they would unsold inventory (Rousseau, 1995).

In addition to the above, considerable job losses occurred through the 1980s and early 1990s as a result of the privatisation of the public sector (Burke & Cooper, 2000a). Contemporary downsizing can also be a deliberate strategy by some firms to improve labour flexibility by replacing at least some of what would have been a full time permanent labour force with shorter term and more part-time employment relationships (e.g., Sparrow, 2000). Kets de Vries and Balazs (1997) also observe that the advent of information and communication technology has eliminated the need for a growing number of administrative and middle management jobs. To this can be added the job losses arising from managers outsourcing work previously performed in-house (Harrison, 1997), as well as closures due to management moving manufacturing production and services (e.g., software development, customer services) to low wage countries (Stone, 2003).

In the context of the above, modern redundancies are therefore not necessarily the sign of an economic downturn or lack of organisational profitability as they may have been in the past. Indeed, Sparrow (2000) cites research by the American Management Association showing that 80% of US companies were profitable at the point that they downsized. Nor is contemporary downsizing necessarily a matter of simply getting a firm down to a more efficient size. Cappelli (1999), for example, notes that downsizing can be a strategy to "... rearrange the competencies of the organisation." (p. 6). In this context, it is quite feasible for organisations to be announcing profits, and engaging in recruitment for employees with new skills, at the same time as they are downsizing and making other employees with obsolete skills redundant. Nor, as Sims (1994) observes,



need downsizing be related to individual employee performance. A person may be made redundant irrespective of how good a worker they were. In this respect, millions of employees have lost jobs through downsizing because of no fault of their own.

Instead of being taken by investors as a sign of management incompetence or impending organisational failure, the announcement of a downsizing is more likely to result in being rewarded by a lift in share prices, at least in the short term (Burke & Cooper, 2000b). While there is some ambiguity in the empirical evidence regarding downsizing's effects on organisational performance (Kammeyer-Mueller et al., 2001), there seems to be surprisingly little convincing research to show that downsizing produces the organisational financial benefits expected by managers (Kinnie et al., 1998). Cameron, Freeman & Mishra (1991), for example, noted that the intended cost reductions and efficiencies from downsizing had not materialised for US industries. In a study of 537 firms in the S&P 500 between 1980 and 1994, Cascio, Young and Morris (1997) found no evidence that downsizing firms were generally and significantly able to improve profits. When compared to the average companies in their own industries, downsized organisations did not show a significantly higher return on assets or a higher return on common stock over a two year period from the downsizing event. In other research, Cascio (1993) also notes a longitudinal study of sixteen companies in the US that found that stock prices, while slightly increasing immediately following the announcement of downsizing, had decreased to a point well below comparable firms after a two year period. In another US study, Vanderheiden, De Meuse and Bergmann (1999) found that a company's risk level did not influence an observed decline in the financial performance of downsizing firms, measured on five financial measures over a five year period, compared to other Fortune 100 companies that had not made public layoff announcements.

Unfavourable business outcomes were also found in a study of 45 companies listed on the New Zealand stock exchange, and 110 non-listed companies employing 50 or more people, in that those firms that had downsized between 1997-1999 performed financially worse than those that had not (Carswell, 1999, 2002). Interestingly, those companies that used procedures aimed at ensuring fairness in selecting the employees to be made redundant and which provided outplacement support for the victims (the term normatively used in the literature to refer to those who have lost their jobs due to downsizing) performed financially better than those that did not use such procedures. In

a similar vein, Chadwick, Hunter and Walston (2004), reporting findings from 114 acute care hospitals in the US, found that the use of practices indicating consideration for employee morale and welfare was positively associated with improved financial performance following the layoffs.

In addition to academic research, there is also evidence published in the business literature indicating, for example, that less than 50% of 1468 downsized firms reported productivity improvement (Henkoff, 1990). In another survey only 22% of 1005 downsized firms had increased productivity, less than a third had increased profits and 58% had problems with employee morale (Bennett, 1991).

While there may be short term gains in company financial performance (Wayhan & Werner, 2000), it would seem then that managers use downsizing without clear evidence of its financial benefits to their organisations. But why shouldn't downsizing generate positive organisational benefits? A useful starting point is Latack's (1990) observation that a wide range of hidden costs associated with organisational downsizing could offset any expected savings and productivity gains from reducing staff numbers (see also Cascio, 2002). Such costs could include:

- Lost sales due to poorer customer service, and deficits in other aspects of employee performance, due to too few skilled staff remaining in a downsized firm.
- Lost opportunity costs due to dissatisfied customers defecting to competitors (downsized employees, for example, sometimes take customers with them when hired by competitor organisations or starting their own business).
- Lost opportunity costs and reduced organisational efficiencies arising from downsized employees taking critical institutional knowledge with them when they leave. Reduced efficiencies could also be expected to arise from downsizing survivors being unable to cope with increased workloads and/or lacking the skills or knowledge to perform restructured jobs in a downsized organisation. ('Survivor' is the term normatively applied in the academic literature to those who remain employed with a firm after it has downsized.)
- Increased 'survivor' withdrawal behaviours such as lateness, absenteeism and voluntary turnover, and the increased costs and lower productivity associated with such behaviours (Kammeyer-Mueller et al., 2001).

- Reduced risk taking by managers and other employees, resulting in decreased innovation and entrepreneurial behaviours, at a time when some downsizing organisations need precisely such behaviour to get them out of trouble.
- Increased survivor resistance to other organisational change initiatives.

Building on the above, a further conceptual foundation for research on organisational downsizing derives from the proposition that any organisational outcomes from downsizing will be mediated through its effects on the surviving employees (Kozlowski et al., 1993; Kinnie et al, 1998).

### **1.4 Employee Responses to Organisational Downsizing**

Employees do not appear to respond to downsizing in a uniform fashion (Mishra & Spreitzer, 1998). For example, Cameron et al. (1993) report that 74% of senior managers in downsized companies observed reductions in employee morale, trust and productivity, implying that over a quarter of managers observed no such reductions. In a more recent survey of over 700 UK managers, 60% felt employee loyalty had decreased due to redundancy, 76% felt morale had decreased and 59% perceived a decrease in motivation (Worrall, Cooper & Campbell, 2000), suggesting that 40% felt loyalty to have improved or be unchanged, and so on.

A number of studies have found evidence for reduced commitment, job involvement and job satisfaction among survivors (e.g., Brockner, Grover & Blonder, 1988; Brockner, Grover, Reed, & DeWitt, 1992a; see also Chapter 2) while others have found increased survivor productivity post the downsizing event (e.g., Brockner, Grover & Blonder, 1988). It has also been observed that some downsizing victims respond to it with a sense of relief and as an opportunity to pursue more fulfilling career alternatives (e.g., McCarthy & Hall, 2000).

Observing such differential responses to downsizing in the prior research, Mishra and Spreitzer (1998; see also Spreitzer & Mishra, 2000) proposed four archetypal responses that downsizing survivors might display. There were:

- *Hopeful* – excited and optimistic, problem solving. The ‘active advocates’.
- *Obliging* – compliant, loyal, accommodating. The ‘faithful followers’.

- *Cynical* – anger, cynicism, blaming, retaliating. The ‘carping critics’.
- *Fearful* – Fear, anxiety, withdrawal, helplessness. The ‘walking wounded’.

With the exception of the obliging archetype, which was confounded with relief and guilt, Spreitzer and Mishra (2000) report empirical support for the existence of the survivor response archetypes for a sample of 350 aerospace workers who were the initial survivors of a downsizing.

There is potential then for different responses by employees to their experiences of organisational downsizing. What remains unclear from the research and theorising to date is what determines the nature and/or degree of the response. It is also unclear how long lasting any possible effects on employees might be. Several possible approaches to explaining individual responses to downsizing are explored below.

Firstly, the individual performance framework of ‘Ability x Motivation x Organisation Support’, also sometimes referred to as the ‘performance equation’ (e.g., Macky & Johnson, 2003) or the ‘AMO theory’ of performance (e.g., Boxall & Purcell, 2003), may be useful for explaining variation in survivor performance (see Brockner et al. (1988) for an application). From the perspective of the employee, downsizing almost inevitably means job losses and either potential unemployment, or a less certain future in a firm no longer offering job security as part of the employment relationship. For employees in a post-downsized organisation, there may be “... an intensification of work and a pronounced sense of job insecurity in the internal labour market” (Turnbull and Wass, 1997, p.35). Work in a post-downsized firm may also mean changed tasks and responsibilities, longer working hours, more felt stress, and feelings of guilt, anxiety and insecurity (e.g., Burke & Cooper, 2000). In this context, individual employee performance deficits (or gains) can be expected if downsizing differentially impacts on employees’ motivation to apply effort in their jobs. For example, some people may be motivated to work harder in the hope that being a good performer will protect them from any future downsizing rounds. Alternatively, if workers believe that individual performance has no bearing on management decisions on who stays or goes, motivation for performance could decline subsequent to a downsizing event (Kammeyer-Mueller et al., 2001).

Additionally, if downsizing results in jobs becoming larger and/or more complex in their task demands, then the survivors' ability to do these new jobs may be adversely affected irrespective of their motivation to perform (Cascio, 1993). Employees offered transfers to other jobs instead of being made redundant could also perhaps be expected to have reduced performance in the initial stages of their redeployment as they learn their new jobs.

In the performance equation, many factors are subsumed under the heading of "organisational support". However, it seems reasonable to expect that downsizing will result in, for example, some disruption in work flows and business processes, with a concomitant impact on survivor performance. This disruption effect could be either independent of or interactive with any effects of employee motivation and ability.

A second, and perhaps the most influential, approach to explaining survivor reactions to downsizing is that by Brockner and colleagues. In this framework, equity theory and theory related to justice are applied to provide a conceptual framework for predicting survivor reactions (e.g., Brockner, Davy & Carter, 1985; Brockner, 1988; Brockner et al., 1986; Brockner, 1990).

Within the framework of distributive justice (Brockner & Greenberg, 1990; Brockner DeWitt, Grover & Reed, 1990), survivors' behavioural and attitudinal responses to downsizing are posited to be predicted by the perceived outcomes of the downsizing (Brockner et al., 1997), and in particular how survivors perceive the fairness of the outcomes for victims (e.g., in terms of redundancy pay and outplacement services being provided). Unfair outcomes are predicted to generate more negative survivor responses, depending on the survivors' degree of sympathy towards and identification with the downsizing victims.

Furthermore, to the extent that survivors perceive that the processes used to carry out the downsizing have been procedurally fair (e.g., in the use of merit based rules to determine who will be made redundant and the degree of advance notice given), then they are also posited to respond to downsizing more constructively (e.g., Brockner et al., 1994; Brockner & Siegal, 1996; Spreitzer & Mishra, 2002; Konovsky, 2000; Konovsky & Brockner, 1993). Employees who remain in their jobs for some time after being told they have been made redundant, termed "lame ducks" by Brockner et al. (1994), have also been found to continue to show extrarole organisational citizenship behaviours if

the downsizing decision making process was perceived to be procedurally fair (Bies, Martin & Brockner, 1993). There are also suggestions that procedural justice may be more influential than distributive justice on organisational commitment (Chang, 2002), job satisfaction and turnover intentions (Kernan & Hanges, 2002).

In addition to procedural and distributive justice, survivor reactions have also been hypothesised as being a function of interactional justice (e.g., Naumann, Bennett, Bies & Martin, 1998). Interactional justice is an extension of procedural justice in relation to interpersonal communication and behaviour (Spreitzer & Mishra, 2002). Behavioural elements would involve, for example, treating survivors and those to be made redundant with dignity and respect. Communication aspects of interactional justice could, for example, involve providing a compelling explanation to employees of the need to downsize. Previous research has shown the negative effects of downsizing to be ameliorated when a convincing explanation of the need for downsizing is provided (e.g., Bies et al., 1993; see also Mellor, 1992). This explanation may be, for example, in terms of some compelling vision of the benefits to be gained for the organisation's future, and/or invoking some external mitigating factor beyond management's control as the cause of the downsizing. Brockner et al. (1990) also found survivors to have greater organisational commitment if they were given a clear explanation of the need for workforce reductions, and more so if the layoffs were an unexpected event.

Building upon the justice work of Brockner and colleagues, Mishra and Spreitzer (1998; see also Spreitzer & Mishra, 2000) used a stress-based theoretical framework to predict that survivors' appraisals of the degree of threat in the downsizing environment shapes their responses to it. More specifically, they predicted that the employee's degree of trust in top management and the degree of perceived justice in the downsizing implementation process would influence an employee's primary appraisal of the situation and therefore the nature of their response. For example, employees who trust their management prior to and during a downsizing, and who perceive the downsizing to have been procedurally, distributively and interactionally fair are predicted to respond constructively (i.e., hopefully and obligingly) to the downsizing because they see it as less personally threatening. Furthermore, Mishra and Spreitzer (1999) predicted that survivors who feel empowered prior to and during the downsizing will respond more actively by showing hopeful or cynical responses. They also predicted that those whose jobs had been redesigned during the downsizing, resulting in increased work overload

and reduced autonomy, would respond fearfully to the downsizing. Spreitzer and Mishra (2000) provide some empirical support for these predictions, although trust in management was found to predict justice perceptions which in turn predicted the four survivor response archetypes. This is contrary to other research that suggests that it is trust that mediates justice perceptions and employee responses (Brockner et al, 1997). The other predictions summarised above were found to have modest support, suggesting that a stress-based approach to predicting employee responses to downsizing may have some utility. However, further research is warranted.

The work of Brockner and others outlined above, together with the potential application of AMO theory, suggests that how the downsizing is carried out has a major potential impact on employee responses. It therefore seems reasonable, and as Carswell's (1999, 2002) research supports, to expect that the less than expected organisational benefits of downsizing could be improved by managing the process in a way that mitigates its negative effects on survivors (see also Cascio, 2002; Cameron et al., 1991; Chadwick et al., 2004). However, as a number of observers have noted, many downsizings have been done badly (Cascio, 1993, 2002; Burke & Cooper, 2000a; Folger & Skarlicki, 1998).

Kanter (1995, 1989) however takes a somewhat more macro approach to predicting employee responses to downsizing, based on a hypothesised impact of downsizing on employees' understandings of the psychological employment contract. Kanter posited a sequence of events whereby downsizing activities have led to a change in employees' perceptions of the psychological contract, in which job security was expected to be exchanged in return for employee loyalty and commitment. Kanter suggests that a perceived reduction in employers' willingness to offer job security has resulted in reduced employee loyalty and commitment, together with a breakdown in promotion and career structures (see also Thornhill, Saunders & Stead, 1997). In turn, this is suggested to have resulted in an increase in employee instrumentalism, in the form of an increased focus by workers on material rewards such as money, together with demands for immediate rewards from the employment relationship rather than delayed gratification. Kanter also posits that this increased focus on the rewards obtained through short-term goal achievement is also associated with a reduced emphasis by employees on obtaining intrinsic rewards, such as job satisfaction.

In short, Kanter draws a theoretical connection between management's use of downsizing organisational practices and the growth of instrumentalism among employees. If such a connection can be established, this suggests a fundamental shift in employee work orientations unlikely to be influenced by the processes by which downsizings were carried out. The event itself changes the way people see work and their relationship to it, irrespective of the way the event is managed.

To conclude this chapter, the academic research informing on why employees may differentially respond to organisational downsizing has grown considerably in the past decade. There is also a considerable popularist literature on the topic, much of which consists of either highly anecdotal personal experience or case study reports of downsizing (e.g., Illes, 1996; Downs, 1995) and/or "expert" prescriptions on what managers should do when or after a downsizing (e.g., DuBrin, 1996; Johansen & Swigart, 1994; Harari, 1993; Noer, 1993). However, the academic literature suffers from a number of general limitations. For example, much of the downsizing research uses small samples from single firms or, where multiple firms are included, these firms represent a single industry (e.g. the Cameron et al. studies of downsizing in the USA automotive industry). Furthermore, most of the published research originates from the USA. Clearly there are potential problems with the generalisation of such findings to other labour force populations or to other industries. This said, there is research suggesting that downsizing does impact on employee work attitudes and this evidence is reviewed in more detail in the following Chapter.



## CHAPTER 2: THE BACKGROUND LITERATURE & HYPOTHESES

*Organizations institute layoffs to cut costs and promote competitiveness but afterward often find themselves worse off than before. All they have gained is a depressed, anxious, and angry workforce....At the individual level, a changing social paradigm and the unfolding of a new psychological employment contract has left many layoff survivors confused, fearful, and unable to shake an unhealthy and unreciprocated organizational dependency. (Noer, 1993, p. xv)*

The purpose of this chapter is to review the extant research literature informing on the primary and secondary research questions stated in Chapter 1. As mentioned previously, it is not intended that this literature review be exhaustive. Given the literally thousands of articles published on organisational commitment and job satisfaction alone, let alone the other variables of interest in the present study, any attempt to make it so would fast become a case of diminishing returns. Instead, the primary objectives of this Chapter are twofold. Firstly, to explicate the conceptual approach taken to the main constructs that were used in the present study. Secondly, to provide a context and rationale for the research hypotheses formulated to inform on the research questions this study aimed to answer (see Chapter 1).

### **2.1 The Employment Relationship and Downsizing**

The core of the employment relationship is that it is based on an exchange. The nature of this relationship in terms of what is actually exchanged is subject to differing perspectives and hence debate. At its most fundamental, however, the employee gives up his or her time and capacity for labour in exchange for rewards the employer controls. From the pluralist perspective of employment relations, the basis of this exchange is therefore characterised by competing goals (Lamm & Rasmussen, 2003) where, on the one hand, employers are assumed to want to obtain the maximum labour capacity for the minimum reward expenditure (i.e., 'labour cost minimisation') while, on the other hand, employees are assumed to want to obtain the maximum reward from employers in exchange for the minimum effort. It has however been suggested that the employment relationship extends far beyond the merely economic into a 'psychological contract' between employees and their employing organisations (e.g., Rousseau, 1995;

Anderson & Schalk, 1998). As Jackson (1986) put it, “employment is a contractual relationship constituted and regulated by powerful social norms.” (p. 38)

### **2.1.1 The Psychological Contract and Job Security**

While the concept of the ‘psychological contract’ has had a number of different meanings, perhaps the most influential approach has been that espoused by Rousseau (1995). From this perspective, the psychological contract is an implicit set of beliefs individual employees hold about their employment relationship with their employing organisation regarding the terms of exchange. As Rousseau and Tijoriwala (1998) describe it, a “psychological contract is an individual’s belief in mutual obligations between that person and another party such as an employer” (p.679). Guest (1998) points out that a psychological contract is simply a subjective picture in the mind of an employee regarding what he or she feels they owe their employing organisation and is owed in return (see also Robinson & Rousseau, 1994). As a mental model of the world (Sparrow, 2000), the content of any given psychological contract is implicit and subject to potentially wide individual differences. Therefore, unlike a verbal or written contract, an implicit psychological contract does not necessarily imply a reciprocal expectation on an employers part (Lester, Claire & Kickul, 2001), although employees may assume there is mutuality in the psychological contract and therefore expect reciprocal behaviour from their employers (Sparrow, 2000; Rousseau & Tijoriwala, 1998; Rousseau, 1998).

This said, job security is a common and core element of many approaches to the psychological contract (Adkins, Werbel & Farh, 2001). More specifically, it is often asserted that traditionally employees traded their compliance and loyalty to their employing organisation in return for job security (e.g., Sims, 1994; Sullivan, 1999; De Meuse, Bergmann & Lester, 2001). It has also been argued that by engaging in organisational downsizing, employers have in fact broken or violated this contract by removing job security from the employment relationship (e.g., Ashford, Lee & Bobko, 1989; Cascio, 1993; Kets de Vries & Balazs, 1997; Latack, 1990; Morrison & Robinson, 1997; Robinson & Rousseau, 1994).

Violation of the psychological contract is anticipated to result in lower affective commitment, higher intentions to leave the organisation, and reduced trust in

management (Buch & Aldridge, 1991; Robinson & Morrison, 1995; Robinson et al., 1994). As several writers have observed, an organisation's failure to adequately fulfil psychological contract expectations can result in lower job satisfaction and increased intentions to leave the organisation (Lester et al., 2001), as well as reductions in trust (Kinnie et al., 1998). Sparrow (2000) also notes that if an employee is sufficiently angered by the psychological contract violation to seek employment elsewhere, this may result in exit behaviour.

Furthermore, since downsizing no longer just impacts on blue collar employees, the loss of job security as part of the traditional psychological contract is seen as applying also to white-collar workers (Kets de Vries & Balazs, 1997), including managers (Inkson, Heising & Rousseau, 2001). As indicated by the diverse reasons why companies downsize (Chapter 1), a growth in job insecurity is also no longer necessarily a function of economic recession, but can occur in times of comparative economic prosperity perhaps exacerbating any sense of contract violation (unless a compelling explanation can be given by management, thereby satisfying employee interactional justice perceptions— see Chapter 1).

The concept of job security, in this context, is a multidimensional phenomenon (Kammeyer-Mueller et al., 2002). It refers both to an objective condition arising from an employment contract (Adkins et al., 2001), and to a perception of the level of stability in and likelihood of continuing in an employment relationship (Probst, 2003). The concept carries an implication of some degree of certainty in keeping one's job. Conversely, job insecurity is a perception of being powerless to remain employed in a threatened job situation arising from major organisational change, including mergers and downsizing (Greenhalgh & Rosenblatt, 1984). Downsizing is therefore an important antecedent of job insecurity (Westman, 2000). Littler (2000) also points out there are two aspects to job insecurity. One aspect is organisational and pertains to the uncertainties and degree of perceived threat severity regarding surviving a possible downsizing (see also Kammeyer-Mueller et al., 2001). The other aspect arises from the external labour market and the degree of perceived vulnerability of becoming unemployed should one be made redundant due to downsizing. It is the former aspect that is of interest in the present study.

Against this background, there is evidence that job security remains an important part of the psychological contract in the eyes of employees (Lester et al., 2001). Furthermore,

the antecedents and consequences of job security have attracted increasing research interest (e.g., Fried et al., 2003) and several edited books have recently appeared on the subject (e.g., Heery & Salmon, 2000). It is not intended here to provide a comprehensive review of this literature. Suffice to say that there is indicative research showing that feelings of job insecurity are linked to perceptions of helplessness (Greenhalgh & Rosenblatt, 1984) and higher levels of personal stress (Westman, 2000). Perceived job security is also negatively associated with propensity-to-leave, such that voluntary turnover is higher in industries with higher layoff rates (Fry, 1973) and in individual firms with higher employment instability (Greenhalgh, 1980). Employee retention is also likely to be problematic for firms facing increased voluntary turnover among survivors post-downsizing (Bedeian & Armenakis, 1998; Caplan & Teese, 1997), although this may be mitigated by survivor perceptions of the trustworthiness of management and justice regarding the downsizing event (Spreitzer & Mishra, 2002).

Numerous micro-level studies have also shown that lower levels of perceived job security predict voluntary employee turnover (e.g., Arnold & Feldman, 1982). Low job security has also been found to be associated with reduced organisational commitment, job dissatisfaction, and higher quit intentions (Ashford et al., 1989) or withdrawal behaviours (Adkins, et al., 2001). For example, Roskies and Louis-Guerin (1990), using a sample of over a thousand managers from three firms, found higher perceived job insecurity to be clearly associated with lower commitment. King (2000) also found higher levels of job insecurity to be associated with lower levels of organisational loyalty in a heterogeneous sample of 425 white-collar employees. Littler (2000) also links job security to employee morale, motivation and commitment. As Probst (2003) puts it, "the more dissatisfied employees are with their perceived job security, the less committed they are to the organisation, the more likely they are to quit their job ... and the more frequently they will engage in work withdrawal behaviours such as absenteeism, tardiness, and work task avoidance" (p.418-419).

In a downsizing context, however, such relationships may be moderated by employee perceptions of the way in which the downsizing process and associated redundancies was managed (Brockner et al., 1992a; Spreitzer & Mishra, 2000). It is also worth noting here that the protection of job security is often regarded as a central component of the high commitment work practices (e.g., Appelbaum et al., 2000), the assumption

presumably being that HR practices aimed at creating job security help to build employee commitment while those that undermine job security weaken commitment.

To summarise, it is clear from the prior empirical research that job insecurity can be expected to be associated with lower organisational commitment, reduced trust in management, lower job satisfaction and stronger intentions to voluntarily leave one's employment. There is, however, potential for managerial policies or promises of job security to have a positive relationship with such work attitudes. It is also clear that the experience of downsizing is an important precursor to reduced job security perceptions. More frequent experiences of downsizing could therefore exaggerate job insecurity fears. Furthermore, drawing on the theory and empirical research summarised above pertaining to the psychological contract, it was argued that managements use of downsizing may break or violate traditional beliefs about the psychological contract in the employment relationship by removing or reducing the salience of job security from it, with this violation resulting in reduced commitment, trust and job satisfaction. Actual redundancy, rather than just the threat of it, could exacerbate any sense of contract violation. Hence the following were hypothesized:

**Hypothesis 1:** Job security perceptions will be positively associated with organisational commitment, trust in management, job satisfaction, and the number of high commitment human resource management practices experienced.

**Hypothesis 2:** Perceived job security and job security satisfaction will vary as a function of the experience of downsizing, with those who have experienced a redundancy due to downsizing having the worst job security perceptions.

Given that job security has been linked to both the experience of downsizing and employee attitudes such as employee commitment, in the present study job security is treated as both a dependent variable of the organisational downsizing IV, and a possible moderating variable between employees' experiences of downsizing and other work attitudes. In this respect, Fried et al. (2003) observe that there has been little research on job security as a moderator variable of employee reactions to their organisational environments.

### 2.1.2 Instrumentalism

Building upon the above, it has been suggested that widespread organisational downsizing has led to substantial changes in what employees expect to receive from their employing organisations. In particular, as outlined in Chapter 1, is the possibility that repeated use of organisational downsizing has led to an increase in instrumentalist attitudes among workers. Thompson and Bunderson (2003), for example, have suggested that violations of the socioemotional (relational) psychological contract may lead people to “revert” to a psychological contract based on economic (transactional) exchange. Mir, Mir and Mosca (2002) have also postulated that the employment relationship is becoming more focused on economic exchange rather than being a social contract.

The term “instrumentalism” is used in the present study to refer to an attitudinal set where employees do not regard their employment as a central interest in their lives and instead emphasise work as a means to obtain monetary ends. Put another way, instrumentalism as viewed in this study is a calculative approach to the employment relationship where “the primary meaning of work is as a means to an end, or ends, external to the work situation; that is, work is regarded as a means of acquiring the income necessary to support a valued way of life of which work itself is not an integral part.” (Goldthorpe et al., 1968, p 38-39). Defined in this way, and as with the concepts of work involvement, organisational commitment, and job involvement outlined later in this chapter, the concept of instrumentalism gets to the centrality and meaning that work as paid employment has in people’s lives.

In the language of the psychological contract literature, an employee’s focus on instrumentalism in the exchange relationship could perhaps be taken as reflecting a shift towards a more ‘transactional’ emphasis in the psychological contract at the expense of a ‘relational’ component. Transactional elements of the psychological contract are posited to include, for example, the short-term exchange of material rewards such as pay in return for employee flexibility and compliance, while relational elements include the long-term exchange of job security and career development in return for employee loyalty and/organisational citizenship behaviours (Robinson, Kraatz & Rousseau, 1994). To quote Inkson et al. (2001), transactional psychological contracts are “...

characterised by temporariness, calculative involvement, and an emphasis on monetary compensation for narrow and well-specified worker contributions.” (p. 261)

Furthermore, employees who express more instrumentalist attitudes could perhaps be seen as alienated or dissociated from their work, and from the social organisation within which this work occurs (Grint, 1991). Approached in this way, instrumentalism is a form of cognitive and social disconnection by employees from their employing organisations and their jobs. By defining paid employment as an instrumental activity, rather than something to be valued in itself, employees are unlikely to psychologically identify with or become involved in their jobs or employing firms. As Goldthorpe et al. (1968) put it: “... the ego-involvement of workers in their jobs – in either the narrower or wider sense of the term – is weak ... work is not for them a source of emotionally significant experiences or social relationships; it is not a source of self-realisation.” (p. 39)

This psychological disconnection or withdrawal may, in turn, help people who have experienced downsizing or redundancy to cope with and protect themselves from the possibility of future pain. For example, a wide range of negative psychological responses have been associated with the experience of downsizing for both victims and survivors, including feelings of anger, grief, separation and loss (e.g., Kets de Vries & Balazs, 1997). A variety of terms have been used to describe such responses, including ‘survivor guilt’ (e.g., Brockner et al., 1985; Brockner et al., 1986), ‘survivor syndrome’ and ‘survivor sickness’. Survivor syndrome, according to Littler (2000), is associated with “...anxiety, guilt, apathy, disengagement, and other mental and emotional states ...” (p63). In the case of ‘survivor sickness’, associated symptoms are said to include “...denial, job insecurity, feelings of unfairness, depression, stress and fatigue, reduced risk taking and motivation, distrust and betrayal...” (Burke & Cooper, 2000a, p. 8-9; see also Noer, 1993). It could be postulated that employees develop an instrumental orientation in response to downsizing as a way of coping with and protecting themselves from future ‘survivor guilt / syndrome / sickness’ by distancing or detaching themselves from the socioemotional meanings that employment has. In the words of Cappelli (1999), the advice for employees faced with widespread managerial use of downsizing was simple: “Try to develop other job options, just in case, and prepare psychologically to get whacked.” (p.3)

In the case of those who lose their jobs due to downsizing, as Leana and Feldman (1988) put it "... terminated workers are forced to confront the realisation that, regardless of the social and psychological importance they may have assigned to work, employment remains essentially an economic exchange that can be abruptly discontinued by agents and factors outside of their control. This realisation may lead to a more cautious and detached approach in future work arrangements." (p.387) Indeed, there is a considerable body of research pointing to the negative impacts that job loss has on people (e.g., Leana & Feldman, 1988, 1994; Macky & Haines, 1982; Macky, 1987; Pernice, 1996; Westman, 2000), particularly with regard to the loss of established social relationships and threats to social identity. The adoption of an instrumentalist orientation to subsequent employment could be a rational response in a context where threats to job security mean that people may be reluctant to reinvest psychologically in their new employing firm.

On this basis, employees who focus on material benefits as the main reason for remaining in an employment relationship might also be expected to show reduced attitudinal commitment; i.e., a lower likelihood of identifying psychologically with an organization and internalising its values (Mir et al., 2002). Cappelli (1999), for example, argues that one outcome of widespread restructuring and the casualisation of work through short term contracts and temporary staffing is to encourage employees to act as 'free agents' and to exchange organisational commitment for an individualistic short-term focus. Rather than commitment to an employer, the 'new deal' for the modern employee is posited to be commitment to a labour market and what it takes to be competitive in it (Cappelli, 2000). In other words, employees emphasise employability and individual responsibility for managing one's 'career' rather than loyalty and job security (Leana & Feldman, 1994; Sullivan, 1999).

No research evidence has been located which directly addresses employee instrumentalism in the context of organisational downsizing. The inclusion of an instrumentalism variable in the present study is therefore exploratory. However, the above does provide a theoretical rationale for the examination of such a variable. To summarise, it is clear that the employment relationship is based on exchange and that organisational downsizing may be changing the nature of what is expected in such an exchange by employees. In particular, it is theorised here that the experience of downsizing shifts the weighting of reward expectations from the socio-emotional



towards transaction based instrumentalist ones. It was suggested that this may be due to downsizing generating a sense of social disconnection or alienation from work, and/or employees becoming more instrumentalist as a survival mechanism to deal with the psychosocial distress often associated with downsizing. More extreme experiences of downsizing, through greater numbers of such experiences and/or via redundancy, therefore exacerbates the adoption of instrumental belief about work. As a form of psychological detachment, instrumentalism would also be expected to be reductions on other measures in socioemotional connectedness at work, such as organisational commitment and the level of trust shown in others. The following hypotheses were therefore formulated:

**Hypothesis 3a:** Instrumental attitudes towards the employment relationship will vary as a function of employees' experience of organisational downsizing.

**Hypothesis 3b:** Employees who have experienced a greater number of downsizings will report stronger instrumentalist attitudes towards the employment relationship.

**Hypothesis 4:** Employees reporting stronger instrumentalist attitudes will have lower organisational commitment, lower trust in management and lower involvement in their job and with work in general.

### **2.1.3 Trust in Management**

Instrumentalism focuses on and emphasises the transactional economic nature of the employment relationship. However, there is another dimension based on the interpersonal socioemotional relationships that inevitably occur between members of an organisation. Trust is both an input to, and an outcome of, such relationships.

The influence of downsizing on trust by workers in management has not been systematically researched (Kammeyer-Mueller et al., 2001). While it may not be a prolific area of downsizing research, there does appear to be growing wider scholarly interest in the trust construct (Mayer, Davis & Schoorman, 1995; Kramer, 1999; Dirks & Ferrin, 2002; McEvily, Perrone & Zaheer, 2003). In a review of the literature,

Kramer points to the potential for reduced organisational transaction costs, and for increased cooperation, altruism and extra-role behaviours arising from trust between organisational members. Trusting people in positions of authority is also seen as important for efficient organisational performance. Performance is to some extent dependent on each employee's willingness to follow directives, comply with regulations, defer to authority and accept outcomes that may be unfavourable to themselves. This willingness, in turn, is dependent on the employee trusting the motives, intentions and actions of organisational authority figures (Kramer, 1999).

Trust in management has been found to mediate the relationship between perceived organisational support and organisational commitment (Whitener, 2001). Research has also demonstrated a consistent positive correlation between trust in management and organisational commitment (e.g., Gopinath & Becker, 2000; Pearce, 1993), as well as with job satisfaction (e.g., Cunningham & MacGregor, 2000).

This said, trust remains a construct that lacks a universally accepted definition in organisational research, although there is agreement that it is a psychological state with both affective and motivational components (Kramer, 1999). 'Management' in this context is a reification – a personalisation of a collective identity based on an employee's observations of the behaviour of individual managers (Whitener, 2001). As an affective psychological state, 'trust-in-management' or its lack is seen as developing from people's experiences over time of how they have been treated or have seen others treated by managers (Whitener et al., 1998).

Furthermore, reduced trust "entails a state of perceived vulnerability or risk that is derived from individuals' uncertainty regarding the motives, intentions, and prospective actions of others on whom they depend" (Kramer, 1999, p.571). To the extent that managerial actions in relation to organizational downsizing generate employee perceptions of vulnerability or threat, then it seems reasonable to suggest that lower trust in management may develop as a result (see also Mishra & Spreitzer, 1998; Spreitzer & Mishra, 2000).

Conversely, Robinson (1996) proposed that trust develops when the actions of others are expected to be beneficial or at least not harmful to one's own interests. Similarly, Whitener (2001) observes that trust in management reflects the belief that managers are

competent and that the actions of managers in seeking to attain organisational goals will ultimately prove beneficial for employees. It seems reasonable to suggest that management's use of downsizing would be perceived as detrimental to the interests of the employees affected and would therefore undermine trust.

Furthermore, to the extent that management's use of downsizing can be regarded as an arbitrary modification of the traditional psychological employment contract exchanging job security for loyalty, it might be seen as a breach of trust and lack of commitment on behalf of the organisation to employees (Robinson, 1996). Using social exchange theory, it could be then be predicted that employees would respond in kind with reduced trust and commitment.

Other conceptualisations of trust invoke terms such as benevolence, predictability and fairness (e.g., Cunningham & MacGregor, 2000). In this regard, the extent to which managers are seen, to quote Harari (1993), as "... ruthless, capricious, myopic, self-serving or, at the least, grossly misleading and insensitive" (p.29) when engaging in downsizing could be posited to undermine employee trust. As Brockner and Siegal (1996) observe, organisational procedures perceived by employees as procedurally and structurally fair increase trust, while the lack of such perceived fairness reduces trust.

There is in fact little research investigating the relationship between downsizing and trust. What there is suggests that trust is immediately undermined by downsizing and that this effect may continue for an extended period of time (Armstrong-Stassen, 2002). Kets de Vries and Balazs (1997) also observed considerable distrust towards managers in their sample of survivors. Littler (2000) also suggests that employees with higher trust levels prior to downsizing might experience a greater sense of psychological contract violation and therefore the show higher levels of symptoms associated with survivor syndrome. However, Spreitzer and Mishra (2000) found that the relationship between trust and survivor responses was mediated by the perceived distributive, procedural and interactional justice of the downsizing. Brockner, Wiesenfeld and Martin (1995) also demonstrated that survivors expressed greater trust in their organisation when perceived procedural justice was also high. In one of the few longitudinal studies in the area, Luthans & Sommer (1999) showed reduced levels of co-worker trust over a three year time frame when the downsizings occurred, irrespective of whether the employees' work unit was downsized or not.

Trust may also be a function of who employees blame for downsizing taking place. Given that, as noted in Chapter 1, employees are often downsized irrespective of individual performance levels, it seems reasonable to suggest that employees will attribute the cause of job loss to external factors rather than to themselves. Indeed, as Leana and Feldman (1992) found, employees rarely engage in self-blame for downsizing and instead typically blame management incompetence. Trust in management would therefore be expected to decline to the extent that management is perceived to be incompetent.

To summarise, it is clear that workers' trust in management can be regarded as a response to their perceptions of managerial behaviour. From the theoretical and empirical literature cited above, a reduction in trust can be predicted when this behaviour (a) is perceived to threaten workers and increase their sense of vulnerability by, for example, reducing job security perceptions; (b) is seen as harmful to the interests of workers; (c) undermines workers' beliefs in the competency of their management; and/or (d) is perceived to be unfair, self-serving, and unsupporting of workers. It is reasoned that managers' use of organisational downsizing could elicit exactly such perceptions, thus reducing trust among workers who have experienced a downsizing, and particularly so among those workers perhaps most severely impacted upon by downsizing: those made redundant. Social exchange theory has also been used to predict that downsized workers would show reduced trust in management in reciprocation to untrustworthy management behaviour, on the assumption that downsizing a firm and making people redundant is perceived as an example of such behaviour. The following hypothesis was therefore formed:

**Hypothesis 5:** Trust in management will vary as a function of the experience of organisational downsizing. Employees least trusting will be those who have been made redundant as a result of downsizing.

Where the present study extends prior research on downsizing and trust in management is, firstly, by separating the measurement of trust from the immediate experience of the downsizing event (given that it is expected that few of the research participants would be being downsized at the time of the survey) and, secondly, by investigating whether employees generalise their lack of trust in management to their new employers.

## **2.2 Organisational Commitment, High Commitment HRM & Downsizing**

Following on from the seminal work of Walton (1985) and others, HRM researchers and practitioners have shown increasing attention to employment relations systems that shift from a Fordist focus on command and control to those work systems that seek to influence employee behaviour by building their commitment to their employing organisations (Wood, 1995; Wood & Albanese, 1995; Gallie, Felstead & Green, 2001). Indeed, the early writings in HRM place considerable emphasis on the building of employee commitment as a core goal for HR (Beer et al., 1984; Guest, 1987).

Through the increase in employee commitment, valued organisational outcomes are postulated to be obtained (Mathieu & Zajac, 1990), including reduced employee turnover (Cohen, 2000; Guthrie, 2001; Becker & Huselid, 1998; Meyer & Allen, 1997), quality improvements (MacDuffie, 1995) and improved job performance, although findings regarding the latter have been inconsistent (Wright & Bonett, 2002). Certainly, at the organisational level of analysis, there is a growing body of evidence suggesting a link between the adoption of sets or bundles of high commitment HRM practices and improvements in organisational economic performance (e.g., Varma, Beatty, Schneier, & Ulrich, 1999; Huselid, 1995; Becker & Huselid, 1998; Guthrie, 2001), and in industries as diverse as automobile assembly (MacDuffie, 1995), steel production (Arthur, 1992, 1994; Ichniowski, Shaw & Prenzushi, 1997), and small service firms (Kaman, McCarthy, Gulbro & Tucker, 2001).

Commitment is a multidimensional construct (Cohen, 2000) that, at its most general, implies notions of attachment, loyalty and identification by an individual to a something (Thornhill et al., 1997), including organisations, employment, unions, professions, occupations and careers (Meyer, Allen & Smith, 1993). Organisational commitment is a subset of the wider commitment construct which, as used in the present study, refers to an individual's involvement and identification with their employing organisation (Mowday, Steers & Porter, 1979). This involvement is expressed in terms of an individual's willingness to apply effort to make their organisation a success, together with an identification with the values and goals of the organisation. Commitment also

implies a desire to remain a member of the employing organisation (Mowday, Porter & Steers, 1982).

This said, there remains some disagreement among researchers as to the definition of organisation commitment (Iverson & Buttigieg, 1999; Meyer & Allen, 1991; Meyer et al., 1993). For the purposes of this research, and drawing on the work of Morrow and colleagues (Morrow, 1983; Morrow & McElroy, 1986; Morrow & Goetz, 1988), as well as Mowday et al. (1982), organisational commitment has been delineated along two key dimensions. The first is 'attitudinal' or 'affective commitment', which refers to the degree of involvement and identification an individual has with an employing organisation (e.g., Iverson & Roy, 1994). Employees high on this dimension of commitment remain with their organisation because they want to, rather than because they need to or because they feel they normatively ought to (Meyer et al., 1993). The second dimension is that of 'behavioural commitment', referring to an individual's intention to remain employed by an employing organisation or, conversely where behavioural commitment is low, an intention to leave (e.g., Iverson & Buttigieg, 1999).

Both attitudinal and behavioural commitment are psychological responses to the nature and quality of a person's experiences at work. Both concepts relate to an employee's feelings of attachment to an employing organisation (Cook & Wall, 1980), and both go beyond the individual's involvement with the specific job they do. Attitudinal commitment includes notions of having pride in one's employing organisation and identifying with its values and goals (Buchanan, 1974). Employees whose expectations of their organisations are met and whose needs are satisfied should shower higher affective commitment than those with less satisfying experiences (Meyer & Allen, 1991).

Behavioural commitment includes notions of loyalty to an organisation that manifests itself as an expressed intention to stay employed by that organisation. This may arise through prior socialisation to the notion of loyalty to an employer ('normative commitment' in the Meyer & Allen (1991) model) and/or an assessment that the costs and benefits of staying outweigh those to be obtained by seeking employment elsewhere ('continuance commitment' in the Meyer & Allen (1991) model) and/or the triggering of some form of reciprocity obligation by the employee's receipt of some form of organisational benefit (Meyer et al., 1993). Either way, low behavioural commitment is

a clear predictor of voluntary employee turnover (Griffeth, Hom & Gaertner, 2000) and an immediate precursor to turnover (Iverson & Roy, 1994). Indeed, an employee's stated intention to leave is one of the strongest and most consistently found predictors of actual quit behaviour (Mowday, Koberg & McArthur, 1984; Griffeth et al., 2000).

It has been argued that employees will be more likely to become committed to their organisations if they believe that the organisation is committed to them (Eisenberger et al., 1990; Eisenberger et al., 1986; Rhoades & Eisenberger, 2002). This is sometimes referred to as the social exchange view of commitment (Shore & Wayne, 1993). As Whitener (2001) posits, this exchange of commitment derives from how people personify organisations as entities; a reification of an abstraction based on an employee's perceptions of their organisation's human resource practices and the actions of individual managers. From a social exchange perspective, these actions are taken as indicative of "management" as a personified collective entity. Using social exchange theory, it could be predicted that employees would respond to management's use of downsizing, as a sign that the organisation neither valued their contribution nor cared about their well-being, by reciprocating with a reduction in their own commitment to their employing organisations.

Against a background of widespread job layoffs by firms, there is also growing body of research investigating whether there are human resource practices which can be used to build employee commitment to their organisations. The practices identified are diverse (Dessler, 1999) and include:

- The use of performance based pay (Guthrie, 2001; Pil & MacDuffie, 1996; Huselid, 1995; Wood, 1996; Snell & Dean, 1992; Guest, 1999; Appelbaum, Bailey, Berg & Kalleberg, 2000; Wright, Gardner & Moynihan, 2003).
- The use of teams as the fundamental unit of organisational structure (Guthrie, 2001; Pil & MacDuffie, 1996; Wood, 1996; Appelbaum et al., 2000).
- Involvement in some form of employee participation program; e.g., quality circles (Guthrie, 2001; Huselid, 1995; Pil & MacDuffie, 1996; Wood, 1996; Guest, 1999; Wright et al., 2003).
- Having reduced status differentials between managers and other employees (Pil & MacDuffie, 1996; Wood, 1996; Guest, 1999).

- Using internal promotion or selection to fill vacant positions (Guthrie, 2001; Huselid, 1995; Guest, 1999).
- Formal performance appraisal systems (Huselid, 1995; Wood, 1996; Truss, 2001; Wright et al., 2003).
- The use of formal information sharing programs to keep employees informed about their firm (Guthrie, 2001; Huselid, 1995; Guest, 1999).
- The regular use of employee attitude surveys (Guthrie, 2001; Huselid, 1995; Guest, 1999).
- Having a clear career ladder or progression for all employees (Wood, 1996; Meyer & Smith, 2000; Truss, 2001).
- Having employee job security policies, such as a commitment to avoid compulsory redundancies (Wood, 1996; Guest, 1999; Becker & Huselid, 1998).
- Workforce flexibility programs (Pil & MacDuffie, 1996; Wood, 1996).
- The use of developmental appraisal systems (Whitener, 2001; Snell & Dean, 1992).
- Having a formal grievance or complaint resolution systems (Becker & Huselid, 1998; Huselid, 1995; Guest, 1999).
- Ensuring internal and external pay equity (Snell & Dean, 1992; Truss, 2001).
- Using targeted employee selection (Truss, 2001; Huselid, 1995; Wright et al., 2003).

Also included has been promotion based on performance (Guthrie, 2001), the use of formal job analysis (Huselid, 1995) and EEO practices (Harley, 2002). Some researchers have also suggested that the number of hours training employees receive can be used as an indicator of an employer's commitment to invest in human capital (Huselid, 1995; Snell & Dean, 1992; Truss, 2001; Wright et al., 2003),

Practices of this nature aimed at improving employee commitment to organisations, and thence motivation to achieve organisational goals, are sometimes referred to under the rubric of 'high-commitment HRM'. Associated terms include *flexible work practices* (Osterman, 1994), *high-performance work practices* (Huselid, 1995; Appelbaum et al., 2000) and *high performance work systems (HPWS)* (e.g., Huselid, 1995; Appelbaum, et al., 2000; Boxall & Purcell, 2003).



Although it is not spelled out in the high commitment SHRM literature, presumably such HR practices are meant to build employee commitment by satisfying their expectations and needs for, for example, recognition, feedback on performance, security, social belonging, and control. From social exchange theory, it could also be predicted that organisational commitment would increase to the extent that high commitment HR practices are used by 'management' and are perceived by employees to be beneficial to them (Meyer & Smith, 2000; Whitener, 2001).

Conversely, however, to the extent that "management" or the "organisation" is seen to have a low commitment to employees through the use of HR practices that are not in the interests of employees, or a failure to use practices which are, then it could be theorised that employees will reciprocate with reduced commitment to the organisation. The possibility that organisations will engage in HR practices aimed at building employee commitment at the same time as they engage in HR strategies, such as organisational downsizing, that might undermine employee commitment does not appear to have been systematically researched, although the potential paradox of it has been noted (Cappelli, 2000; Chadwick et al., 2004). It has also been observed that the introduction of high commitment work practices in US firms is directly associated with increased lay-offs in subsequent years (Osterman, 2000). Only one study was found informing on the potential for high-commitment HR practices to moderate the impact of downsizing. Wagar (1998), in a survey of 1907 Canadian firms employing 75 or more people, found that establishments that had undergone a permanent reduction in workforce showed higher employer efficiency, employee satisfaction and better employer-employee relations if they adopted high-involvement HR practices. High-involvement work practices, such as the use of teams, quality circles, and other programmes enabling employee participation in decision-making, are sometimes regarded also as high-commitment work practices (Pil & MacDuffie, 1996). The constructs overlap to some extent.

It is often asserted that downsizing has an adverse impact on organisational commitment. For example, Buch and Aldridge (1991) observe that a key problem associated with reduced organisational commitment among downsizing survivors is the resultant higher turnover rates among high-value employees, as they have the best chances of finding work elsewhere. Kets de Vries and Balazs (1997) also comment that downsizing affects employee commitment and loyalty, and observe that the best

performers are often the first ones to leave a downsizing firm thereby resulting in a critical loss of human capital. They also suggest that firms with a history of repeated downsizing may also have trouble in attracting talent to work for them.

Assertions aside, however, there is comparatively little empirical research investigating a relationship between employee experiences of organisational downsizing and organisational commitment. The research that does exist seems supportive of a hypothesis that downsizing experiences adversely impact on employees' commitment to their organisations. For example, Hallier and Lyon's (1996) qualitative study of managers found that both the threat of redundancy and the experience of it had considerable adverse impact on feelings of security, company commitment and perceptions of the psychological contract. Victims who were unemployed at the time of the study questioned their degree of emotional attachment to their previous employers and the costs of their commitment, including regret at the sacrifice of leisure and family interests for the demands of their jobs. Victims who had secured alternative managerial employment reported an unwillingness to allow work to once again dominate their lives or to invest substantial effort and trust in their new employers.

Brockner, DeWitt, Grover and Reed (1990) found, for their sample of 597 mainly female survivors employed by a US retail chain, that those reporting higher attitudinal commitment were less likely to intend to leave (behavioural commitment), and were less likely to believe that more layoffs were likely in the future (job security). Among other findings, lower commitment was associated with the respondents' perceptions that the layoff was avoidable, that the decisions guiding the layoff were unfair, and that the victims were inadequately cared for by the organisation (see also Brockner et al., 1992a).

In their study of 150 survivors in a financial services company, Brockner et al. (1992b) found that respondents who had been highly committed to their organisation prior to the layoffs showed more negative impact on their commitment, if they perceived the layoff decision process to be unfair, than those with lower prior organisational commitment. According to Brockner (1988), commitment was most clearly adversely affected where downsizing had proceeded in a way which was considered unfair by employees and/or had produced an unstable work environment in which survivors perceived their continued future employment with the downsizing firm to be uncertain.

In one of the few longitudinal studies on downsizing, Armstrong-Stassen (2002) found that employees who had been declared redundant reported lower organisational commitment and trust, when compared to those not made redundant. However, subsequent to the downsizing event when these employees originally declared redundant were not in fact made redundant, they reported higher levels of trust, commitment and job satisfaction than those survivors not originally declared redundant. It was also observed that self-reported job performance among the survivors declined in the early phases of the downsizing and remained below pre-downsizing levels three years later. Also observed over the three-year period were long-term negative effects on organisational trust and morale. In another longitudinal study, Luthans and Sommer (1999) found in a sample of over 250 health care managerial and non-managerial employees in a medical rehabilitation hospital, which downsized during the research process, that both job satisfaction and organisational commitment declined significantly over a three year period.

Also of relevance is a study by Martin, Parsons and Bennett (1995) of 147 unionised employees, which found that those who were members of an employee involvement programme (e.g. a quality circle) reported higher organisational commitment, had more favourable impressions of the fairness of the layoff, and placed less blame for a layoff on management, than those who did not. Armstrong-Stassen (1993) also found that production workers who had been transferred to another plant prior to a plant closure expressed higher organisational commitment and trust than those who were not transferred.

In a rare experimental design in the area, Probst (2003) found that organisational commitment was consistently and negatively affected by organisational restructuring. However, while the design was robust from a causal perspective, the restructuring IV in Probst's study was a merger involving a great deal of organisational change well beyond the narrower concept of downsizing. With regard to behavioural commitment, a study of 236 survivors by Tombaugh and White (1990) found that expressed intent to leave increased with survivors' perceived stress levels post the downsizing event. Kivimaki et al. (2000) also found that absenteeism, irrespective of cause, was related to the degree of downsizing in a sample of municipal workers in Finland with longer periods of absence associated with more major downsizings.

On the basis of the research cited above, there does seem to be sufficient evidence to hypothesise a relationship between the experience of downsizing and reduced organisational commitment among survivors. The point of departure that the present research makes is to investigate whether a relationship can be found between employee organisational commitment and their experiences of downsizing subsequent to the downsizing event; and, in the case of those who were made redundant due to downsizing, whether reduced commitment was generalised to subsequent employing organisations. This is predicated on research suggesting that prior work experiences and attitudes may be an important contributing factor to later job attitudes (Lee et al., 1992; Pierce & Dunham, 1987; Witt, 1993).

It was presumed in the present study that the more severe the experiences of downsizing, the stronger the potential effect on organisational commitment. For example, it might be reasonable to assume that the loss of a job due to being downsized could be a more extreme experience than working in a downsizing firm but not losing one's job, although it has also been suggested that the reverse might be true (Burke & Cooper 2000a). While only one study was found relating the frequency of downsizing to employee outcomes (Littler, 2000), it also seems feasible that the more often someone has experienced downsizing and/or redundancy might also influence employee responses in a negative way (although perhaps with less impact over time as people learn to cope).

It was also anticipated that any downsizing-commitment relationship could be moderated by a number of variables. In particular, an employer's use of high commitment HR practices might serve to improve employee commitment and therefore negate negative influences arising from the respondent's experiences of downsizing and/or redundancy. Any downsizing-commitment relationship could also be a function of how the downsizing was carried out. As the research by Carswell (1999, 2002) and Brockner (1988) and colleagues (1992a, 1992b) indicates, how the downsizings are conducted does influence employee and organisational outcomes.

The length of time elapsed since the last downsizing or redundancy was experienced might also play a part in moderating any relationship between employee experiences of organisational downsizing and their commitment to their current employing organisations. Littler (2000) suggests that there may be recency effects underlying any

observed relationship between the frequency of downsizing and survivor effects with the more recent the downsizing, the more intense the survivor reactions. However, Noer (1993) found that five years after downsizing effects such as 'survivor sickness' were first observed in individuals, many were still visible and some were more pronounced.

To summarise, using social exchange theory it is posited here that employees will reduce their commitment to their employer in reciprocation for management engaging in organisational downsizing, thereby communicating to employees their employer is not committed to them. It is also theorised here that more "severe" experiences of downsizing, for example through multiple downsizings and redundancies and /or done in such a way that communicates to employees how little they are valued, will result in lower commitment perhaps even to the point where redundant workers are reluctant to psychologically commit to their new employers. Hence, it is hypothesised:

**Hypothesis 6:** Employees who have lost a job through redundancy due to organisational downsizing will show lower organisational commitment than survivors. The latter, in turn, will report lower commitment than those who have never worked in a downsized organisation.

**Hypothesis 7:** Employees who have experienced more downsizings will report lower commitment.

**Hypothesis 8:** Employees who have experienced more redundancies due to downsizing will report lower commitment.

**Hypothesis 9:** Redundant employees' and survivors' organisational commitment will vary according to the perceived use of downsizing best practices by the downsizing organisation at the time of the last downsizing.

No specific hypotheses were developed regarding the possible moderating role of high commitment HR practices, job satisfaction, respondent age, tenure or the time lapsed since the last downsizing / redundancy. The analyses of these variables in relation to the above hypotheses was exploratory.

### **2.3 Job Involvement & Downsizing**

The concept of *job involvement* has a long history in organisational research and first emerged as a measurable construct with the work of Lodahl and Kejner (1965). Job involvement has been shown to be an empirically distinct concept from organisational commitment and job satisfaction (e.g., Brooke, Russell, & Price, 1988; Mathieu & Farr, 1991). The focus is on the degree to which individuals are absorbed in their daily work activities and psychologically identify with their job (Elloy, Everitt, & Flynn, 1991). It is therefore possible that an employee might not identify with their employing organisation or be behaviourally committed to it, but could be highly involved in her or his job (or vice versa).

Little research appears to have been done to investigate any relationship between downsizing and job involvement. One study by Brockner, Grover and Blonder (1988) found that survivors who had experienced a 'mild severity' downsizing event (defined as between 2-5% of the work force) had higher job involvement than those who had experienced a more severe downsizing (defined as 25-70% of the work force). Allen et al. (2001) also report that the job involvement of managers declined over a 16 month period after a downsizing event.

The paucity of research on the job involvement variable in the context of organisational downsizing means that any hypothesis formulated for it must be speculative. However, it is possible that people who have lost a job due to downsizing will be less likely to commit themselves psychologically to their next job. It seems reasonable to speculate that employees who become strongly psychologically connected to their job will feel considerable distress when they lose it through being made redundant, and may therefore become reluctant to engage quite as much in their next job. For the downsized survivors, seeing others lose their jobs may give cause for them to rethink how much of themselves they invest psychologically in their own jobs. Hence, it was hypothesised:

**Hypothesis 10:** Job involvement will vary as a function of downsizing experiences. Survivors will report higher job involvement than those who have lost a job due to downsizing, and employees who have never worked in an organisation at the time it downsized will report the highest reported job involvement.

## **2.4 Work Involvement**

Work involvement is a secularised component of the Protestant work ethic and can be defined as the degree to which a person wants to be engaged in paid employment (e.g., Warr, Cook & Wall, 1979). Work involvement is conceptually distinct from organisational commitment (Kanungo, 1982; Mir et al., 2002) in that it reflects people's commitment to work itself, as paid employment, rather than their commitment to a specific organisation. Work involvement is also conceptually differentiated from job involvement in that while the latter is a belief about one's immediate job, work involvement is a belief about paid employment in general (Kanungo, 1982). Job involvement has, however, been posited as mediating the relationship between work involvement and organisational commitment (Randall & Cote, 1991).

Little research has been identified as directed towards investigating the influence of downsizing on work ethic beliefs in general, although some research has been done on work involvement in the context of unemployment (e.g., Macky, 1984). This said, Brockner et al. (1988) identify the degree of survivors' work ethic as a potential moderating variable between layoffs and job involvement. While no research has been identified which looks specifically at work involvement in the context of organisational downsizing, this seems an oversight. If downsizing is, as suggested above, changing the nature of the employment relationship - in terms of the psychological contract, perceptions of job security, growing instrumentalism, and reduced commitment - then there is also potential for it to impact on the most fundamental aspects of employee belief systems about work as paid employment. Work involvement is one such aspect. Employees made redundant, in particular, may have cause to rethink their overall commitment to the concept of paid employment as a socialised ideal. It is therefore hypothesised:

**Hypothesis 11:** Work involvement will vary as a function of downsizing experiences. Survivors will report higher work involvement than those who have lost a job due to downsizing, and employees who have never worked in an organisation at the time it downsized will report the highest reported work involvement.

## ***2.5 Proposed Moderating and Control Variables***

Most of the hypotheses stated above have been formulated to inform on the principal research question of whether the experience of downsizing predicts subsequent employee work attitudes. However, as stated in Chapter 1, a secondary aim of the research was to explore for variables that could moderate any observed relationship between an employee's experiences of organisational downsizing and the criterion variables of organisational commitment, trust in management, and so on. A moderating variable is an independent variable which interacts with another independent variable to account for variance in the dependent variable (Stone, 1988; Stone-Romero & Liakhovitski, 2002). In other words, a moderating variable systematically influences the relationship between a dependent variable and hypothesised predictor variable.

In addition to the downsizing independent variables used in this study, there are potentially an enormous number of other secondary variables that might influence the work attitude criterion variables of interest in this study. The variance in the attitudinal variables attributable to these potential confounds should be statistically controlled for in research designs such as that employed in this study. However, simply controlling the effects of a secondary variable misses the possibility that it systematically interacts with a downsizing independent variables to influence the attitudinal dependent variables studied. Such interactive effects, if they are found, would "... increase the general accuracy with which scores on a criterion variable can be predicted and the amount of explained criterion variance" (Stone, 1995, p.193), thereby adding richness to the findings and any subsequent theory development.

However, as Judd et al. (1995) point out, care must be taken to avoid testing for spurious interactions as this weakens statistical power and increases the likelihood of Type I error. For this reason, the rationale for including a variable as a potential moderating variable is either restated or summarised below. Second, an empirical criteria for inclusion was followed for the statistical analyses that follow in that a proposed moderating variable first needed to be found to predict or be associated with the criterion variable in question, before tests of interaction terms were conducted to identify a moderating effect. It is, however, recognised that this somewhat strict empirical criteria may result in some moderator variables being excluded from analysis (Stone, 1995). It should also be noted that secondary variables with no significant



interaction effect, but with a significant main effect should still have the variance they account for in the criterion variable controlled for and this has been done. They are therefore referred to as control variables rather than moderating variables when discussing such analyses.

The variables either controlled for or investigated for moderating effects were:

1. *Job security perceptions.* These have the potential to be both a dependent variable, in terms of being influenced by different experiences of downsizing (H2), as well as a moderator variable in terms of the relationships job security perceptions might also have on the other work related attitudes of interest in this study (H1). As argued earlier in this Chapter, it is presumed that by virtue of having already lost a job due to downsizing, redundant employees may feel less willing to subsequently trust their managers, or commit themselves to their new jobs or firms, than survivors. Hence downsizing experience and job security perceptions are expected to interact in explaining at least some of the variance trust and commitment.
2. *How the last downsizing the respondents experienced was done and their satisfaction with this.* As discussed previously, how a downsizing has been carried out has been shown to influence the work attitudes of survivors via their perceptions of procedural, distributed and interactional justice (see Chapter 1). However, employees made redundant as a result of downsizing almost certainly have a different perspective on and/or qualitatively different experience of the downsizing process than survivors, thereby raising the potential for a moderating effect.
3. *An index score of the high commitment HRM practices experienced by respondents.* The potential relationship between the experience of high commitment HR practices and employee trust and commitment has been discussed in Section 2.2. above. Also noted was the possibility that downsizing firms may also be the same firms that make more use of high commitment practices, and that the use of such practices might ameliorate any effects downsizing might have on such attitudes. The potential of a moderating effect seems clear in such a context.
4. *Job satisfaction.* This variable has been included as a potential moderator variable as it has been consistently and negatively associated with employee turnover (Harter, Schmidt, & Hayes, 2002), as well as intentions to quit (Griffeth et al., 2000)

and other withdrawal cognitions (Hom & Griffeth, 1991; Hom et al., 1992). Davy, Kinicki and Scheck (1997), for example, found job satisfaction to influence the effects of job security on organisational commitment and withdrawal cognitions. Prior research also consistently shows a strong positive relationship between job satisfaction and employee commitment to their organisations (Mathieu & Zajac, 1990). Although the causal nature of this relationship is not entirely understood, with some studies suggesting satisfaction determines commitment (e.g., Mathieu, 1991; Lance, 1991) and others the reverse (e.g., Vandenberg & Lance, 1992), nonetheless there is agreement that they are conceptually and empirically different constructs (e.g., Brooke et al., 1988; Mathieu & Farr, 1991). It seemed prudent therefore to include job satisfaction as a potential moderator in the predicted relationship between people's experience of downsizing and their organisational commitment.

A number of research participant variables have also been included as possible moderator variables in the expected 'downsizing experience - work attitude' relationship or potential confounds whose statistical control may serve to reduce error variance. Some of these, such as respondent ethnicity (coded Maori or non-Maori) and size of current firm in terms of numbers of employees, have been included on a purely precautionary basis. Others, such as employee age, gender, length of time in the workforce, and tenure with current employer, have been included as prior research shows such variables to be associated with or predictive of at least some of the attitudinal criterion variables included in this study (e.g., Finegold, Mohrman & Spreitzer, 2002; Shore, Cleveland & Goldberg, 2003; Wright & Bonett, 2002), although there appears to be inconsistency in the research regarding age and gender in particular (e.g., Allen & Meyer, 1993; Aven, Parker & McEvoy, 1993). In addition, the time elapsed since the last downsizing or redundancy was experienced (both coded in months) has also been included as a potential moderator in the relevant analyses. Time may, after all, be the great healer.

## **2.6 Summary Restatement of the Research Hypotheses**

**Hypothesis 1:** Job security perceptions will be positively associated with affective and behavioural commitment, trust in management, job satisfaction, and the number of high commitment human resource management practices experienced.

**Hypothesis 2:** Perceived job security and job security satisfaction will vary as a function of the experience of downsizing, with those who have experienced a redundancy due to downsizing having the worst job security perceptions.

**Hypothesis 3a:** Instrumental attitudes towards the employment relationship will vary as a function of employees' experience of organisational downsizing.

**Hypothesis 3b:** Employees who have experienced a greater number of downsizings will report stronger instrumentalist attitudes towards the employment relationship.

**Hypothesis 4:** Employees reporting stronger instrumentalist attitudes will have lower organisational commitment, lower trust in management and lower involvement in their job and with work in general.

**Hypothesis 5:** Trust in management will vary as a function of the experience of organisational downsizing. Employees least trusting will be those who have been made redundant as a result of downsizing.

**Hypothesis 6:** Employees who have lost a job through redundancy due to organisational downsizing will show lower organisational commitment than survivors; they, in turn, will report lower commitment than those who have never worked in a downsized organisation.

**Hypothesis 7:** Employees who have experienced more downsizings will report lower commitment.

**Hypothesis 8:** Employees who have experienced more redundancies due to downsizing will report lower commitment.

**Hypothesis 9:** Redundant employees' and survivors' organisational commitment will vary according to the perceived use of downsizing best practices by the downsizing organisation at the time of the last downsizing.

**Hypothesis 10:** Job involvement will vary as a function of downsizing experiences. Survivors will report higher job involvement than those who have lost a job due to downsizing, and employees who have never worked in an organisation at the time it downsized will report the highest reported job involvement.

**Hypothesis 11:** Work involvement will vary as a function of downsizing experiences. Survivors will report higher work involvement than those who have lost a job due to downsizing, and employees who have never worked in an organisation at the time it downsized will report the highest reported work involvement.

## CHAPTER 3: METHOD

### *3.1 Design Rationale*

The research design involved a naturally occurring independent variable (organisational downsizing), multiple dependent variables (organisational commitment – attitudinal and behavioural, work involvement, trust in management, job involvement, and instrumentalism), and several proposed moderating variables, including job satisfaction, how the downsizing was done, and the use of high commitment HRM practices by the respondents' current employer. It was therefore a quasi-experimental cross-sectional multivariate design with an emphasis on the statistical control of secondary variance.

It is recognised that to demonstrate whether employee commitment and the other work attitudes included in this research changed as a response to participants' experiences of organisational downsizing, a longitudinal rather than cross-sectional research design would have been preferable and would have provided a stronger basis for determining the causal direction of any observed relationship. The cross-sectional design used here creates difficulties in determining whether the experience of downsizing causes variations in work attitudes such as organisational commitment.

However, the present design does allow for a systematic assessment of whether work attitudes such as those measured for this study covary as a function of differential experiences of organisational downsizing (covariance is one of the rules of evidence for causal inference). Furthermore, respondent work attitudes were measured at a single point-in-time after the occurrence of the independent variable, but with considerable variation possible in when the research participants last experienced a downsizing or redundancy, if at all. Finding a relationship between downsizing and a work attitude with such a design suggests some robustness in the effect. The research design also enabled the exploration of a number of possible moderating variables on any relationships observed, and the statistical control of possible confounding variables if needed.

The use of a heterogeneous New Zealand sample also addresses two of the weaknesses of previous downsizing research mentioned previously – the dominance of US studies and a reliance on homogeneous research samples.

### **3.2 Participants**

The population from which the survey sample was derived comprised all people registered on the October 2002 New Zealand Electoral Roll (2,280,434 people). It was anticipated that this would be the most up-to-date database of potential participants due to the considerable effort put in by the Electoral Office in an election year to ensure that electors personal details, including addresses, are up to date.

The population was reduced to 1,046,173 people by excluding those who:

- were born before 1935 and after 1985 (thereby targeting an age group between 18 and 65 years of age for inclusion in the research);
- stated their occupation as “self employed” or “contractor”, or whose occupations were likely to be of a self employed nature, such as farmers, artists and writers;
- were members of the armed forces, the police, ministers of religion and professionals such as doctors, lawyers and teachers, on the assumption that they have a low probability of experiencing organisational downsizing;
- stated their occupation as retired, parent, homemaker, housewife, unemployed, beneficiary or similar title indicating that they were not participants in the New Zealand labour force; or
- were rural residents, on the expectation that targeting urban residents would increase the likelihood of obtaining respondents with some experience of organisational downsizing.

From this population, a survey sample of 2000 people was randomly selected using the random selection functionality in SPSS. A sample size of 2000 was chosen for several reasons. Firstly, it was not known how many people in New Zealand have experienced downsizing since there is no monitoring, official or otherwise, of this type of organisational activity here. The few surveys of the use of downsizing by New Zealand organisations (Carswell, 2002; Littler et al., 1997) have tended to focus on large firms and therefore do not provide a useful guide to determine possible downsizing prevalence rates among employees. It was therefore thought prudent to use a relatively large sample size to increase the likelihood that there would sufficient numbers of respondents to enable group comparisons between those who had or had not

experienced downsizing. Secondly, a sample size of 2000 was the largest possible within the limited resources available to the researcher.<sup>2</sup>

Of the 2000 questionnaires originally sent, 35 were returned as “Gone No Address”, three were returned from people who indicated they were too sick to complete the questionnaire, and 17 from people who indicated that they thought the questionnaire was not applicable to them (mainly because they had retired). This reduced the valid survey sample to 1945 people.

A total of 492 questionnaires were eventually returned with at least some of the questions completed. However, of these:

- 16 were returned from people who had been made redundant and were still unemployed at the time of the survey;
- 23 were from self-employed respondents;
- 8 were retired;
- 10 were unemployed
- and 8 from people otherwise not currently employed; e.g., they were on parental leave.

These 65 were also dropped from the survey sample to give a valid sample size of 1880. A further three questionnaires were dropped due to too little of the questionnaire having been completed. Thus the maximum number of respondents used in the analysis was 424, giving a useable response rate of 22.6%.

Table 1 shows contrasts the year of birth, gender and ethnic (Maori / non-Maori / not stated) profile of the final respondent sample with those of the original survey sample and the survey population. Contrasting the observed percentages with the expected values shown for the survey population shows no significant differences for gender ( $\chi^2$  (1) = 1.46,  $p = 0.23$ ), or ethnicity ( $\chi^2$  (2) = 10.99,  $p = .61$ ). While some slight differences are apparent with regard to when the participants were born ( $\chi^2$  (9) = 3.53,  $p = 0.04$ ),<sup>3</sup> the respondent sample appears to be broadly representative of the population from which it was drawn.

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<sup>2</sup> The research was funded by a Massey University, College of Business, Business Research Fund grant (no A02/R/828)

<sup>3</sup> Chi-squares were calculated using chi-square calculator GraphPad Quickcalcs found at <http://www.graphpad.com/quickcalcs/chisquared1.cfm> (accessed on 3 June 2003)

The mean age of the respondents at their last birthday was 42.06 years (SD = 11.74, n = 420). The age distribution appears normal (skew = -.06; Z = 1.29, p = .069) and with a range from 18 to 69 years. Respondents had been employed in the workforce for a mean of 21.94 years (SD = 11.99, n = 394) and this distribution is also near normal (skew = .19; Z = 1.16, p = .135) with a range from 0.3 to 51.0 years. They had worked for their employer for a median of 4.6 years (range 0.08 - 45 years, n = 419),<sup>4</sup> with 25% of respondents having worked for their current employer for 1.75 years or less. A further 25% had tenure of 10 years or more.

**Table 1: Respondent sample, survey sample and survey population gender, ethnicity and year of birth comparisons**

Demographics	Respondent sample % n = 424	Survey Sample % N = 2000	Survey Population % N = 1046173
Gender			
Male	50.0	60.0	56.0
Female	50.0	40.0	44.0
Ethnicity			
Maori	10.1	14.1	13.2
Non-Maori	78.1	72.8	74.3
Not stated	11.8	13.2	12.5
Age (when born)			
1935-39	1.9	4.3	3.5
1940-44	9.4	8.9	6.9
1945-49	12.0	10.2	10.6
1950-54	12.0	10.8	11.8
1955-59	16.0	12.0	13.0
1960-64	13.4	13.7	14.1
1965-69	11.8	13.5	13.1
1970-74	11.1	11.4	12.5
1975-79	7.3	9.6	9.6
1980-84	5.2	5.7	4.9

The median size of the organisations the respondents worked for was 100 with a range from 1 to 12000 employees (excluding 33 respondents who gave verbal responses such as “untold” or who simply didn’t know). A total of 19.0% of respondents worked for firms employing 9 or fewer employees and 39.8% worked for firms with fewer than 50

<sup>4</sup> Medians have been reported where the variable distribution is clearly not normal.



workers. Because of the criteria used to generate the survey population outlined above, there are no directly comparable New Zealand data for firm size. However, data from Statistics New Zealand for Feb 2002 shows that New Zealand enterprises with fewer than 10 employees employed 31.4% of the full-time-equivalent (FTE) labour force while 54.2% of FTE labour force were employed in enterprises comprising fewer than 50 employees. Fewer than 39% were employed in enterprises with more than 100 employees (Statistics New Zealand, Feb. 2002). While these data are not exactly comparable to those of the present research, it does suggest that the survey respondents may be disproportionately weighted towards working for the larger employers.

Table 2 shows the type of organisation the respondents worked for. Clearly the majority worked for a privately owned company or firm. The next two largest types of employer were either a firm listed on the New Zealand stock exchange or an overseas based multinational, with nearly 14% of respondents respectively. It would seem then that the majority of respondents were employed in the private sector, with less than a third collectively employed in either a Government Department, State Owned Enterprise (SOE), local government, not-for-profit organisation or charity, or a publicly funded organisation (see Table 2).

**Table 2: Frequency distribution of type of employing organisation**

Organisation Type	% (n = 419)*
Privately owned company or firm	52.3
Company listed on the New Zealand stock exchange	13.6
An overseas based multinational	13.8
A Government Department or SOE	7.6
A publicly funded organisation; e.g., school or hospital	6.4
Local government	3.1
Non-government not-for-profit organisation or charity	2.7
Other	0.7

\* Note: Percentages do not total to 100 due to rounding error.

Finally, most of the respondents were employed permanently, either full-time (68.8%) or part-time (14.8%). The remaining were employed on limited or fixed term contracts, either full-time (13.6%) or part-time (2.8%).

### **3.3 Variables and their Measures**

The main variables used in the present research are outlined below, together with the instruments used in their measurement. Wherever possible, published measures with sound psychometric properties were used. All measures were selected on the basis that they were suitable for self-administration. The original item wording and response format of the measures were used with the following general exceptions:

1. All of the measures selected were originally developed on overseas populations. Sometimes particular words or phrases used in the original instruments would have little or no meaning to a New Zealand sample population and have therefore been substituted with equivalents.
2. Response formats often vary between instruments in terms of the number of response categories and across studies that have used these instruments. In the present study, the same general response type has been retained as the original instrument (for example, agree-disagree or satisfied-dissatisfied) but with seven-point response scales applied throughout most of the questionnaire.
3. Additional items were sometimes added to the instruments to ensure particular variables of interest or dimensions of variables were covered.

Because of these changes to the original instruments, their psychometric properties in terms of internal reliability and factor structure have been reanalysed to determine their suitability for testing the propositions and hypotheses in the present study. Because the original instruments have been changed in varying degrees, principal-axis factoring factor analysis with varimax rotation (Bryman & Cramer, 2001) was used, instead of confirmatory factor analysis, to explore the expected factorial dimensionality of the measures (de Vaus, 1991). Missing data were managed using the list-wise deletions procedure for each analysis. Consistent with normative practice for this type of analysis, factors with an eigenvalue of less than one have not been reported. In the interests of brevity, factor loadings of .10 or less have also been omitted from the relevant tables. In all analyses, a minimum ratio of 10 observations per variable has been obtained, thereby satisfying sample size requirements (Hair, Anderson, Tatham &

Black, 1998). The Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) (de Vaus, 1991) and the Bartlett test of sphericity (Hair et al., 1998) have also been calculated to test the suitability of the variables in the relevant correlation matrices for factor analysis.

For the multi-item variables identified by the factor analyses, their internal reliability was calculated using Cronbach's coefficient alpha (Cronbach, 1951). The decision on whether to include a particular item or not in the final measure was therefore made on both its factor loading (in general .40 or better was looked for) and whether its deletion resulted in an improvement in the standardised coefficient alpha for the scale. Scale scores were then computed (see below for further details) leaving out any variables that did not load highly on the relevant factor and/or which led to an improvement in alpha if the item was deleted.

### **3.3.1 The Independent Variable – Organisational Downsizing**

The main independent variable (IV) for the present research was that of an individual's "personal experience" of organisational downsizing. Downsizing was defined for respondents in the questionnaire as being when an organisation reduces the number of people employed in that organisation. Linked to this definition was the concept of redundancy; defined for participants as when people "lose their job because it no longer exists" (see Appendix A, Part 5 p8). Redundancy, restructuring and closures were given as examples of ways in which organisations downsize. These terms were linked to downsizing in the present study as it was thought New Zealanders might have more familiarity with them than with the term downsizing. Nor is it uncommon in the literature for downsizing to be treated as synonymous with making people redundant (e.g., Herriot, Hirsh, & Reilly, 1998).

The downsizing literature normatively differentiates between those workers who lose their jobs (often referred to as "victims") and those who remain with a firm after downsizing (normatively referred to as "survivors")(see Ryan & Macky, 1998). The term Victim has been eschewed in the present study as unnecessarily emotive and instead, a differentiation has been sought between Survivors and those who have experienced being made Redundant. To achieve this differentiation and operationalise the downsizing independent variable in the present study, two questions were asked:

*“A. Have you ever worked for an organisation that downsized or made people redundant while you were employed there?”* (YES/NO response) and  
*“B. Have you ever lost a job due to being made redundant or due to downsizing?”*  
 (YES/NO response)

From these questions respondents were coded into the following mutually exclusive comparison groups:

1. People who had never worked in an organisation that had downsized or made people redundant while they were employed there (“Control” – a non-equivalent control group).
2. People who had worked in an organisation at the time it was downsized but who had never lost a job as a result of downsizing (“Survivors”).
3. People who had worked in a downsizing organisation and who been made redundant one or more times but who were re-employed at the time of the study (“Redundant”).

People who had been made redundant as a result of downsizing and who were unemployed because of this at the time of the study comprise a fourth group. Respondents who fall into this group (n = 16) have been excluded from the present study because of its focus on respondent attitudes towards their current employment.

In addition to the above, the downsizing IV was further operationalised by:

**For all groups, measuring:**

- Whether or not they had experienced downsizing vicariously. For example, through a partner or child or friend or relative having lost their job through downsizing in the five year period prior to the survey. Respondents were asked: *“Do you personally know anyone who has been made redundant in the past five years (other than perhaps yourself)?”*, followed by a multiple response list of possible relationship groups provided (see Appendix A questionnaire p9).

**For the Survivor and Redundant groups, measuring:**

- The number of times downsizing had been experienced. Respondents were asked: *“...what is the total number of downsizings that you have experienced?”*

**For the Redundant group, measuring:**

- The number of times they had lost a job due to downsizing by asking: *“How many jobs in total have you lost due to being made redundant”*.
- The total days spent out of work as a result of downsizing calculated from responses to the question: *“In total how long would you have been without work / unemployed as a result of being downsized / made redundant?”* with responses obtained in “months” and “days”.
- Whether or not their current employment is at a lower pay level than that received prior to their most immediate downsizing experience.
- Whether they had been forced to take redundancy or were offered voluntary redundancy.

### **3.3.2 Proposed Moderating Variables**

In Chapter 2, several moderating variables in any downsizing-work attitude relationship were proposed. The measurement of these variables are outlined in more detail below.

**Experience of the Downsizing Process:** To address the possibility that any impact of downsizing on work attitudes can be moderated by the respondents’ experiences of how downsizing was carried out, a 23 item scale was developed from the literature of downsizing practices (e.g., Burke & Nelson, 1997; Carswell, 1999, 2002; Feldman & Leana, 1994; Ryan & Macky, 1998; Thornhill et al., 1997)(see questionnaire in Appendix A, Part 5 E, pp 10-11 and Table 3). Respondents were asked to indicate if the downsizing practice was used (YES / NO response coded 1 and 0 respectively) for the most recent downsizing / redundancy that they had experienced or could remember. An *Index of Downsizing Practices Used* metric as then obtained by simply summing the number of YES responses (giving a possible range from 0 to 23).

**Table 3: Downsizing practices factors with varimax rotation and reliability coefficients**

Variable	F <sub>1</sub>	F <sub>2</sub>
Management appeared to act in "good faith" with employees during the downsizing process	.79	.39
Sufficient time appeared to be given by management to plan and execute the downsizing	.78	.39
Information was given to employees on how the downsizing would be done	.77	.36
Employees were told of the process for deciding who would be made redundant	.76	.39
Redundant employees were given adequate warning that they would lose their jobs	.76	.43
Alternatives to redundancy were considered before people were made redundant	.75	.51
Information was given to employees on the organisations need to downsize	.75	.35
An environment of trust was built between managers and other employees during the downsizing process	.73	.49
Employees were given an opportunity to participate in the decision making process regarding redundancies	.73	.53
Redundant employees were treated with dignity and respect by the organisation	.71	.45
Employees other than managers were involved in the design of the organisation's downsizing process	.69	.53
The relevant employee unions were consulted / involved in the decision making process regarding redundancies	.69	.42
The process for deciding who would be made redundant appeared to be fair	.69	.44
Redundant employees were given an opportunity to correct any information used in the decision making process on who would stay or go	.68	.55
Employees who were made redundant were given an opportunity to challenge the redundancy decision	.67	.56
Redundant employees were provided with job search support services (for example, CV development, interview training, internet access).	.38	.86
Redundant employees were provided with an opportunity to receive free personal counselling	.37	.84
Redundant employees were provided with training in job search skills.	.40	.83
Employees remaining in the downsized firm were given an opportunity to provide feedback on how the downsizing was done	.54	.62
Social events were organised to mark the end of the downsizing process.	.47	.60
Employees remaining in the downsized firm were provided with increased access to information on how well the organisation was doing	.50	.60
Employees remaining in the downsized firm were provided with additional training opportunities	.52	.59
Redundant employees were provided with redundancy payments	.40	.58
Percent of total variance explained (rotated loadings)	41.99	30.69
KMO measure of sampling adequacy		0.950
Bartlett test of sphericity	$\chi^2 (253) = 4121.52, p = .000$	
Standardised coefficient alpha	.98	.94

For each downsizing practice, respondents were also asked to indicate their satisfaction with what actually happened using a 7-point Likert-type response scale ranging from *Very Dissatisfied* (1) to *Very Satisfied* (7). This was done to cater for two possibilities. Firstly, while a practice may have been used, it may have been done in such a way as to

obviate any beneficial effects on employees. Secondly, even if a practice was not used respondents who had experienced a downsizing might not be unhappy about this.

Exploratory principal axis factor analysis of the satisfaction ratings identified two distinct factors (see Table 3). The first factor comprises 15 items and seems to pertain to satisfaction with the management of the downsizing process. The second cluster of eight items seems to relate more to satisfaction with the support that survivors and those made redundant received. Reliability analysis further suggests that constructing two scales based on the item loading on each factor is warranted (see Table 3). Scale scores for *downsizing process management satisfaction* and *downsizing support satisfaction* were then computed by calculating the average rating of the items in the respective factors shown in Table 3.

In addition to perceptions of what downsizing practices were used and respondents' satisfaction with them, the length of time since the respondent last experienced downsizing or was last made redundant was included as a potential moderating variable of any impact downsizing might have on the dependent variables. Time in both cases was measured in years and months, and converted into months for analysis.

**High Commitment HRM Practices:** In addition to downsizing, organisations can use a wide range of human resource management (HRM) practices that might impact on the work attitudes of their employees. The use of such practices might moderate any observed relationship between the experience of downsizing and organisational commitment, trust and other work attitudes. Drawing on the high-involvement, high-commitment, high-performance HRM literature outlined in Chapter 2, and in particular the work of Huselid (1995), Guest (1999), and Truss (2001), a 16 item index of high commitment practices was developed (see questionnaire in Appendix A, Part 4 p7). Four items of a more factual nature had a YES / NO response format (coded 1 and 0 respectively), while the balance of 12 items were more perceptual and therefore had a 7-point Likert-type response format bounded from 1 (*Strongly Disagree*) to 7 (*Strongly Agree*). Previous organisational level research on high commitment HRM has tended to calculate a unitary additive index of high commitment HR by simply counting the number practices indicated as being used (e.g., Becker & Huselid, 1998). Because of the varying response scales used in the present study, it was felt that such a procedure would result in an unsatisfactory loss of variability inherent in the data. Instead, z-

scores were calculated for each item and then summed to produce a summative *high commitment HR z-score* (this procedure is outlined in de Vaus, 1991). Coefficient alpha suggests that this score has satisfactory reliability (alpha = .845). Higher scores represent more exposure to high commitment HRM practices. Respondents were also asked how many hours training they had received in the last 12 months. Responses to this variable were analysed separately.

**Job Satisfaction:** In the present study, *total job satisfaction* was defined as the degree to which a respondent reports satisfaction with both intrinsic and extrinsic elements of their job and was measured using a 15 item scale containing both extrinsic and intrinsic job components originally developed by Warr, Cook and Wall (1979)(See Appendix A, questionnaire Part 2 p.3). The measure was chosen for its relative brevity compared to other multi-item job satisfaction instruments (e.g., Clegg & Wall, 1981). In addition, a single item *overall job satisfaction* measure also developed by Warr et al. (1979) was included in the questionnaire.

The original instrument has been modified in two ways. Firstly, an additional item was added to measure satisfaction with “the involvement you have in decisions that affect you”. The purpose of this additional item was to provide a more complete total job satisfaction measure by tapping an otherwise absent employee empowerment / participation dimension. Secondly, the satisfaction with “your current level of job security” item has been left out of the calculation of total job satisfaction as it was analysed separately as a dependent variable and potential moderator variable (see below). Responses to all items were obtained on a 7-point Likert scale ranging from *very dissatisfied* (1) to *very satisfied* (7).

KMO and the Bartlett test indicate the suitability of performing factor analysis on the satisfaction data (see Table 4). Principal axis factoring revealed a two factor solution, as would be expected from the original Warr et al. (1979) findings. However, the modifications described above have altered the factor structure somewhat. Four of the original seven items labelled by Warr et al. (1979) as intrinsic satisfaction correspond to the second factor ( $F_2$ ) in Table 4, the exceptions being “recognition for good work”, “attention to suggestions” and chances of promotion. Somewhat curiously, “physical work conditions” also loads on this factor. Five of the seven items originally labelled by Warr et al. (1979) as extrinsic satisfaction ( $F_1$ ) load on the first factor (see Table 4).



As Table 4 also shows, coefficient alpha indicates satisfactory reliability for a job satisfaction scale additively comprising the 15 individual job satisfaction items. A *total job satisfaction* score was therefore computed by averaging the combined responses to all items (excluding the overall satisfaction item and job security satisfaction).

**Table 4: Job satisfaction factors with varimax rotation and reliability coefficients**

Variable	F <sub>1</sub>	F <sub>2</sub>
The way your firm is managed	.76	.29
Relations between management & employees	.76	.25
The recognition you get for good work	.72	.39
The attention paid to suggestions you make	.68	.48
Your immediate manager or supervisor	.65	.34
Your chances of promotion	.59	.38
Your fellow workers	.36	.31
Your hours of work	.34	.26
Your opportunity to use your skills, abilities and knowledge	.34	.74
The amount of variety in your job	.19	.66
The amount of responsibility you are given	.46	.59
The freedom you have to choose your own methods of working	.38	.58
The involvement you have in decisions that affect you	.56	.56
The physical work conditions you have to work in	.27	.45
How much you are paid	.40	.41
Percent of total variance explained (rotated loadings)	28.03	22.15
KMO measure of sampling adequacy	0.939	
Bartlett test of sphericity	$\chi^2 (105) = 3298.80, p = .000$	
Coefficient alpha	.92	

The single item 'overall satisfaction' variable was not used in the present study as it correlates highly with the total satisfaction score ( $\rho (412) = .819, p = .000$ ) and would therefore most likely be collinear.

Two open ended questions were also asked regarding what respondents found most rewarding and frustrating about their jobs (see Appendix A). These were included in the questionnaire to provide respondents with a break from forced choice response scales. Responses to these open ended questions have not been analysed for the purposes of this study.

### 3.3.3 Dependent Variables

**Job Security Perceptions:** This variable was conceived as both a dependent variable of organisational downsizing and a potential moderator of the proposed relationship between downsizing experiences and the other work attitudes of interest in the present study. It was measured by two separate questions. The first question is part of the satisfaction instrument outlined above and assessed the degree of satisfaction respondents expressed with their current level of job security. Responses were obtained on a seven-point scale anchored (1) *very dissatisfied* and (7) *very satisfied*. The second item asked: “*How likely do you think it is that you will be made redundant or lose your job through organisational downsizing or restructuring in the next two years?*” Responses were obtained on a five-point scale anchored (0) *not at all likely* and (5) *extremely likely*. The two items are significantly correlated, with those who perceive a greater likelihood of being made redundant or losing their job through downsizing or restructuring being also more likely to report lower satisfaction with their current job security. However, the relationship is only weak to moderate ( $r_{ho}(402) = -.324, p = .000$ ) and the variables have therefore been analysed separately in the analyses that follow.

**Organisational Commitment:** Organisational commitment was measured in the present study using the 15 item version of the Organisational Commitment Questionnaire (OCQ)(Mowday, Steers, & Porter, 1979; Mowday et al, 1982). The OCQ measures an employee’s affective reactions to an employing organisation, rather than to a job per se, and was chosen as it remains one of the most commonly used in organisational research (Griffeth, Hom & Gaertner, 2000). The original wording of one item in the OCQ was slightly modified to improve fit with New Zealand respondents (see items (a) to (o) in Part 3 of the questionnaire, Appendix A, p5 and Table 5 ). Responses were obtained on a 7-point Likert scale ranging from *strongly disagree* (1) to *strongly agree* (7).

**Table 5: OCQ factors with varimax rotation and reliability coefficients**

Variable	F <sub>1</sub>	F <sub>2</sub>
For me this is the best of all possible organisations for which to work	<b>.75</b>	-.37
I am proud to tell others that I am part of this organisation	<b>.72</b>	-.47
This organisation really inspires the very best in me in the way of job performance	<b>.71</b>	-.35
I describe this organisation to my friends as a great organisation to work for	<b>.69</b>	-.49
I find that my values and the organisation's values are very similar	<b>.69</b>	-.36
I am extremely glad that I chose this organisation to work for, over others I was considering at the time I joined	<b>.63</b>	-.32
I really care about the fate of this organisation	<b>.62</b>	-.29
I am willing to put in a great deal of effort beyond that normally expected in order to help this organisation be successful	<b>.58</b>	-.21
I would accept almost any sort of job assignment in order to keep working for this organisation	<b>.56</b>	
Deciding to work for this organisation was a definite mistake on my part	-.38	<b>.65</b>
Often, I find it difficult to agree with this organisation's policies on important matters relating to its employees	-.30	<b>.61</b>
There's not too much to be gained by sticking with this organisation indefinitely	-.38	<b>.59</b>
I feel very little loyalty to this organisation		<b>.58</b>
It would take very little change in my present circumstances to cause me to leave this organisation	-.22	<b>.52</b>
I could just as well be working for a different organisation as long as the type of work was similar		<b>.37</b>
Percent of total variance explained (rotated loadings)	29.49	19.69
KMO measure of sampling adequacy		0.941
Bartlett test of sphericity	$\chi^2 (105) = 3187.65, p = .000$	
Standardised coefficient alpha	.91	.77

The full 15 item version of the OCQ was used, rather than the commonly used 9-item version, as it includes items assessing the strength of employees' identification with and involvement in their employing organisation (attitudinal or affective commitment), as well as their desire to maintain membership with the organisation (behavioural commitment as an intention to remain)(Mowday et al., 1979). The 15-item version has also been found to more strongly predict actual turnover behaviour than the shorter 9-item version (Cohen, 1993; Tett & Meyer, 1993). While studies of the construct validity of the OCQ indicate some instability in its factorial dimensionality (Benkhoff,

1996; Bozeman & Perrewe, 2001), multiple studies have identified a clear two-factor solution comprising the nine positively worded and the six negatively items respectively (e.g., White et al., 1995; Tetrick & Farkas, 1988), with the negatively worded items interpreted as a factor representing behavioural commitment in the form of an *intention to remain* with the organisation (Bozeman & Perrewe, 2001). The nine positively worded items are usually interpreted as measuring *affective* or *attitudinal commitment* (Iverson & Buttigieg, 1999).

As Table 5 shows, the two factor solution expected from previous research was replicated in the present study. The first factor comprises the nine positively worded items and the second factor the six negatively worded ones. KMO and Bartlett's test of sphericity indicate that factor analysis is suitable for the variables included in the analysis. Coefficient alpha also indicates that composite measurement scales for the 9-item OCQ and the 6-item behavioural commitment scale have satisfactory internal reliability (see Table 5).

Speculatively, two items drawn from the three item "Intention to Turn Over" scale in the Michigan Organisational Assessment Questionnaire were also included (items sourced from Cook et al., 1981; see Appendix A questionnaire items p and q, Part 3, p.5). Using the same response scale as the OCQ items, respondents were asked to indicate the degree to which they agreed or disagreed with the following statements: "*I often think of quitting*" and "*I will probably look for a new job in the next year*". Bozeman and Perrewe (2001) suggest a possible construct overlap with measures of turnover cognitions and the six negatively worded OCQ items. However, repeating the factor analysis including these two items with the OCQ items revealed a three factor solution with the two MOAQ items loading with only two of the six negatively worded OCQ items ("*There's not too much to be gained by sticking with this organisation indefinitely*" and "*It would take very little change in my present circumstances to cause me to leave this organisation*"). The third factor comprised the remaining negatively worded items. In short, the inclusion of the two MOAQ turnover cognition items resulted in a difficult to interpret factor result and were therefore analysed separately as a measure of *turnover cognitions*. Conceiving of turnover cognitions in this way (thoughts of leaving, intent to quit) is consistent with prior research using this construct (e.g., Hom & Griffeth, 1991; Hom et al., 1992).

Following on from the above, a *behavioural commitment* (intention to remain) scale score was computed comprising the average response to the six negatively worded items. Consistent with the original development of the OCQ, these items were reverse scored before computing the scale score thus higher scores indicate a stronger intention to remain with the employing organisation. Similarly, a score for the 9-item OCQ (*affective commitment*) was computed as the average of the responses to all 9 items such that higher scores equate to higher levels of commitment.

The two MOAQ items correlate highly together ( $r(417) = .71, p = .000$ ) and an average response to the two items has therefore been used as a measure of *turnover cognition*. The correlation between this measure and the behavioural commitment scale does not indicate a problem of collinearity ( $r(416) = -.66, p = .000$ ).

**Trust in Management:** This construct is defined for the purposes of this study as the respondent's faith in the intentions of their managers and confidence in these manager's abilities. The construct was measured using the *interpersonal trust at work* instrument originally developed by Cook and Wall (1980)(see also Clegg & Wall, 1981). The complete original instrument was used the present study, but only the trust in management scale is of interest in the present research (see items 4a,b,d,f,g, & l in Part 2 p4 of the questionnaire Appendix A and Table 6). Descriptive findings for the trust in peers items are however reported as they may be of interest to other researchers. The wording of one item in the original version ("Most of my fellow workers would get on with their work even if supervisors were not around") was changed to "*Most of my fellow workers would get on with their work without direct supervision*" to allow for the possibility that New Zealand employees in post-downsized and delayed firms might not have a supervisor per se.

Table 6 shows the results of principal axis factor analysis and reliability analyses after the reverse scoring of the two negatively worded items. KMO and Bartlett's test of sphericity indicate that factor analysis is suitable for the variables included in the analysis. A clear two factor structure emerged. This was consistent with the original scale construction (Cook & Wall, 1980) and differentiates between trust in management and trust in co-workers. The standardised coefficient alpha for the scales derived from each factor also supports the calculation of a trust in management score based on the six items identified as loading on the first factor (see Table 6).

Responses were obtained on a 7-point Likert scale ranging from *strongly disagree* (1) to *strongly agree* (7). The two negatively worded items were reverse scored and an overall trust in management score obtained by simply calculating the average of the responses to the six individual items. Higher scores mean higher trust in management. Descriptive findings for the trust in co-workers items are presented in the Results for informational purposes only and are not analysed further for the purposes of this study.

**Table 6: Interpersonal trust factors with varimax rotation and reliability coefficients**

Variable	F <sub>1</sub>	F <sub>2</sub>
Management can be trusted to make sensible decisions for the organisation's future	.82	.25
Management at work seems to do an efficient job	.79	.32
Management where I work is sincere in its attempts to meet the workers' point of view	.78	.26
I feel quite confident that the company will always try to treat me fairly	.74	.34
Our management would be quite prepared to gain advantage by deceiving the workers ®	.69	.18
Our organisation has a poor future unless it can attract better managers ®	.65	.15
I have full confidence in the skills of my workmates	.21	.83
Most of my workmates can be relied upon to do as they say they will do	.28	.81
I can rely on other workers not to make my job more difficult by careless work.	.23	.77
Most of my fellow workers would get on with their work without direct supervision	.13	.69
I can trust the people I work with to lend me a hand if I need it	.31	.66
If I got into difficulties at work, I know my workmates would try to help me out	.28	.55
Percent of total variance explained (rotated loadings)	31.07	29.51
KMO measure of sampling adequacy		0.908
Bartlett test of sphericity	$\chi^2 (66) = 3210.31, p = .000$	
Standardised coefficient alpha	.91	.89

Note: ® indicates a reverse scored item

## Work Involvement, Instrumentalism and Job Involvement

*Work involvement* is defined as the degree to which employees identify with and want to be engaged in paid employment generally, as opposed to their commitment to their employing organisation or involvement with their job (Elloy et al., 1991; Macky, 1984). This construct was measured using a short six item scale originally developed by Warr et al. (1979)(see questionnaire items Part 3, a to f, p. 6). The first item on the scale was modified slightly in that the phrase “on the pools” has been replaced with “on Lotto” (“Lotto” is a popular ongoing state run weekly New Zealand lottery). Responses were obtained on a 7-point Likert scale ranging from *strongly disagree* (1) to *strongly agree* (7).

*Instrumentalism* was measured using a four item scale developed from the *Instrumental Work Orientation* sub-scale originally developed by Shepard (1972) (see questionnaire items g-j, Part 3, p. 6, Appendix A,). The scale was included as a measure of the degree to which respondents worked for materialist reasons. Responses were obtained on a 7-point Likert scale ranging from *strongly disagree* (1) to *strongly agree* (7).

As mentioned in Chapter 2, *job involvement* first emerged as a measurable construct with the work of Lodahl and Kejner (1965). It is included in the present study to allow for the possibility that a respondent may neither be committed to their employing organisation nor indeed to the concept of paid employment generally, but be highly attached to their current job. The original version of Lodahl & Kejner’s (1965) measure contained 20 items, although researchers since then have varied considerably in the items they have used and the response scale employed (Cook et al., 1981). For example, the Michigan Organizational Assessment Questionnaire contains a job involvement measure of three items drawn from the original. In the present study, the six item short version and one additional item of the original scale was used (see questionnaire items Q4 1-r, Part 3 Appendix A, p 6), together with an additional item (Q4 k) sourced from Buchanan’s (1974) modified short version of the original Lodahl and Kejner scale. Responses were obtained on a 7-point Likert scale ranging from *strongly disagree* (1) to *strongly agree* (7).

**Table 7: Work involvement, instrumentalism and job involvement exploratory factor analysis with varimax rotation and reliability coefficients**

Variable	F <sub>1</sub>	F <sub>2</sub>	F <sub>3</sub>	F <sub>4</sub>
The most important things that happen to me involve my current job	<b>.81</b>			.17
The major satisfaction in my life comes from my job	<b>.74</b>		.15	
The most important things that happen to me involve work	<b>.66</b>		.26	
I live, eat and breathe my job	<b>.64</b>	-.11		
Working is a necessary evil to provide the things I want for myself and family		<b>.70</b>		
My job is just something I have to do to earn a living – most of my real interests in life are centred outside my job	-.35	<b>.64</b>	-.12	-.12
Money is the most rewarding reason for having a job		<b>.60</b>		
I can't wait until the day I can retire so I can do the things that are important to me		<b>.48</b>		
I do what my job description requires. My employers do not have a right to expect more		<b>.42</b>		-.32
Most things in life are more important to me than my job	-.27	<b>.38</b>	-.13	-.12
I would soon get very bored if I had no work to do	.21		<b>.72</b>	
Even if the unemployment benefit was really high, I would still prefer to work		-.24	<b>.56</b>	
Having a job is very important to me	.11		<b>.55</b>	.17
Even if I won a great deal of money on Lotto I would continue to have work somewhere	.16	-.26	<b>.50</b>	
I should hate to be on an unemployment benefit			<b>.50</b>	.12
I am very much involved personally in my job.	.32		.15	<b>.59</b>
I will stay overtime to finish a task, even if I am not paid for it	.12	-.21		<b>.56</b>
I am really a perfectionist about my job.		.17	.15	<b>.50</b>
Percent of total variance explained (rotated loadings)	13.66	11.35	10.19	6.54
KMO measure of sampling adequacy			0.814	
Bartlett test of sphericity			$\chi^2 (153) = 2062.39, p = .000$	
Standardised coefficient alpha	.83	.72	.73	.60

The concepts of work involvement, job involvement, and instrumentalism all pertain to the meaning and centrality that work (defined as having a paid job) has in people's lives. Because there is some confusion in the literature as to the empirical independence



of these concepts (e.g., Blau, 1985), and no study had been located that explored the factorial independence of the specific measures used in the present study, an exploratory factor analysis was conducted including all the items assumed to measure these concepts (see Table 7).

As Table 7 shows, KMO and Bartlett's test of sphericity indicate that factor analysis is suitable for the variables included in the analysis. A four factor solution was found rather than the expected three. Factor 2 comprises the four instrumentalism items and two of the items from the intended job involvement scale. Reliability analyses shows that a scale formed from these six items has adequate internal reliability (see Table 7). An *instrumentalism* score measuring the degree of expressed instrumental beliefs was therefore calculated by computing the average response to the six individual items. This gives a possible score range from 1 to 7 (higher scores meaning higher expressed instrumentalism towards work as paid employment).

Factor 3 in Table 7 comprises five of the six items intended to measure work involvement. Coefficient alpha for these five items indicates that a scale developed from these items has satisfactory internal reliability (see Table 7). A *work involvement* score was therefore calculated comprising the average of the responses to the five items in Factor 3. This gives a possible score range from 1 to 7 (higher scores meaning higher work involvement).

Interpreting the factor analysis findings for the job involvement items is more complex. As Table 7 shows, two factors largely comprising the original job involvement items were obtained. Factor 1 is made of three of these items plus one of the original work involvement items. This factor seems to pertain to the respondent's job as a central life interest (Dubin, 1956; Blau, 1985). Reliability analysis on these four items indicated that a scale developed from them would have sound internal reliability. A *job as central life interest* score was then calculated comprising the average of the responses to the four items. This gives a possible score range from 1 to 7 (higher scores meaning the higher centrality of the respondent's job to his or her life).

Factor 4 comprises three items from the original job involvement items (see Table 7). These items are taken as comprising a measure of respondent job involvement. Reliability analysis suggests that a scale comprising these items would have weak

internal reliability. Rather than exclude this variable, it has been included for the purposes of testing Hypothesis 10. However, care needs to be taken in interpreting the results for this variable. As with the scales discussed earlier, a *job involvement scale score* was calculated factor comprising the average of the responses to the three items. This gives a possible score range from 1 to 7 (higher scores meaning higher job involvement).

To conclude this section, Table 8 summarises the variables identified above and used in the present study.

**Table 8: Summary of the variables used in the research**

IVs	Possible Moderating Variables	DVs
<ul style="list-style-type: none"> <li>• Downsizing Experience</li> <li>1. Never / None (Control)</li> <li>2. Downsize but not redundant (Survivor)</li> <li>3. Redundant (but re-employed)</li> <li>• Vicarious experience – via friends, family, spouse, etc.</li> <li>• Numbers of times downsizing has been experienced</li> <li>• Number of times made redundant</li> <li>• Total days unemployed as a result of redundancy</li> <li>• Redundants re-employment was at a worse or similar/better pay level to last job</li> <li>• Voluntary or forced redundancy</li> </ul>	<ul style="list-style-type: none"> <li>• Perceived job security</li> <li>• Satisfaction with job security</li> <li>• Total job satisfaction</li> <li>• Index of high commitment HRM practices</li> <li>• Index of downsizing practices</li> <li>• Satisfaction with the management of the downsizing process</li> <li>• Satisfaction with downsizing support.</li> <li>• Months since last made redundant</li> <li>• Months since last downsizing</li> <li>Participant variables of:               <ul style="list-style-type: none"> <li>• Age</li> <li>• Gender</li> <li>• Ethnicity</li> <li>• Years in the workforce</li> <li>• Tenure with present employer</li> <li>• Firm size</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Organisational Commitment</li> <li>1. Affective commitment (OCQ9)</li> <li>2. Behavioural commitment (OCQ6)</li> <li>3. Turnover cognitions</li> <li>• Trust in Management</li> <li>• Work involvement</li> <li>• Job Involvement</li> <li>• Instrumentalism</li> <li>• Job as a central life interest</li> <li>• Perceived job security</li> <li>• Satisfaction with job security</li> </ul>

### **3.4 Procedure**

Data collection was by means of a self-completion postal questionnaire sent to all members of the survey sample in the second week of November 2002. Where feasible, the procedures outlined by Dillman (1978) and de Vaus (1991) were incorporated into the design of the questionnaire and data collection, including:

- Using the principle of establishing a vertical flow in the questionnaire, using transition statements to introduce conceptually different parts of the questionnaire, differentiating where possible between questions and response categories with visual guides (e.g., the use of capitals and shading), reducing the questionnaire page from A4 to 71% and printing the questionnaire in booklet format (see A4 sized questionnaire in Appendix A).
- The inclusion of a personally addressed and individually signed cover letter with the questionnaire explaining the purpose of the study, how the respondent was selected into the sample and providing instructions on completing the questionnaire (see Appendix B).
- The provision of a reply paid return addressed envelope with the cover letter and questionnaire.
- The sending of a combined reminder and thank-you letter (see Appendix C), together with replacement questionnaire and freepost return-addressed envelope, to non-respondents. This was sent approximately four weeks after the initial mail out.

Item sequencing in the self-completion questionnaire followed Dillman's (1978) recommendations for a good postal survey. Questionnaire items that were similar in topic were grouped together. Demographic questions were placed at the end of the questionnaire. Questions that everyone could answer and were least potentially threatening were placed towards the beginning of the questionnaire. Also following Dillman's (1978) advice, the front page of the questionnaire contained no questions, instead consisting of a project title, researcher contact information and a brief repetition of the purpose of the research from the covering letter. The last page also contained no questions and thanked respondents for their time. At this point it was also suggested that respondents use the last page to make any comments they wanted to (used by 75 respondents). Participants were also invited to request a copy of the survey results by

writing their name and address on the back of the return addressed envelope. A brief summary of the main descriptive results of the survey was sent to 63 people who had requested them in this way. The downsizing questions were also placed after the work attitude items in an effort to avoid responses regarding the former influencing responses to the latter.

Data were entered into an SPSS data base as they were received by return mail and a cut-off point of four weeks within which no questionnaires were received was used to terminate data collection. Data analysis using SPSS commenced at this point. In the statistical analyses that follow, each analysis is based on the total number of cases available for the analysis. Hence  $N$  may vary from analysis to analysis depending on missing data and has therefore been reported where relevant or where the degrees of freedom for a given statistic does not provide an indication of the  $N$  on which the statistic was based.

Nonparametric inferential statistics have been performed if possible where tests of the assumptions for an equivalent parametric test have indicated potential problems, particularly in the case of breaches of normality, homoscedasticity or homogeneity of variances (Bryman & Cramer, 2001; Cronk, 2002; Hair et al., 1998). In the interests of brevity, the assumption tests have not generally been reported. Kolmogorov-Smirnov  $Z$ -tests were performed to test for the correspondence of the data for the metric variables to the normal distribution. It should be noted however that this test becomes more sensitive as sample sizes increase (Hair et al., 1998). Assessment of normality was therefore not based solely on the  $Z$ -test. An examination was also made of the normal probability plot (see Appendix D), as well as the skewness and kurtosis values for each of the relevant variables. Frequency histograms with a superimposed normal curve are shown for the main variables in Appendix E.

The largely exploratory nature of the research means that a considerable number of inferential statistical tests, both parametric and nonparametric, have been performed. In recognition of the dangers this poses for making a Type I error, a higher significance level ( $p$ ) than the normative .05 level might have been warranted. However, it was thought that doing this would consequentially result in Type II errors leading to theoretically interesting relationships and differences being rejected, particularly given the inherently weak nature of the general research design and the small effect sizes

therefore expected. As Sato (1996) notes, Type II errors may be of greater concern than Type I errors in tests involving multiple comparisons and where the research is largely exploratory. For this reason, a significance level ( $p$ ) of .05 or less has been used. However, as per Shaffer's (1995) suggestion, the exact probabilities have been reported for each statistical test thereby enabling readers to apply their own criteria for acceptance or rejection of the null hypotheses. In all instances, two-tailed probabilities are reported except when testing the hypotheses stated in Chapter 2 or unless otherwise stated.

## CHAPTER 4: RESULTS PART I

Self-completion questionnaire surveys typically collect data on a considerable quantity of variables. The present study is no exception. For this reason, the analyses of these data are reported in three parts. Chapter 4 focuses on the descriptive analyses of the downsizing related variables, together with exploratory analyses of a number of possible predictors of having experienced downsizing or redundancy. Chapter 5 reports the descriptive findings for the attitudinal dependent variables used in this research, together with those for job satisfaction and the respondents experiences of high commitment HR practices. Chapter 6 presents the results of the statistical analyses testing the formal hypotheses stated in Chapter 2 and exploring for possible moderating variables.

### ***4.1 The Experience of Downsizing***

The purpose of this section is to provide the results of descriptive analyses of the downsizing variables included in the study, including univariate summary statistics and bivariate analyses where relevant. Also reported are exploratory analyses of respondent age, years in the workforce, gender and ethnicity as potential predictors of downsizing and redundancy experiences. Because age is strongly correlated with the total numbers of years respondents have spent in paid employment ( $r = .886, p = .000, n = 390$ ), it is tempting to treat these variables as collinear. However, as the findings below show, this might not always be warranted.

#### **4.1.1 Downsizing Extent and Predictors**

The proportion of respondents found for the downsizing groups is shown in Table 9. As can be seen, the distribution is relatively even across all three groups. Downsizing group is unrelated to whether or not the respondent was Maori ( $\chi^2(2) = 1.47, p = .480$ ). However, there does appear to be a relationship between downsizing group and gender, with males being disproportionately more likely to have been made redundant and women to have never worked in a downsizing organisation ( $\chi^2(2) = 8.95, p = .011$ ) (see Table 9).

**Table 9: Respondent downsizing groups by gender**

Downsizing Groups	Female %	Male %	Total %	N
Control – never worked in a downsizing organisation	40.1	27.8	33.9	144
Survivor – worked in a downsizing organisation but never personally made redundant.	31.1	31.6	31.4	133
Redundant – worked in a downsizing organisation and lost a job because of it.	28.8	40.6	34.7	147
Totals	100.0	100.0	100.0	
N	212	212		424

Age also differs between the downsizing groups ( $F(2,417) = 9.13, p = .000$ ), with respondents in the Control group reporting a mean age of 39.25 (SD = 12.95) compared to 41.81 (SD = 10.54) for the Survivor group and 45.00 (SD = 10.87) for the Redundancy group. Qualitative data from the research also suggest that age may be a factor in some people being made redundant:

*“My age was my redundance (sic) factor. At the same time my husband was retired and I was offered married super. Being unsure of future work I took this as my confidence was low. I had loved my job and it filled most of my days.”*

However, this finding cannot be taken as suggesting that older employees in general are more at risk of being made redundant given that there is considerable variation in the length of time elapsed since respondents were last made redundant or experienced a downsizing. Deducting the time since last downsizing or redundancy from the respondents current age shows the mean age of respondents to be 38.28 years (SD = 10.45) at the time of their last downsizing and 37.27 years (SD = 11.63) at the last redundancy; younger and not significantly different from the control group age ( $F(2, 411) = 1.00, p = .368$ ).

The median number of months since the last downsizing experienced was 40.50 (mode = 24 months; range = 1 – 432 months), with 25% of the Survivor and Redundant respondents combined experiencing a downsizing within the last 19 months prior to the

survey. A further 25% last experienced an organisational downsizing at least 6 years months ago. In the case of those made redundant, the median number of months since last being made redundant was 66 (mode = 120 months; range = 1 – 432 months). While 25% had been made redundant within 32 months prior to the survey, a further 25% had not been made redundant for over 11 years.

Predictably, given its correlation with age, years in the workforce was also found to significantly differ between the downsizing groups ( $F(2, 391) = 13.87, p = .000$ ). Redundant employees report the longest years in the workforce (mean = 25.79 years; SD = 11.29), compared to 21.78 years (SD = 11.24) for Survivors and 18.36 (SD = 12.25) for the Control employees. However, the observed effect disappears once the time since the last downsizing experienced is taken into account with no difference being observed between the groups with regard to years in the workforce ( $F(2, 388) = 0.67, p = .511$ ). It cannot be concluded on the basis of these findings that older workers or those with more time in the workforce are more vulnerable to experiencing a downsizing or redundancy.

However, an interpretation that simply being in the workforce longer increases the likelihood that one would eventually work for a firm that downsized is suggested by the finding that age does not differ with regard to respondent gender ( $t(418) = -1.47, p = .142$ ) but years in the work force does ( $t(382.68) = -3.72, p = .000$ )<sup>5</sup> with males reporting a mean of 24.15 years (SD = 12.69) in paid employment compared to 19.73 years (SD = 10.84) for females. The finding reported earlier that males appear to be more at risk of experiencing redundancy than females may simply be a function of the comparatively longer time males spend actively engaged in the labour force.

The 280 Redundant and Survivor respondents collectively reported experiencing 737 downsizing events, with a range from 1 to 20 downsizings (mode = 1, median = 2). A quarter of respondents had experienced at least 3 downsizings. Several respondents indicated in words that their organisations were currently downsizing at the time of the survey. A Mann-Whitney U test shows Maori do not differ from non-Maori in the number of times they have experienced downsizing ( $U = 2820.00, p = .405$ ). Nor is there a gender difference ( $U = 8652.00, p = .125$ ). Spearman's *rho* correlation

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<sup>5</sup> Degrees of freedom for t tests with decimal places indicates that a t test that does not assume the equality of variances has been used.



coefficients do however show age to be weakly associated with the number of downsizings experienced ( $\rho (275) = .246, p = .000$ ), as does the respondents total number of years in employment ( $\rho (254) = .252, p = .000$ ). The similarity between these two correlations, and the strength of the correlation reported earlier between age and years in employment, suggests collinearity between these variables in predicting the number of downsizings experienced.

The 147 members of the Redundant group had lost a total of 217 jobs due to downsizing (range 1 to 6, mode = 1). A Mann-Whitney  $U$  test indicated that gender is unrelated to the number of jobs lost due to downsizing ( $U = 2526.00, p = .541$ ). Ethnicity was not tested due to the small number of Maori who had lost jobs due to downsizing ( $n=18$ ). At the time of the last redundancy, the number of redundancies experienced was found not to be associated with the respondents total years in paid employment ( $\rho (131) = .008, p = .927$ ) or respondent age ( $\rho (143) = -.018, p = .831$ ).

Respondents who had been made redundant had lost a median of 62.84 days work as a result of their experiences (range = 1 to 1703.52 days;  $n = 115$ ), with 25% losing 30 days or less while 25% lost more than 182 days work. No difference was found for days lost with respect to respondent gender ( $U = 1430.00, p = .330$ ). The weak correlation found between respondent age at the last redundancy and total days lost due to redundancy is significant ( $\rho (111) = .249, p = .008$ ) while that for years in paid employment is not ( $\rho (100) = .194, p = .051$ ). Older workers tend to take longer to regain employment once they have become unemployed due to redundancy. This finding is supported by qualitative data from the survey.

*“After being made redundant at 43 it appeared after managing to get onto 2 or 3 short lists when applying for a position that age seemed to be a significant factor in this field of middle management in my opinion.”*

*“It was difficult to obtain employment when I was in my 40s. However it is impossible to expect a job in your late 50s without knowing the right people. Commission sales or the IT business centres or security guards seems to be the only available opportunities or on the chain at the freezing works.”*

*“Found it very difficult to get a job ... as every job I applied for there were 80-100 applicants plus the age factor didn't help. Occasionally I got down*

*to the last four interviews but it was a very disheartening period.”*

*“Applied for 5 jobs, 3 interviews. While it wasn’t said, I felt that at 58, I was too old for the employer... No one really wanted someone near 60 who had already worked for 40 years.”*

Perhaps realistically then, older respondents do tend to be more pessimistic regarding how long they thought it would take them to get a job with the same or better pay and employment conditions if they had to look for a new job. One hundred respondents provided responses in words. Of these, eight indicated that they wouldn’t look for another job because they were too old or were nearing retirement. A further 46 (10.8% of respondents) indicated that they thought they wouldn’t be able to get another job by using phrases such as “never”, “possibly never”, “unlikely”, “impossible”, “forever”, or “wouldn’t get another job”. Included in this group were 10 respondents who thought they would never get another job because of their age.

Of those who provided a numerical job search estimate in months or weeks ( $n = 282$ ), the median length of predicted time for reemployment was eight weeks (range = 1 to 144 weeks). A quarter of respondents thought it would take four weeks or less and another 25% estimated it would take more than 18 weeks to obtain a new job with at least the same pay and working conditions. Mann-Whitney  $U$  tests revealed no significant differences in job search estimates for ethnicity ( $U = 3253.00$ ,  $p = .203$ ) or gender ( $U = 9437.00$ ,  $p = .458$ ). However a significant but weak correlation was found between age and estimated weeks for reemployment ( $\rho(278) = .161$ ,  $p = .007$ ), with older respondents being more likely to report longer time estimates. The correlation between job search estimate and years in employment is not statistically significant ( $\rho(269) = .100$ ,  $p = .101$ ). In this instance, respondent age rather than years in the workforce is the important variable.

Asked if they knew someone other than themselves who had been made redundant in the five years prior to the survey, the 65.6% of the respondents answered in the affirmative. No differences were found between non-Maori and Maori on this variable ( $\chi^2(1) = 0.004$ ,  $p = .952$ ). Nearly 71% of males reported knowing someone else who had been made redundant in the five years prior to the survey compared to 60.4% of females and this difference is statistically significant ( $\chi^2(1) = 5.06$ ,  $p = .025$ ). This

finding is consistent with the finding reported earlier that females are less likely to have worked in a downsized organisation than males. Also consistent is the finding that respondents who knew someone who had been made redundant had significantly more years in paid employment (mean = 23.18, SD = 12.14) than those who did not know someone (mean = 19.51, SD = 11.46) ( $t(389) = -2.88, p = .004$ ). Age differences did not quite reach statistical significance ( $t(415) = -1.97, p = .05$ ). Overall, less than a fifth of the respondents (19.8%) had had no experience of organisational downsizing, either directly themselves and through not knowing someone who had been made redundant in the five years prior to the survey.

**Table 10: Vicarious experience of redundancy**

Relationship group	% (n = 278)*
A parent	7.2
A spouse / partner	11.9
A sibling	11.9
Another close relative	11.6
A more distant relative / whanau member	4.7
A close friend (but not someone worked with)	32.1
A close friend at work	28.9
A business or work associate	46.6
Other	7.6

\* Note: Percentages do not total to 100 due to multiple response.

As Table 10 shows, for over one in ten respondents the person known to have been made redundant was a spouse / partner, sibling and/or some other close relative other than a sibling. Nearly a third (32.1%) knew at least one close friend other than someone they worked with who had been made redundant while 28.9% had a close friend at work made redundant. Just over a third of respondents (33.6%) endorsed more than one relationship group.

#### 4.1.2 Downsizing Experiences

Participants were asked if they were forcibly made redundant or took voluntary redundancy on the last occasion they had been made redundant. Of those who responded (n = 140), 27.1% had been offered and took voluntary redundancy while 72.1% were given no choice and forcibly made redundant. One respondent was offered

voluntary redundancy but turned it down. Respondent age ( $F(1, 132) = 2.82, p = .096$ ), years in the workforce ( $F(1,123) = 0.38, p = .540$ ), and gender ( $\chi^2(1) = 0.34, p = .696$ ) were found to be independent of whether the redundancy was voluntary or involuntary. Ethnicity was not tested because of the small number of Maori respondents who had been made redundant due to downsizing.

**Table 11: Frequencies for redundancy outcomes**

Outcomes	%* (n = 143)
Rehired by the same organisation into another job at a similar or higher level of pay.	6.3
Rehired by the same organisation into another job at a lower level of pay.	4.2
Employed by a different organisation at a similar or higher level of pay	44.8
Employed by a different organisation at a lower level of pay	44.8
Totals	100.1

\* Note: Percentages do not total to 100 due to rounding error.

Table 11 shows the outcomes for respondents after the last time they were made redundant. Interestingly, just over one in 10 respondents were rehired by the same organisation that had made them redundant. Respondents were fairly evenly split as to whether they gained re-employment at a lower level of pay than that previously earned or at the same or a higher level. While redundancy does not automatically result in a loss of income upon subsequent reemployment, for nearly 50% this appears to have been the case. These redundancy outcomes were found to be independent of respondent years in the workforce at the time of the last redundancy ( $F(3, 123) = 0.38, p = .540$ ), age ( $F(3,133) = 1.52, p = .212$ ) and gender ( $\chi^2(1) = 0.22, p = .875$ ).

When it comes to the actual process of downsizing, managers can use a wide range of practices when downsizing organisations and making people redundant. From a list of 23 practices, respondents in the Survivor and Redundant groups were asked to indicate which practices were used and how satisfied they were with what actually happened for the most recent downsizing that they had experienced or could remember.

Respondents in the Survivor and Redundant groups collectively reported a median of 8 downsizing practices used in the last downsizing experienced (range = 23), with no significant difference found between these two groups ( $U = 8690.50, p = .108$ ). A quarter of the respondents reported 4 or fewer downsizing practices used, while another

25% reported at least 13 practices being used. Examination of the normal probability plot for this variable (see Appendix D: Figure D1) does not show a marked departure from a normal distribution, although the Kolmogorov-Smirnov  $Z$ -test is significant ( $Z = 1.50$ ,  $p = .021$ ). However, an examination of the histogram for the variable (see Appendix E: Figure E10) reveals no clear approximation to a bell shaped curve for the data distribution. The standard deviation of 6.13 is also relatively large in relation to the mean of 8.73.

Table 12 shows the usage frequency and satisfaction rating frequency distributions for each downsizing practice. The practices endorsed as used by more than half the respondents were:

- providing employees with redundancy payments (the only practice mentioned as being used by more than two thirds of respondents);
- giving employees information on the need to downsize and on how the downsizing would be done;
- treating redundant employees with dignity and respect;
- management appearing to act in good faith during the downsizing process; and
- giving redundant employees adequate warning that they would lose their jobs.

Downsizing practices that less than a fifth of respondents indicated as used were:

- providing victims with an opportunity to correct the information used in deciding who was to stay or go,
- giving survivors an opportunity to give feedback on how the downsizing was done,
- involving employees other than managers on the design of the downsizing process, and
- involving employees in the decision making process regarding redundancies.

**Table 12: Downsizing Practice Usage and Satisfaction Frequencies with Univariate Statistics (N = 280)**

Downsizing Practice	Practice used <sup>a</sup> %	Very Dissatisfied %	Dissatisfied %	Slightly Dissatisfied %	Not Sure %	Slightly Satisfied %	Satisfied %	Very Satisfied %	Mean	SD	N
Information was given to employees on the organisations need to downsize	63.2	16.9	16.0	10.7	9.5	16.9	22.2	7.8	3.91	2.01	243
Information was given to employees on how the downsizing would be done	59.6	19.5	18.2	10.2	7.2	17.4	23.3	4.2	3.72	2.00	236
Employees were told of the process for deciding who would be made redundant	46.1	22.7	18.2	7.7	11.4	10.9	25.0	4.1	3.61	2.05	220
Employees were given an opportunity to participate in the decision making process regarding redundancies	18.2	27.6	20.3	8.3	17.5	9.2	12.4	4.6	3.16	1.92	217
Alternatives to redundancy were considered before people were made redundant	37.5	26.8	15.2	7.6	15.2	10.7	16.1	8.5	3.50	2.09	224
Employees who were made redundant were given an opportunity to challenge the redundancy decision	20.0	32.2	13.7	9.0	19.9	6.6	13.7	4.7	3.15	1.97	211
Redundant employees were given an opportunity to correct any information used in the decision making process on who would go	13.9	30.4	18.1	7.4	24.0	5.4	12.3	2.5	3.02	1.83	204
Management appeared to act in “good faith” with employees during the downsizing process	51.8	22.3	12.7	7.4	13.5	16.6	20.1	7.4	3.79	2.05	229
The relevant employee unions were consulted / involved in the decision making process regarding redundancies	49.3	19.5	14.5	5.9	19.5	12.2	21.3	7.2	3.83	2.00	221
Sufficient time appeared to be given by management to plan and execute the downsizing	49.6	21.2	12.7	8.3	16.2	13.2	23.2	5.3	3.79	1.99	228
Redundant employees were given adequate warning that they would lose their jobs	50.7	23.2	9.6	9.6	14.0	15.8	22.8	4.8	3.77	2.01	228
Redundant employees were treated with dignity and respect by the organisation	53.2	18.9	10.3	9.9	11.6	17.2	23.6	8.6	4.03	2.03	233

Table 12: Downsizing Practice Usage and Satisfaction Frequencies with Univariate Statistics (continued)

Downsizing Practice	Practice used <sup>a</sup> %	Very Dissatisfied %	Dissatisfied %	Slightly Dissatisfied %	Not Sure %	Slightly Satisfied %	Satisfied %	Very Satisfied %	Mean	SD	N
An environment of trust was built between managers and other employees during the downsizing process	28.6	27.4	19.2	10.0	15.5	12.3	11.4	4.1	3.17	1.90	219
Employees other than managers were involved in the design of the organisation's downsizing process	17.1	22.9	21.0	7.3	22.0	12.2	10.2	4.4	3.28	1.84	205
The process for deciding who would be made redundant appeared to be fair	42.9	21.3	15.3	6.0	18.1	15.3	19.9	4.2	3.67	1.96	216
Redundant employees were provided with redundancy payments	72.9	10.5	10.0	8.3	14.8	17.9	25.8	12.7	4.48	1.89	229
Redundant employees were provided with training in job search skills.	35.0	20.8	13.7	9.4	17.9	11.8	17.9	8.5	3.74	2.02	212
Redundant employees were provided with job search support	36.8	21.9	14.0	5.6	19.5	13.5	18.1	7.4	3.73	2.01	215
Redundant employees were provided with an opportunity to receive free personal counselling	36.1	21.8	10.0	8.1	20.9	10.9	21.3	7.1	3.82	2.01	211
Employees remaining in the downsized firm were provided with additional training opportunities	24.6	16.5	13.4	11.3	29.9	11.3	14.9	2.6	3.61	1.72	194
Employees remaining in the downsized firm were provided with increased access to information on how well the organisation was doing	23.9	16.7	12.6	12.6	29.8	12.1	12.6	3.5	3.60	1.71	198
Employees remaining in the downsized firm were given an opportunity to provide feedback on how the downsizing was done	15.0	24.7	17.2	8.6	30.1	7.0	10.8	1.6	3.16	1.72	186
Social events were organised to mark the end of the downsizing process	26.8	22.7	9.1	7.1	29.8	10.6	12.6	8.1	3.67	1.93	198

Notes: Satisfaction ratings were weighted from 1( very dissatisfied) through 4 (not sure) to 7 (very satisfied)

On only one practice (providing redundancy payments) were more than half the respondents (56.4%) satisfied with what actually happened. This is also the only practice with which more than 10% of the respondents reported themselves as very satisfied. Treating redundant employees with dignity and respect also approached a 50% satisfaction level (49.4%).

Qualitative responses from the respondents also indicate dissatisfaction with the way their firms managed the downsizing:

*“A favourite ‘trick’ used by this company was to offer a 20% wage rise to go on contract, losing all your privileges and conditions. Then a few months later made you redundant with no compensation. Another was to contract your job out. The firm who won the contract had to take the employee as well. After a few months when the firm was familiar with the job, they would make you redundant. This way redundancy payments were avoided. If you did not co-operate by going on contract you would be fired on the spot. No compensation. This was prior to the Employment Contracts Act. This company is a major oil company and was number one in market share before these redundancies. Today they are either 3 or 4 out of 4 major oil companies. All other oil companies have increased their market share. This company's share has declined markedly - what goes around comes around. I was given 2 hours notice by phone on the last working day before Christmas. I went to the Citizens Advice Bureau but the lawyers they gave me to contact were all closed for the Christmas break. Could not contact the union either. Some people I know received \$50,000 in redundancy payments from other employers. I received nothing whatsoever. I am by no means an isolated case. Thank you for the opportunity to vent my spleen.”*

*“Been advised redundancies & downsizing may still occur. Never given straight answers to questions asked. Management seems more concerned with making money & keeping shareholders happy rather than staff who in the long run feel used rather than wanted. I know no job is perfect but I feel if management held meetings with staff occasionally to discuss things relationships may become more civil & everyone might learn to welcome*



*each others ideas, opinions, etc.”*

*“The organization handled downsizing quite well but the skill / shrewdness of the outside consultants used meant that so much was mere formality & the organization was able to step away from responsibility & let the consultants be blamed.”*

*“My last company of employment in my opinion did nothing fairly when it came to my redundancy – 2 weeks before Xmas and no warning – it happened one day and we were gone! All too often companies like my last one get rid of people in panic mode & then 1 month later hire people doing exactly the same job! Obviously they also just get rid of people who have been there a while also and they want fresh faces! It would be nice to see some sort of law stopping employers doing this! Its almost like employers have all the rights and really employees are not worthy! Companies tend to treat redundancies as a way of updating staff which is wrong! I would be interested to see if anything is done about these ways of redundancy!”*

*“It was not pleasant. The nicest and most helpful “boss” had a breakdown because of the unpleasant aspects of advising the staff.”*

The downsizing practices reported as least commonly used by the respondents tended to attract higher levels of respondent dissatisfaction. Practices with the highest levels of dissatisfaction (see Table 12) were:

- the building of an environment of trust between managers and employees during the downsizing process (56.6% dissatisfied),
- employees having the opportunity to be involved in the decision making process regarding redundancies (56.3%),
- giving redundant employees an opportunity to correct any information used in deciding who was to go (55.6%),
- redundant employees having the opportunity to challenge the redundancy decision (54.9%),

- employees other than managers being involved in the downsizing process (51.2%), and
- survivors being able to give feedback on how the downsizing was done (50.5%).

To try to determine whether the levels of dissatisfaction observed were due to a downsizing practice simply not being used or whether it was used but done in a way that resulted in dissatisfaction, mean satisfaction levels for each practice were compared between respondents reporting the practice either used or not used. As Table 13 shows, on all practices clear differences were found between the mean satisfaction levels of respondents whose organisations used a practice compared to those who didn't use it. In all instances, respondents whose organisations used a downsizing practice were significantly more satisfied with what happened than those whose organisations did not. Where practices were not used, the mean ratings from respondents were all in the "dissatisfied" end of the scale. Where practices were used, average ratings tend to cluster around the "slightly satisfied" point in the scale (see Table 13).

These findings are further confirmed by correlating the number of downsizing practices reported as being used by respondents with their composite scores of satisfaction with how the downsizing was managed ( $r_{ho}(163) = .670, p = .000$ ) and downsizing support satisfaction ( $r_{ho}(164) = .724, p = .000$ ) (the rationale behind these composite scores is explained in the Method – see below also). For both variables, higher numbers of downsizing practices used was associated with higher average satisfaction ratings.

As reported in the Method, exploratory principal-axis factor analysis of the satisfaction ratings identified two distinct factors. One comprised 15 items pertaining to satisfaction with the management of the downsizing process. The second cluster comprised eight items relating to satisfaction with the support that survivors and those made redundant received. Table 14 reports the summary univariate statistics for these scale variables. In both instances, the Kolmogorov-Smirnov Z-test is not significant, thereby suggesting normality. However, examination of the normal probability plots (Appendix D: Figure D2 & D3) and the frequency histograms (Appendix E: Figures E11 & E12) indicate that these variables do not approximate a normal distribution. They will not therefore be treated as normal in the analyses that follow.

**Table 13: Mean downsizing practices satisfaction comparisons**

Downsizing Practice	Not Used		Used		t (df)	P
	Mean (SD)	N	Mean (SD)	N		
- Information was given to employees on the organisations need to downsize	2.56 (1.79)	70	4.46 (1.83)	173	-7.40 (241)	.000
- Information was given to employees on how the downsizing would be done	2.40 (1.71)	75	4.33 (1.83)	161	-7.70 (234)	.000
- Employees were told of the process for deciding who would be made redundant	2.21 (1.48)	98	4.73 (1.73)	122	-11.42 (217)*	.000
- Employees had an opportunity to participate in the decision making process regarding redundancies	2.69 (1.73)	169	4.81 (1.67)	48	-7.57 (215)	.000
- Alternatives to redundancy were considered before people were made redundant	2.36 (1.65)	123	4.89 (1.70)	101	-11.29 (222)	.000
- Victims were given an opportunity to challenge the redundancy decision	2.59 (1.72)	158	4.83 (1.69)	53	-8.23 (209)	.000
- Victims were given an opportunity to correct any information used in the decision making process	2.62 (1.63)	168	4.92 (1.56)	36	-7.75 (202)	.000
- Management appeared to act in "good faith" with employees during the downsizing process	2.00 (1.48)	92	5.00 (1.39)	137	-15.60 (227)	.000
- The relevant employee unions were consulted / involved in the decision making process regarding redundancies	2.80 (1.89)	87	4.50 (1.79)	134	-6.75 (219)	.000
- Sufficient time appeared to be given by management to plan and execute the downsizing	2.36 (1.60)	96	4.82 (1.58)	132	-11.49 (226)	.000
- Victims were given adequate warning that they would lose their jobs	2.24 (1.54)	93	4.83 (1.57)	135	-12.36 (226)	.000
- Victims were treated with dignity and respect by the organisation	2.10 (1.39)	88	5.20 (1.34)	145	-16.82 (231)	.000
- An environment of trust was built between managers and other employees during the downsizing	2.18 (1.31)	142	4.99 (1.42)	77	-14.69 (217)	.000
- Employees other than managers were involved in the design of the organisation's downsizing process	2.94 (1.69)	158	4.43 (1.89)	47	-5.16 (203)	.000
- The process for deciding who would be made redundant appeared to be fair	2.16 (1.39)	102	5.03 (1.27)	114	-15.83 (214)	.000
- Victims were provided with redundancy payments	3.05 (1.93)	38	4.76 (1.75)	191	-5.39 (227)	.000
- Victims were provided with training in job search skills.	2.55 (1.49)	120	5.29 (1.49)	92	-13.31 (210)	.000
- Victims were provided with job search support	2.41 (1.46)	118	5.34 (1.29)	97	-15.59 (211)*	.000
- Victims were provided with an opportunity to receive free personal counselling	2.52 (1.53)	115	5.36 (1.28)	96	-14.69 (209)*	.000
- Survivors were provided with additional training opportunities	2.98 (1.48)	129	4.88 (1.43)	65	-8.53 (192)	.000
- Survivors were provided with increased access to information on how well the organisation was doing	2.95 (1.47)	133	4.92 (1.38)	65	-9.01 (196)	.000
- Survivors were given an opportunity to provide feedback on how the downsizing was done	2.72 (1.49)	147	4.82 (1.52)	39	-7.79 (184)	.000
- Social events were organised to mark the end of the downsizing process	2.97 (1.69)	131	5.03 (1.62)	67	-8.22 (196)	.000

Notes: Satisfaction ratings were weighted from 1 (very dissatisfied) through 4 (not sure) to 7 (very satisfied). All significance levels are 2-tailed. \* indicates a t-test has been used where equal variances have not been assumed (based on the Levene's test for the equality of variances).

As Table 14 shows, the medians for downsizing support satisfaction and satisfaction with the management of the downsizing process are both below the scale midpoint. This indicates that the majority of respondents were dissatisfied to some extent with both the management of the downsizing process and the level of support provided in terms of job search, personal counselling, redundancy payments, information and so on .

Downsizing survivors and those made redundant do not differ significantly in their *downsizing support satisfaction* ( $U = 2864.00$ ,  $p = .062$ ,  $n = 166$ ), but they do differ with regards to their *downsizing process management satisfaction* ( $U = 2525.00$ ,  $p = .005$ ,  $n = 165$ ). Those made redundant due to downsizing have greater dissatisfaction with how the downsizing process was managed (median = 2.80) than the survivors (median = 4.07). This level of dissatisfaction with the management of the downsizing process is unrelated to how many months ago the last downsizing event ( $\rho (159) = -.053$ ,  $p = .502$ ) or redundancy ( $\rho (86) = -.007$ ,  $p = .946$ ) took place. Similarly, the level of downsizing support satisfaction is unrelated to how many months prior to the survey the redundancy took place ( $\rho (81) = -.040$ ,  $p = .719$ ) or the downsizing event occurred ( $\rho (160) = -.100$ ,  $p = .205$ ).

#### **4.2 Part I Summary**

In summary, the findings of this section show little evidence that the research participant variables of age, ethnicity, gender or length of time in the workforce have much relationship to the experience people have had of organisational downsizing. Furthermore, the relationships that were found are not strong.

There are however suggestions that older respondents and males, by virtue of simply having had more years in the labour force, are more likely to have worked in at least one organisation that has downsized. That said, the majority of the respondents had indeed worked in an organisation that had downsized its workforce at some stage and most also knew someone, other than themselves, who had been made redundant due to downsizing. There were comparatively few respondents who were untouched, at least to some extent, by this organisational phenomenon. Those with direct experience with at least one downsizing and/or a redundancy were on average somewhat dissatisfied with how the process was managed and with the support provided to those who survived or were made redundant.

Because of the small number of Maori respondents (n=43) - 14 of whom had never worked in a downsizing organisation, 11 who had, and 18 who had been made redundant - no further analyses will be done with this variable. There are too few to sensibly test for any possible moderating influence on the proposed downsizing experience – work attitude relationship.

## CHAPTER 5: RESULTS PART II

### *5.0 Descriptive findings for the attitudinal variables*

The purpose of this section of the results is to provide the descriptive and summary statistics for the attitudinal dependent variables used in the present research, together with the attitudinal variables thought to mediate any relationship between downsizing experiences and subsequent work attitudes; namely job satisfaction and the high-commitment HRM index score outlined in the Method chapter. Summary univariate statistics for these variables are shown in Table 14 and discussed in the appropriate subsections that follow.

The descriptive findings for the other proposed mediating variables of months since last downsizing, months since last redundancy, satisfaction with the management of the downsizing process, satisfaction with downsizing support, and the downsizing practices index have already been presented in Chapter 4. However, summary statistics for the last three of these are also shown in Table 14.

Because of the number of variables involved, this part of the results has been structured with a subsection for each variable.

**Table 14: Summary univariate statistics, distributional characteristics, normality tests and data transformation outcomes**

Variable	Mean (Mdn)	SD (SIQ)	N <sup>a</sup>	Skew	Kurtosis	Z statistic	p	Distribution description
Downsizing Practices Index ( <i>higher scores = more practices used. Possible range = 0 - 23</i> )	8.73 (8.00)	6.14 (9.00)	280	.329	-.848	1.51	.021	Positive skew & platykurtic (flatness).
Downsizing Process Management Satisfaction ( <i>higher scores = higher satisfaction. Range = 1-7</i> )	3.46 (3.33)	1.75 (3.07)	165	.202	-1.208	1.25	.087	Platykurtic.
Downsizing Support Satisfaction ( <i>higher scores = higher satisfaction. Range = 1 - 7</i> )	3.59 (3.63)	1.58 (2.53)	166	.022	-1.015	1.03	.239	Platykurtic
Affective Organisational Commitment (OCQ-9) ( <i>higher scores = higher commitment. Range= 1 - 7</i> )	4.80 (4.89)	1.33 (2.00)	418	-.416	-.446	1.29	.073	Negatively skewed but largely normal
Behavioural Commitment (OCQ 6) ( <i>higher scores = stronger intent to remain. Possible range = 1 - 7</i> )	4.55 (4.67)	1.32 (2.17)	418	-.277	-.754	1.66	.008	Slight negative skew & platykurtic.
Turnover cognitions ( <i>higher scores = stronger thoughts of leaving. Possible range = 1 - 7</i> )	3.27 (3.00)	2.03 (4.00)	419	.361	-1.200	3.45	.000	Positive skew & platykurtic.
Job is central life interest. ( <i>higher scores = higher interest. Possible range = 1 - 7</i> )	3.09 (3.00)	1.37 (2.00)	419	.523	-.344	1.79	.003	Positively skewed.
Job Involvement ( <i>higher scores = higher involvement. Possible range = 1 - 7</i> )	5.27 (5.33)	1.13 (1.33)	419	-.736	.373	2.36	.000	Negatively skewed.
Work involvement ( <i>higher scores = higher involvement. Possible range = 1 - 7</i> )	5.97 (6.20)	1.01 (1.20)	419	-1.445	2.37	3.56	.000	Peaked and negatively skewed.
Instrumentalism ( <i>higher scores = stronger instrumentalist beliefs. Possible range = 1 - 7</i> )	4.23 (4.25)	1.13 (1.67)	418	-.084	-.400	0.93	.349	Normally distributed.
Trust in Management ( <i>higher scores = higher trust. Possible range = 1 - 7</i> )	4.76 (5.00)	1.48 (2.17)	415	-.611	-.535	2.19	.000	Negatively skewed and slightly flat.
High Commitment HR z-score ( <i>larger numbers = more practices used</i> )	0.02 (0.20)	8.76 (12.56)	418	-.186	-.511	0.71	.692	Normally distributed.
Total job satisfaction ( <i>higher scores = higher satisfaction. Possible range = 1 - 7</i> )	5.09 (5.33)	1.14 (1.53)	414	-.715	-.126	2.12	.000	Negatively skewed.
Satisfaction with job security ( <i>higher scores = higher satisfaction. Possible range = 1 - 7</i> )	5.34 (6.00)	1.65 (3.00)	419	-1.14	.608	5.59	.000	Negatively skewed and peaked.

Notes: Probabilities for the Kolmogorov-Smirnov Z-test of normality are all two-tailed. Decisions on the significance of skewness and kurtosis were based on dividing the statistics by the appropriate standard errors. Calculated values larger than 1.96 were used to reject normality at a .05 probability level (Hair et al., 1998).

## 5.1 Organisational Commitment and Turnover Cognitions

The median affective commitment score is 4.89; very close to the mean shown on Table 14. The distribution is approximately normal but negatively skewed (see Appendix E: Figure E17). This skew clusters the majority of responses slightly above the scale midpoint and in the direction of higher rather than lower affective commitment. This said, the affective commitment of the respondents towards their organisations appears to be moderate rather than particularly strong (the mean is 68% of the maximum possible score).

The mean score for behavioural commitment (intent to remain) is 4.55 (SD = 1.32) is slightly above the scale midpoint and close to the median of 4.67 (see Table 14). While skewed in the direction of higher commitment, it cannot be said that the behavioural commitment of the respondents towards their employing organisations was particularly strong. The Z-statistic for behavioural commitment shown in Table 14 is significant. While an examination of the normal probability plot (see Figure D5, Appendix D), and values for skewness and kurtosis do not suggest a marked departure from a normal distribution, a histogram (see Appendix E; Figure E18) reveals a mode clearly in the direction of an intention to remain with the current organisation.

The turnover cognitions average is towards the disagree end of the scale (mean = 3.27, SD = 2.03). The median response was 3.00 (see Table 14) with a modal response of 1.00 on the seven point scale. Over a quarter (28.6%) of the respondents strongly disagreed with the notion that they often think of quitting and will look for a job in the next 12 months while 36% scored below 2.00. This said, 25% of respondents scored above a 5 rating, indicating that a not insignificant minority of respondents held moderate to strong thoughts about quitting and looking for a new job. Because of the degree of skew and kurtosis in the turnover cognitions variable (see Table 14), it has not been treated as normal in the analyses that follow.

The frequency distributions and summary univariate statistics of the individual commitment and turnover cognition items are shown in Table 15. Items with the strongest levels of agreement were:

- putting in extra effort beyond the norm to help the organisation to succeed (68.2%



moderately-to-strongly agree),

- really caring about the fate of the organisation (56.1% moderately-to-strongly agree), and
- being proud to tell others that they worked for the organisation (52.3% moderately-to-strongly agree).

In addition, 68.2% moderately-or-strongly disagreed that deciding to work for their organisation was a mistake, as did 52.9% with the statement “I feel very little loyalty to this organisation”.

It is clear from Table 15 that organisational commitment is neither blind nor unconditional. Over half of the respondents (53.2%) would not be prepared to do almost any sort of job assignment in order to remain employed by their organisation. In addition, over a third (34.1%) were not prepared to agree that their current organisation was the best organisation for which to work for, while (37.5%) agreed to some extent that they often found it difficult to agree with their employer’s policies on important matters relating to employees.

It is also interesting to note that over a third of respondents (37.2%) agreed to some extent that it would take very little change in their present circumstances to cause them to leave their current employing organisation. In a similar vein, 38.0% agreed that there was not too much to be gained by sticking with their current employer indefinitely while 9.3% agreed that it was a definite mistake to decide to work for their current organisation. Overall, however, most respondents disagreed that they felt little loyalty towards their employing organisation. While just over a quarter (25.4%) agreed with this statement to some extent, 35.4% strongly disagreed.

Given that turnover cognitions are one of the strongest predictors of employees voluntarily leaving their organisations, and in some models of employee turnover are an immediate precursor to actually leaving (Boxall, Macky & Rasmussen, 2003), it is interesting that 34.1% of respondents agreed that they often thought of quitting while a third reported that they would probably look for a new job in the next year. For the two turnover cognition items combined, there was only slight disagreement on average with these items.

**Table 15: Descriptive Statistics for Affective Commitment (1-9), Intent to Remain (10-15) and Turnover Cognitions (16-17)**

Item	Strongly Disagree %	Moderately Disagree %	Slightly Disagree %	Neither %	Slightly Agree %	Moderately Agree %	Strongly Agree %	Mean	SD	N
1. I am willing to put in a great deal of effort beyond that normally expected in order to help this organisation be successful	1.7	2.9	4.8	5.0	17.4	29.1	39.1	5.78	1.42	419
2. I really care about the fate of this organisation	4.3	3.6	4.1	11.5	20.5	24.8	31.3	5.40	1.62	419
3. I am proud to tell others that I am part of this organisation	5.7	3.8	7.6	12.9	17.7	25.8	26.5	5.16	1.73	419
4. I describe this organisation to my friends as a great organisation to work for	7.9	4.3	9.8	10.7	19.6	26.0	21.7	4.95	1.81	419
5. I am extremely glad that I chose this organisation to work for, over others I was considering at the time I joined	4.3	4.8	6.5	26.3	16.0	20.1	22.0	4.93	1.65	418
6. I find that my values and the organisation's values are very similar.	8.4	6.7	11.7	15.8	19.1	25.3	13.1	4.59	1.78	419
7. This organisation really inspires the very best in me in the way of job performance	8.4	8.1	9.3	16.2	23.9	21.7	12.4	4.54	1.76	419
8. For me this is the best of all possible organisations for which to work	10.7	11.0	12.4	17.7	13.6	20.5	14.1	4.30	1.92	419
9. I would accept almost any sort of job assignment in order to keep working for this organisation	20.3	16.0	16.9	11.5	15.8	9.8	9.8	3.55	1.97	419
10. Deciding to work for this organisation was a definite mistake on my part.	54.4	13.8	8.6	13.8	3.1	3.1	3.1	2.19	1.65	419
11. I feel very little loyalty to this organisation	35.4	17.2	14.1	7.9	9.6	8.4	7.4	2.94	1.99	418
12. It would take very little change in my present circumstances to cause me to leave this organisation.	22.9	17.2	11.2	11.5	14.3	9.8	13.1	3.59	2.10	419
13. There's not too much to be gained by sticking with this organisation indefinitely	21.2	16.9	12.9	11.0	12.9	12.9	12.2	3.65	2.08	419
14. Often, I find it difficult to agree with this organisation's policies on important matters relating to its employees	15.8	17.2	15.3	14.3	15.8	10.0	11.7	3.74	1.95	419
15. I could just as well be working for a different organisation as long as the type of work was similar	7.9	9.5	11.0	15.3	18.6	21.2	16.5	4.57	1.85	419
16. I often think of quitting	34.1	14.3	6.7	10.7	15.3	8.8	10.0	3.25	2.14	419
17. I will probably look for a new job in the next year	38.8	8.6	6.9	12.4	10.0	10.2	13.1	3.29	2.26	420

Note: Responses are weighted from 1 (strongly disagree) through 4 (neither) to 7 (strongly agree)

## 5.2 Job Involvement, Work Involvement, Job as a Central Life Interest & Instrumentalism

Compared to the organisational commitment results, respondents showed somewhat higher levels of job and work involvement with average scores (see Table 14) comprising 75.3% and 85.3% of the maximum possible respectively. The median job involvement score was 5.33 (close to the mean value shown in Table 14) and 25% of respondents obtained a score of 6 or more on the seven-point scale. There is a clear skew towards high levels of job involvement for most respondents (see also Appendix E: Figure E22). As Table 16 shows, nearly 50% or more of the respondents moderately or strongly agreed with all three items in the scale. Most felt personally involved with their work, would work unpaid overtime to finish a task and/or felt some degree of perfectionism towards their job.

From the responses to the five work involvement items, there is little evidence for a decline in the work ethic among the respondents to the survey. The median work involvement score of 6.2 is close to the mean shown in Table 14 and the distribution is strongly skewed (-1.445) towards the high involvement end of the scale (see also Figure E21 in Appendix E). As Table 16 shows, on four of the five items in the scale, over 70% respondents either moderately or strongly agreed. The only exception was whether people felt they would continue to work in paid employment if they won a great deal of money. While nearly 10% strongly disagreed that they would continue to work, the overall majority (79.2%) indicated that they would probably continue to do so.

While people may be strongly committed to the concept of paid employment generally and be involved their current job, they do not necessarily regard their job as a central interest in their lives. The median score of 3.00 on the scale was virtually identical to the mean and in the direction disagreeing with the notion that the respondents job is a central life interest(see Figure E23 in Appendix E). A quarter of the respondents scored two or less on the overall scale while less than 4% obtained a score of 6 or more. As Table 16 shows, less than a quarter of respondents (22.4%) agreed that the most important things that happened in their life involved their job, while a similar number (22.5%) agreed that the major satisfactions in their life came from their job. Only 14.8% agreed to some degree with the statement “I live, eat and breath my job”.

**Table 16: Frequencies and univariate statistics for respondent job involvement, work involvement and instrumentalism**

Item	Strongly Disagree %	Moderately Disagree %	Slightly Disagree %	Neither %	Slightly Agree %	Moderately Agree %	Strongly Agree %	Mean	SD	N
<i>Job as central life interest</i>										
- The most important things that happen to me involve my current job	16.0	28.4	17.2	16.0	14.1	5.0	3.3	3.12	1.62	419
- The major satisfaction in my life comes from my job	16.7	29.6	17.2	14.1	14.6	5.0	2.9	3.07	1.61	419
- The most important things that happen to me involve work	13.1	21.0	14.6	15.0	16.9	10.5	8.8	3.68	1.86	419
- I live, eat and breathe my job	36.8	27.4	10.7	10.3	8.6	2.9	3.3	2.48	1.65	419
<i>Job Involvement</i>										
- I am very much involved personally in my job	2.6	6.4	5.7	12.9	22.7	31.3	18.4	5.14	1.55	419
- I will stay overtime to finish a task, even if I am not paid for it	6.9	6.7	6.4	6.0	19.1	33.7	21.2	5.10	1.79	419
- I am really a perfectionist about my job	0.0	2.4	3.6	8.6	27.0	35.6	22.9	5.58	1.17	419
<i>Work Involvement</i>										
- I would soon get very bored if I had no work to do	4.5	3.1	4.5	5.0	8.4	23.4	51.1	5.84	1.68	419
- Even if the unemployment benefit was really high, I would still prefer to work	1.7	1.7	2.1	3.8	6.7	32.9	51.1	6.15	1.26	419
- Having a job is very important to me	1.0	2.6	0.5	3.1	11.9	36.0	44.9	6.10	1.18	419
- Even if I won a great deal of money on Lotto I would continue to have work somewhere	9.5	6.0	2.6	2.6	11.7	38.9	28.6	5.32	1.91	419
- I should hate to be on an unemployment benefit	1.7	0.7	1.9	2.9	4.5	16.0	72.3	6.45	1.18	419
<i>Instrumentalism</i>										
- Working is a necessary evil to provide the things I want for myself and family	4.1	14.1	10.0	8.6	22.4	24.6	16.2	4.70	1.79	419
- My job is just something I have to do to earn a living – most of my real interests in life are centred outside my job	3.6	14.3	14.3	13.1	20.5	19.1	15.0	4.50	1.77	419
- Money is the most rewarding reason for having a job	5.7	18.1	14.3	9.3	28.2	13.6	10.7	4.20	1.77	419
- I can't wait until the day I can retire so I can do the things that are important to me	7.2	14.6	9.5	19.5	25.1	11.9	12.4	4.26	1.76	419
- I do what my job description requires. My employers do not have a right to expect more	15.6	28.9	20.8	11.0	10.0	9.6	4.1	3.16	1.71	418
- Most things in life are more important to me than my job	4.1	10.7	14.1	16.2	19.8	23.2	11.9	4.54	1.69	419

Note: Responses are weighted from 1 (strongly disagree) through 4 (neither) to 7 (strongly agree)

With regard to whether or not respondents report instrumentalist work attitudes, the median score of 4.25 is virtually identical to the mean shown in Table 14 and the level of skew is virtually zero (-.084). Visual inspection of the frequency histogram reveals that the responses are approximately normally distributed (see Appendix E: Figure E24) and the Kolmogorov-Smirnov *Z*-statistic is not significant, also indicating normality (see Table 14). This said, Table 16 shows that respondents overall tended to agree rather than disagree with the items indicating an instrumentalist orientation towards work as paid employment; i.e., that people work as a means towards ends outside of work. Nearly two-thirds (63.2%) of respondents agreed to some extent that working was a necessary evil to provide the things they wanted for themselves and their families while over half (54.6%) agreed that their job was just something that they had to do to earn a living. For 52.% of respondents, money was the most rewarding reason for having a job.

### **5.3 Trust in Management**

The median trust in management score was 5.00 and similar to the mean shown in Table 14. The distribution is clearly skewed towards the higher trust end of the scale (see Figure E20, Appendix E). Table 17 reports the frequency distributions for the six trust in management items, together with those of six items pertaining to respondents' reported trust in their peers. The latter are not salient to the present study but are reported for the interest of others. They will not be discussed.

Areas where respondents expressed the most trust included trusting management to make sensible decisions for the future of the respondents' organisation (70.4% agreed with this) and feeling confident that the companies employing the respondents would always try to treat them fairly (70.2% agreement).

Nearly 60% of respondents also agreed that management where they worked were sincere in their attempts to meet the workers' point of view. A similar percentage also disagreed that management would be prepared to gain an advantage by deceiving workers. The majority of respondents (63.9%) also agreed to some extent that management at their place of work seemed to do an efficient job (see Table 17). Respondents were less certain about whether their firms would have a poor future unless they could attract better managers, with 52.1% disagreeing with this statement.

**Table 17: Frequencies and Univariate Statistics for Respondent Trust in Management & Peers**

Item	Strongly Disagree %	Moderately Disagree %	Slightly Disagree %	Neither %	Slightly Agree %	Moderately Agree %	Strongly Agree %	Mean	SD	N
Management where I work is sincere in its attempts to meet the workers' point of view	5.5	12.5	12.7	9.4	20.2	29.6	10.1	4.55	1.77	416
Our organisation has a poor future unless it can attract better managers	16.8	26.9	8.4	12.7	12.5	13.7	8.9	3.54	1.99	416
Management can be trusted to make sensible decisions for the organisation's future	5.0	7.0	8.4	9.1	22.8	32.9	14.7	4.95	1.67	416
Management at work seems to do an efficient job	4.1	10.4	9.4	12.3	22.7	31.3	9.9	4.73	1.65	415
I feel quite confident that the company will always try to treat me fairly	4.8	6.0	9.4	9.6	19.7	33.4	17.1	5.02	1.67	416
Our management would be quite prepared to gain advantage by deceiving the workers.	26.2	25.5	8.4	11.8	10.3	9.1	8.7	3.17	2.01	416
If I got into difficulties at work, I know my workmates would try to help me out.	2.2	1.9	2.2	8.2	17.8	42.3	25.5	5.66	1.30	416
I can trust the people I work with to lend me a hand if I need it	2.2	1.9	3.8	4.8	18.4	43.1	25.8	5.68	1.31	418
Most of my workmates can be relied upon to do as they say they will do	2.9	3.4	7.2	6.0	23.7	44.6	12.2	5.27	1.41	417
I have full confidence in the skills of my workmates.	2.2	4.3	7.4	5.3	28.5	38.3	14.1	5.25	1.40	418
Most of my fellow workers would get on with their work without direct supervision.	1.7	4.8	5.7	3.1	18.4	41.9	24.4	5.55	1.43	418
I can rely on other workers not to make my job more difficult by careless work	4.8	8.1	10.3	7.4	22.7	34.4	12.2	4.87	1.68	418

Note: Responses are weighted from 1( strongly disagree) through 4 (neither) to 7 (strongly agree)

Overall, it would seem that the majority of respondents express at least some degree of faith in both the intentions of their managers and confidence in these managers' abilities. This said, over a third of respondents (35.1%) did indeed feel that their firms had a poor future without better management, 30.7% did not feel their managers were sincere, just over a fifth did not feel their managers could be trusted to make sensible decisions and/or were not confident that they would be treated fairly, while 23.9% did not feel their managers did an efficient job.

#### **5.4 High Commitment HRM**

The median number of high commitment HR practices indicated by respondents (by either agreeing with a statement or responding "Yes") was 7.00, with 25% of respondents reporting fewer than five practices used and 25% reporting at least 11 practices. The distribution approximates the normal with minimal skew (.078) but is significantly flat (see Figure E13 in Appendix E). The process used to compute the z-score for this variable from variables with different response scales was outlined in the Method chapter. The normal probability plot (see Appendix D: Figure D14) and frequency histogram (see Appendix E: Figure E14) show this new variable to be normally distributed.

The frequency distributions for the individual high performance work practices included in this study are shown in Table 18. The practices most commonly reported by respondents as being used (by either agreeing with a statement or responding "Yes") were:

- working in a team to achieve a common goal,
- having fair and accurate appraisals,
- internal recruitment for vacant positions, and
- management keeping employees well informed about their firm and how well it is doing.

**Table 18: High-commitment high-performance work practices (n = 418)**

	YES %	NO %						Mean (SD)
Does your employer have a profit sharing or share ownership scheme that you are able to participate in?	21.5	78.5						
Have you received additional pay or a pay rise in the past year as a result of your job performance or work in a team?	58.1	41.9						
Has your job performance been formally appraised by your manager or supervisor within the past 12 months?	57.4	42.6						
Have you taken part in an employee attitude survey carried out by your employer in the past two years?	32.5	67.5						
	SD %	D %	SLD %	DK %	SLA %	A %	SA %	
My employer provides me with sufficient opportunities for training and development.	9.1	15.3	11.0	10.8	16.7	26.6	10.5	4.33 (1.90)
Management keeps me well informed about the firm and how well it is doing	8.4	13.4	9.6	6.7	23.4	25.6	12.9	4.52 (1.88)
My employer has a formal policy of avoiding compulsory redundancies.	9.6	11.0	6.0	51.0	4.8	12.4	5.3	3.89 (1.54)
I have a job description that accurately describes the work I do	9.6	14.6	10.5	8.4	15.3	31.8	9.8	4.40 (1.93)
There are few status differences in my organisation between managers and the rest of the employees. We are all on the same level	19.4	25.8	12.7	6.5	17.2	13.9	4.5	3.36 (1.91)
I have good opportunities to advance my career by getting promoted.	17.2	22.7	11.5	15.8	14.6	12.4	5.7	3.48 (1.86)
The promotion process used here is fair for all employees.	13.4	11.0	9.1	27.5	14.6	18.9	5.5	3.98 (1.77)
When jobs become vacant, management normally first tries to fill them with people from inside the organisation rather than by recruiting from outside	8.1	9.1	6.2	19.1	16.3	24.9	16.3	4.66 (1.83)
Employees here have the opportunity to be involved in the decision-making on things that matter. For example, through quality circles, business process project teams, or total quality management.	11.2	15.6	8.9	18.7	21.3	18.7	5.7	4.02 (1.79)
I receive regular and constructive feedback on how well I do my job	13.6	13.4	15.8	5.7	24.4	21.1	6.0	4.01 (1.89)
Appraisals of my performance are fair and accurate	5.7	6.9	8.9	21.3	18.9	29.2	9.1	4.65 (1.63)
My work requires me to work closely with other members of a team to achieve a common goal or target	3.1	3.3	2.6	6.0	14.4	45.0	25.6	5.62 (1.43)

Note: SD = strongly disagree (1); D = disagree (2); SLD = slightly disagree (3); DK = don't know (4); SLS = slightly agree (5); A = agree (6); SA = strongly agree (7)



As Table 18 shows, high commitment HR practices that appear to have been least used by the firms that the respondents worked for were:

- profit sharing or share ownership schemes,
- employee attitude surveys,
- reduction of status differentials between managers and other employees,
- providing career opportunities to employees through a promotion system, and
- having policies about avoiding compulsory redundancies.

In addition to these practices, respondents reported receiving a median of four hours training in the past year, with a range from zero to 560 hours. The modal response was zero hours training and 75% had received 20 hours or less in training over the past year.

## **5.5 Total Job Satisfaction**

Respondents reported a median level of satisfaction with their job of 5.33 (close to the mean reported in Table 14). The distribution approximates a normal bell shaped curve but is clearly skewed (-.715) in the direction of higher levels of satisfaction, with 25% of respondents reporting a level of satisfaction of six or more on a seven point scale (see Figure E16 in Appendix E).

Table 19 shows the frequency distributions and summary univariate statistics of the responses to each job satisfaction item. On no item is the mean less than mid-point of the seven point response scale and on nine of the 16 specific satisfaction items, the mean satisfaction level is above 5.

Job facets with which respondents expressed the highest satisfaction were with:

- their fellow workers,
- the freedom they had to choose their own methods of working (autonomy),
- the amount of responsibility they were given, and
- their hours of work.

**Table 19: Frequencies and Univariate Statistics for Respondent Job Satisfaction**

Item	Very Dissatisfied %	Dissatisfied %	Slightly Dissatisfied %	Not Sure %	Slightly Satisfied %	Satisfied %	Very Satisfied %	Mean	SD	N
The physical work conditions you have to work in.	0.2	6.0	9.8	1.9	18.6	45.1	18.4	5.42	1.42	419
The freedom you have to choose your own methods of working	1.7	4.3	6.4	5.0	11.7	41.8	29.1	5.63	1.47	419
Your fellow workers	1.4	1.9	6.7	4.3	15.1	46.4	24.2	5.66	1.31	418
The amount of recognition you get for good work	6.2	10.8	9.1	9.6	19.4	32.5	12.4	4.72	1.78	418
Your immediate manager or supervisor	5.3	8.7	7.7	5.3	14.7	34.1	24.3	5.15	1.81	416
The amount of responsibility you are given	2.6	3.6	6.5	5.0	12.2	44.4	25.7	5.56	1.49	417
How much you are paid	3.1	10.0	14.1	4.5	25.1	30.4	12.7	4.80	1.67	418
The involvement you have in decisions that affect you	6.4	7.4	11.7	9.3	20.5	29.8	14.8	4.79	1.76	419
Your opportunity to use your skills, abilities and knowledge	3.3	4.1	8.4	4.3	16.0	42.7	21.2	5.39	1.55	419
Relations between management and other employees in your firm	6.9	7.7	9.1	11.0	17.2	33.0	15.1	4.83	1.78	418
Your chances of promotion	9.1	9.1	8.1	27.3	12.4	23.7	10.3	4.37	1.77	418
The way your firm is managed.	10.3	10.0	12.9	9.5	17.9	28.2	11.2	4.44	1.89	419
The attention paid to suggestions you make	5.3	8.4	8.9	10.8	21.3	32.3	13.2	4.84	1.69	418
Your hours of work.	2.6	4.1	8.6	4.3	10.7	45.1	24.6	5.50	1.54	419
The amount of variety in your job	2.6	5.0	7.4	3.6	18.6	40.1	22.7	5.42	1.53	419
Your current level of job security.	5.5	2.6	4.5	14.8	10.7	35.8	26.0	5.34	1.65	419
Now, taking everything into consideration, how satisfied do you feel about your job as a whole?	2.9	4.5	8.1	5.5	18.6	40.6	19.8	5.33	1.53	419

Note: Responses are weighted from 1 (very dissatisfied) through 4 (not sure) to 7 (very satisfied)

The job facet with the most expressed dissatisfaction was with the way the respondents firm was managed (33.2% expressed some level of dissatisfaction)(see Table 19). The only other areas where more than a quarter of respondents expressed dissatisfaction were with:

- how much they were paid (27.2% dissatisfied),
- the respondents' chances of promotion (26.3% dissatisfied),
- the amount or recognition received for good work (26.1%), and
- the involvement they had in decisions that affected them (25.5% dissatisfied).

The facet satisfaction and total satisfaction trends are reflected in the responses to the single item overall satisfaction item where, taking everything into consideration, 79% of respondents reported satisfaction with their job as a whole (see Table 19).

## **5.6 Job Security**

Survey participants were asked their views on how likely they would be made redundant or lose their job through downsizing in the next two years. Over half (57%) of those who responded (n=409) thought that it was not at all likely, 23.5% slightly likely and 9.5% somewhat likely. More pessimistic are the 4.4% who thought it was quite likely, 2.4% highly likely and 3.2 % extremely likely that they would lose their job.

As Table 19 shows, respondents show moderate to high levels of satisfaction with their current level of job security with nearly 62% indicating they were satisfied or very satisfied (see also Table 14 and Figure E15 in Appendix E). The responses are clearly negatively skewed towards higher levels of satisfaction with job security.

As noted in the Method chapter, perceptions of job security and satisfaction with job security were found to be weak to moderately correlated, with employees expressing higher job security satisfaction also being more likely to report that they are not at all at risk of being made redundant through organisational downsizing in the next two years.

## 5.7 Correlations – work attitudes and moderator variables

Table 20 shows the correlations between the principal dependent and proposed participant moderator variables of interest in this study. Gender, age and years employed in the workforce have been previously found to relate to several of the downsizing variables (see Part I of these results). For a participant variable to moderate or confound the hypothesised downsizing-work attitude relationship, a relationship between the moderator and the criterion variable should be identifiable.

As Table 20 shows, gender was found to be independent of the criteria work attitude variables used in this study. The only significant correlation was with job security satisfaction. This weak positive correlation suggests females are more likely to report higher satisfaction with their current job security than males. This is consistent with the finding reported in Part I that females are less likely to have been made redundant than males and were more likely to have never worked in an organisation that downsized. However, beyond job security satisfaction, there seemed little value in further exploring gender as a possible moderator of the hypothesised downsizing-work attitude relationship.

The size of the participant's employing firm was also found to be largely independent of the work attitude variables included in the correlational analyses. The only exceptions were weak correlations with behavioural commitment and turnover cognitions, such that those working in larger forms were slightly more likely to report higher behavioural commitment and lower turnover cognitions (see Table 20). Weak to moderate positive correlations were also found between firm size and the experience of high commitment HR practices, as well as with the hours training received in the past twelve months. Employees in larger firms were slightly more likely to report more high commitment work practices and to have received more hours of training.

Similarly, employee tenure with their current employer appears largely independent of the work attitude variables of interest here. The two exceptions are again weak correlations with behavioural commitment and turnover cognitions (see Table 20). Employees with longer tenure are slightly more likely to report higher behavioural commitment and lower quit intentions. They are also more likely to report experiencing more high commitment HR practices. Weak to moderate correlations were also found

for tenure with respondent age ( $\rho(413) = .380, p = .000$ ) and with years in the workforce ( $\rho(388) = .391, p = .000$ ), such that those reporting longer employment with their current employer were also more likely to be older and have worked more years in the labour force. Respondent age and tenure has been previously shown in these results to be related to the number of downsizings experienced and the duration those made redundant had spent out of work (see Results Chapter 4).

**Table 20: Spearman's rho correlations for participant variables**

Participant variable	Age	Years in workforce	Tenure	Firm Size	Gender
DV					
Affective commitment	.013 (.802)	.039 (.464)	.030 (.557)	-.039 (.461)	.022 (.689)
Behavioural commitment	.000 (.993)	-.010 (.845)	.103 (.046)	.117 (.026)	.007 (.892)
Turnover cognitions	-.098 (.057)	-.120 (.023)	-.160 (.002)	-.108 (.041)	.012 (.822)
Trust in management	-.048 (.350)	-.035 (.504)	.063 (.221)	-.099 (.060)	.079 (.122)
Work involvement	-.082 (.111)	-.057 (.283)	.044 (.397)	-.012 (.821)	-.042 (.410)
Job involvement	.110 (.033)	.085 (.106)	.055 (.283)	-.058 (.276)	.019 (.711)
Job as central life interest	.068 (.188)	.105 (.047)	.092 (.072)	-.001 (.985)	-.098 (.056)
Instrumentalism	-.044 (.397)	.036 (.492)	-.035 (.494)	-.010 (.849)	.018 (.721)
Perceived job security	.060 (.241)	.054 (.312)	-.087 (.091)	.093 (.080)	-.067 (.192)
Job security satisfaction	-.181 (.000)	-.183 (.000)	.005 (.923)	-.044 (.409)	.115 (.024)
Total job satisfaction	.036 (.490)	.006 (.907)	.084 (.103)	-.013 (.813)	.046 (.371)
High commitment HR (z scores)	-.162 (.002)	-.115 (.030)	.110 (.032)	.284 (.000)	.013 (.806)
Hours training received	-.144 (.005)	-.117 (.027)	-.047 (.364)	.357 (.000)	-.049 (.342)
N	379	358	380	359	382

Notes: Gender coded 0 (male) 1 (female). All significance levels are 2-tailed and shown in the parentheses.

As Table 20 shows, both age and years in the workforce are weakly negatively correlated with job security satisfaction, with older respondents and those with more years in the workforce being slightly more likely to report lower satisfaction with their current job security. Both age and years in the workforce were also found to be weakly and negatively associated with the reported use of high commitment HR practices and the number of hours received, with older employees and those with more years in the workforce being slightly more likely to report fewer hours training received and lower exposure to high commitment work practices. It is possible that age and years in the

workforce are collinear in these analyses.

Age was also found to be weakly associated with job involvement, with older employees being slightly more likely to report higher involvement in their jobs. Years in the workforce, on the other hand, was found to be weakly associated with both turnover cognitions and whether the job was regarded as a central life interest. Those with more years in the workforce were slightly more likely to also report lower turnover cognitions and to see their jobs more as a central interest in their lives.

In short, no clear pattern was found between the dependent variables and the participant variables included in this study. Correlations tended to be weak and no participant variable accounted for more than 4% of the variance in any dependent variable. Their impact on the analyses that follow, as moderators or confounds in the proposed 'downsizing experience – work attitude relationship' is therefore likely to be trivial.

Table 21 shows the correlations between the work attitude variables, as well as with the job security, job satisfaction, and high commitment HR variables. Job satisfaction was found to be moderately to strongly correlated with both affective and behavioural commitment, together with turnover cognitions. Those with higher levels of job satisfaction also tended to report higher levels of affective commitment, stronger intentions to remain with the organisation and lower intentions to quit or look for a new job. Job satisfaction was also found to be strongly associated with trust in management, with those having higher trust also tending to report higher job satisfaction (see Table 21). Weak relationships were also observed for job satisfaction with job involvement, work involvement, work as a central life interest, and instrumentalism. Employees with higher satisfaction were also likely to report higher job and work involvement, lower levels of instrumentalist work attitudes, and to regard their jobs as a central life interest.

**Table 21: Spearman's rho correlations between the work attitude variables (N=382)**

Variable	1	2	3	4	5	6	7	8	9	10	11	12
1. Affective commitment	1											
2. Behavioural commitment	.649 (.000)	1										
3. Turnover cognitions	-.652 (.000)	-.681 (.000)	1									
4. Trust in management	.671 (.000)	.621 (.000)	-.477 (.000)	1								
5. Work involvement	.229 (.000)	.122 (.017)	-.106 (.038)	.101 (.049)	1							
6. Job involvement	.311 (.000)	.155 (.002)	-.141 (.006)	.160 (.002)	.315 (.000)	1						
7. Job central life interest	.314 (.000)	.091 (.075)	-.154 (.002)	.010 (.847)	.363 (.000)	.332 (.000)	1					
8. Instrumentalism	-.283 (.000)	-.401 (.000)	.283 (.000)	-.170 (.001)	-.277 (.000)	-.259 (.000)	-.266 (.000)	1				
9. Perceived job security	-.192 (.000)	-.176 (.000)	.109 (.016)	-.229 (.000)	.006 (.454)	.027 (.299)	.025 (.315)	.015 (.386)	1			
10. Job security satisfaction	.399 (.000)	.402 (.000)	-.302 (.000)	.492 (.000)	.073 (.076)	.113 (.013)	-.026 (.305)	-.119 (.010)	-.303 (.000)	1		
11. Total job satisfaction	.748 (.000)	.647 (.000)	-.608 (.000)	.742 (.000)	.132 (.010)	.261 (.000)	.130 (.011)	-.242 (.000)	-.209 (.000)	.559 (.000)	1	
12. High commitment HR (z scores)	.598 (.000)	.562 (.000)	-.460 (.000)	.612 (.000)	.136 (.008)	.220 (.000)	.131 (.011)	-.201 (.000)	-.133 (.005)	.451 (.000)	.706 (.000)	1
13. Hours training	.157 (.002)	.280 (.000)	-.159 (.002)	.185 (.000)	.040 (.438)	.042 (.412)	.014 (.778)	-.210 (.000)	.048 (.176)	.130 (.005)	.214 (.000)	.415 (.000)

Notes: Significance levels are two tailed except for those correlations with “8. Instrumentalism”, “9. Perceived job security” and “10. Job security satisfaction”, which are one-tailed. Significance levels are shown in parentheses.

A strong positive correlation was also found between job satisfaction and z-scores for the high commitment human resource management practices index, with higher satisfaction being associated with greater reported exposure to such HR practices (see Table 21). Employees who received more hours training within the past 12 months also tended to report higher satisfaction with their jobs. The relationships between job security and job satisfaction are outlined in Part III of these results (Chapter 6). These relationships suggest further value in investigating or controlling for a possible moderating effect or confound of job satisfaction on the hypothesised downsizing-work attitude relationships.

In addition to the observed relationship with job satisfaction noted above, the z-scores for the high commitment HR scale were moderately associated with the respondents' reported affective and behavioural commitment to their employing organisations, as well as their turnover cognitions and trust in management (see Table 21). Greater exposure to such HR practices was associated with higher organisational commitment, as well as lower turnover cognitions and higher levels of trust in management. There was also a slight tendency for those exposed to more high commitment work practices to also regard their job as a central life interest, report higher work and job involvement, and express lower instrumentalist work attitudes. The relationships between the job security variables and high commitment HR are dealt with in Part III of these results. Taken as a whole, the results outlined here suggest further value in investigating or controlling for a possible moderating effect or confound of exposure to high commitment HR practices on the hypothesised downsizing-work attitude relationship.

Regarded by some researchers as a high commitment work practice indicator (e.g., Huselid, 1995; Snell & Dean, 1992; Truss, 2001; Wright et al., 2003), the hours training that respondents reported as receiving in the 12 months prior to the survey were found to be weakly correlated to organisational commitment, with respondents reporting more training hours also having a slight tendency to also report higher affective and behavioural commitment, and lower turnover cognitions (see Table 21). Weak correlations also suggests a slight tendency for hours training to be associated with higher trust in management and lower instrumentalism. On this basis, training hours was investigated further in Part III as a possible moderator or confound.



The reported levels of trust in management were found to be moderately associated with organisational commitment. Those with higher affective and behavioural commitment, and lower turnover cognitions, also tended to report higher trust in management (see Table 21). A weak but statistically significant association was also found between trust and respondent job involvement and instrumentalism, with those with higher trust tending towards also having higher job involvement and lower instrumentalism. The observed relationship with job security is dealt with in Part III.

Instrumentalism is an interesting variable in that it was found to be weakly but significantly associated with all the other attitudinal variables included in the present study, with the exception of perceived job security (see Table 21). These relationships are explored further in Part III of these results.

In contrast, the extent to which respondents identify with and want to be engaged in paid employment shows few relationships with the other variables. Work involvement was found to be weakly associated with organisational commitment, job involvement and work as a central life interest. Those with higher work involvement were also slightly more likely to report high affective and behavioural commitment, lower turnover cognitions, higher job involvement, and see their job as a central life interest (see Table 21).

Also observed was a slight tendency for respondents who regarded their jobs as a central life interest to also report higher involvement with their jobs, have lower turnover cognitions and higher affective organisational commitment (see Table 21).

Weak but significant correlations were also found between job involvement and all three commitment measures, with those more job involved also being more likely to report higher affective and behavioural commitment, as well as lower turnover cognitions (see Table 21).

The three organisational commitment variables were all found to be moderately correlated with each other, but not to the extent that they could be regarded as multicollinear. As Table 21 shows, higher affective commitment was associated with higher behavioural commitment and lower turnover cognitions. Higher behavioural commitment was also associated with lower turnover cognitions. The other significant correlations shown in Table 21 for the organisational commitment variables have

already been outlined above.

### **5.8 Part II Summary**

Analyses of the response distributions of the criterion variables and metric downsizing variables show that few correspond to a normal distribution. Most are skewed to varying degrees. The nature of these skews indicate that overall, the participants in this research were more likely to be committed to their employing organisations than not. This commitment was in terms of their identification with and involvement in their employing organisation (high affective commitment), as well as their desire to maintain membership with the organisation (high behavioural commitment and low turnover cognitions). The participants also showed a general tendency towards trusting their managers and to be satisfied with their jobs.

Also found was a strong work ethic, in terms of identifying with and wanting to be engaged in paid employment. There was also a clear tendency towards being involved with and committed with one's job. However, it could not be said that the participants regarded their jobs as a central life interest. While generally committed to the concept of paid employment, their current organisation, and their jobs, the participants were much less likely to report that the most important things that happened to them or that their major satisfactions in life involved their job or working. This said, respondents were normally distributed in the degree to which they endorsed instrumental work attitudes; neither strongly endorsing nor rejecting the material or monetary value of employment.

Correlational analyses revealed that the participant variables were either independent of or only weakly correlated with the work attitude variables of interest in the present study. In research with a smaller sample, many of these correlations would be unlikely to reach statistical significance. Only the correlations between firm size and high commitment HR practices exceeded .2 in strength. On the basis of these findings, it seems unlikely that the participant variables will have had much influence on the results that follow.

Correlational analyses also revealed that the work attitude variables were almost all correlated with each other, in varying degrees (see Table 21). For organisational

commitment in particular, higher levels of affective commitment are also associated with higher behavioural commitment, lower turnover cognitions, higher trust in management, higher job satisfaction and more high commitment work practices being used by the respondents current employer. There is also an observed tendency for higher affective commitment to be associated with higher job and work involvement, regarding one's work as a central life interest, lower instrumentalism, higher job security satisfaction and a reduced perceived likelihood of losing one's job due to downsizing in the next two year period. A similar pattern of responses is apparent for behavioural commitment (see Table 21) and, in an inverse way, for turnover cognitions, although the strength of the observed associations tends to be considerably weaker in the latter case.

## CHAPTER 6: RESULTS PART III

### ***6. Downsizing and Work Attitudes - Hypothesis Testing and Exploration***

As identified in Part II of these results, most of the criterion variables in the present study are not strictly normally distributed. Nor could they be normalised using standard nonlinear data transformations such as the inverse of the variable, the square root of the variable and the natural logarithm (Hamilton, 1990). Similarly, most of the proposed moderating variables have also been identified as deviating from a normal distribution. This imposes potential limitations on the forms of multivariate statistical analyses that can be used for testing the stated hypotheses, while also investigating the proposed moderating variables or controlling for potential confounding variables. In particular, the typical strategies for detecting moderator variables involve the parametric statistics of, for example, looking for interaction effects in moderated multiple regression (MMR) analysis, the use of structural equation modelling, and/or ANOVA tests for interaction effects in factorial research designs. However, these strategies assume the multivariate normality of measures (Hair et al., 1998; Stone-Romero & Liakhovitski, 2002), which cannot be achieved without univariate normality (Stevens, 2002).

Interestingly, the published academic research literature shows a marked tendency to ignore reporting on or testing the assumptions underpinning the parametric statistics used (Judd, McClelland & Culhane, 1995). As Byrne (2001) comments, there is "... ample evidence of empirical research wherein the issue of distributional normality has been blatantly ignored" or where the "... researchers seemed to be totally oblivious to the fact that they had even violated this statistical assumption."(p.267) Byrne also observes that "most data fail to meet the assumption of multivariate normality."(p.268)

This said, there are indications that many of the parametric tests are rather robust with regards to departures from normality (e.g., Donaldson, 1968; Budescu & Appelbaum, 1981). For example, Judd et al. (1995) note that for both Type I and Type II errors, "... numerous analytic and simulation studies ... have shown that the t statistic is reasonably robust if group sample sizes are large and approximately equal"(p.452). Larger sample sizes mean more than 30 subjects per cell in an analysis (Weinberg & Abramowitz, 2002). Coakes and Steed (2003) also observe that the ANOVA assumptions of normality and equal variances are of little concern when cell size is greater than 30,

while Hair et al. (1998) note that the F-test in ANOVA is robust to breaches of normality for larger sample sizes, particularly where the breach is due to skewness. Furthermore, the F test is likely to be conservative in this situation (Stone, 1988), thereby reducing the likelihood of a Type I error (Levine & Dunlap, 1983). In the face of contrary views (see Levine & Dunlap, 1982, 1983), Games (1984) has also vigorously argued that transforming skewed variables to normalise them is not warranted as the effects of skew on the F test is trivial for larger sample sizes (see also Glass, Peckham & Sanders, 1972). Budescu and Appelbaum (1981) also provide findings supporting the power and robustness of ANOVA and conclude that the payoff from data transformations in terms of more valid probability statements was low for larger samples.

In the context of the above, this study includes multiple dependent variables that are correlated with each other (see Table 21), as well as postulated moderator variables or confounds that covary with many of the dependent variables (see Tables 20-22). Multivariate analysis of covariance (MANCOVA) would therefore appear to be the preferred method for testing many of the hypotheses stated in Chapter 2 (Bryman & Cramer, 2001; Hair et al., 1995; Tacq, 1997). MANCOVA has the advantage of reducing the Type I error inflation that running multiple univariate ANOVAs would involve (Cronk, 2002). Furthermore, as Stevens (2002) observes, "deviation from multivariate normality has only a small effect on Type I error"(p.262) in MANCOVA, although platykurtosis reduces statistical power for small samples. However, as Tables 20 to 22 show, the pattern of potential covariates is not consistent for all dependent variables. Rather than include unnecessary covariates, ANCOVA was therefore seen as preferable for testing some of the hypotheses and exploratory analyses for some of the dependent variables in the present study.

On this basis of the above, a two pronged approach has generally been taken to testing the hypotheses of this study and exploring for moderator effects. Firstly, an attempt is made to test the main effects of the hypotheses using nonparametric statistical tests. This step is skipped for the dependent variables known to be normally distributed. Secondly, ANCOVA or MANCOVA analyses have been used to further test the relevant hypotheses and investigate possible moderator effects. Where multivariate tests have been performed, the Pillai's *trace* statistic has been used as it "is considered to have acceptable power and to be the most robust statistic against violations of

assumptions.” (Coakes & Steed, 2003, p. 182) Multiple regression analyses have also been performed where relevant. Identified breaches of assumptions are noted where relevant and care should, of course, be taken in the generalisation of the findings from such analyses.

## 6.1 Job Security Hypotheses

Hypothesis 1 states that: *Job security perceptions will be positively associated with affective and behavioural commitment, trust in management, job satisfaction, and the number of high commitment human resource management practices experienced.*

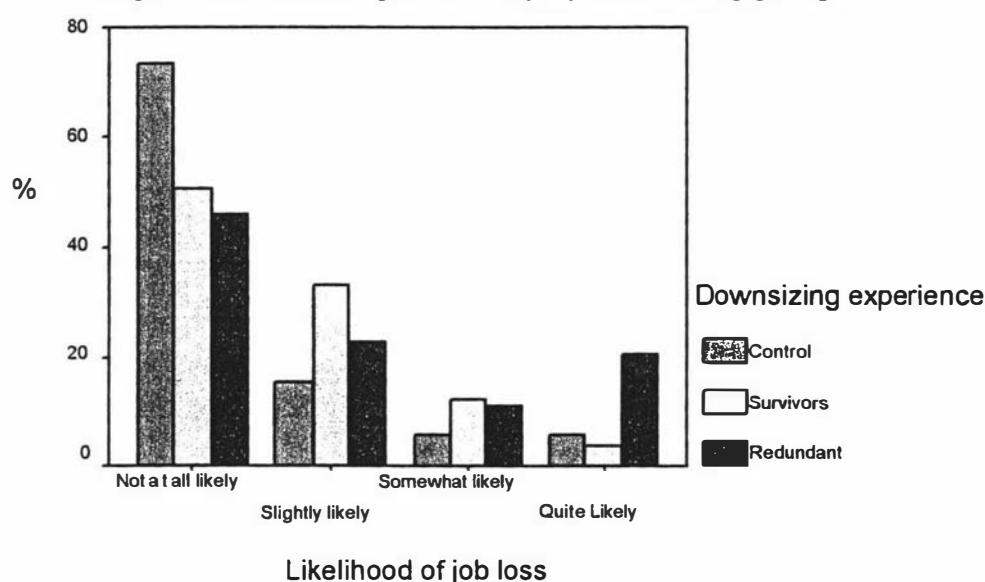
As outlined in the method chapter, job security perceptions were measured using two variables: perceptions of the likelihood of being made redundant through downsizing in the next two years and satisfaction with one’s current level of job security. As Table 21 shows, Spearman’s rho correlations are significant for perceived job security (likelihood of being made redundant) with all three organisational commitment variables, trust in management, job satisfaction and high commitment HR z-scores. Job security satisfaction was also significantly correlated with the three commitment variables, trust in management, job involvement, instrumentalism, job satisfaction, high commitment HR z-scores and the number of hours training received in the past 12 months. While the correlations for perceived job security are not strong and those for job security satisfaction tend to be weak to moderate in strength, the direction of all the correlations was consistent with the hypothesised directions. Employees who least expect to be made redundant in the next two years, and/or who are satisfied with their current level of job security, are also more likely to have higher affective and behavioural organisational commitment, lower turnover cognitions, higher trust in management, higher job satisfaction and report greater exposure to high commitment work practices.

**Hypothesis 1 is therefore supported.** Job security perceptions are associated with organisational commitment, trust in management, job satisfaction, and the experience of high commitment HR work practices.

Hypothesis 2 states that *perceived job security and job security satisfaction will vary as a function of the experience of downsizing, with those who have experienced a redundancy due to downsizing having the worst job security perceptions.* A relationship

was found between perceived job security and downsizing group ( $\chi^2(6) = 45.48, p = .000, n = 409$ ) with 73.2% of those who have never worked in a downsizing firm feeling they were not at all likely to lose their jobs, compared to 50.8% of Survivors and 46.0% of those who had lost a job through downsizing (see Figure 1). Of the three groups, those who had previously experienced redundancy were the most pessimistic regarding the future job security, with a fifth (20.4%) reporting that they were at least 'quite likely' to lose their jobs,<sup>6</sup> compared to only 3.8% of survivors and 5.6% of those who had never directly experienced downsizing.

**Figure 1: Perceived job security by downsizing group**



A Kruskal-Wallis H test also revealed a difference between the respondents' job security satisfaction levels and downsizing group ( $H(2) = 47.60, p = .000, n = 419$ ). Median job security satisfaction levels were 6.00 for both the control and survivor groups, and 5.00 for the redundant group. Pairwise comparisons using the Mann-Whitney  $U$  test show survivors to be significantly different from the control group ( $U = 8021.50, p = .023, n = 275$ ) and from the redundant group ( $U = 6463.50, p = .000, n = 276$ ). The redundant group were also significantly different from the control group ( $U = 5845.00, p = .000, n = 287$ ). Those who had experienced a redundancy had poorer satisfaction with job security than either the survivor or the control group.

<sup>6</sup> The 'Quite likely' category is a combination of the original 'quite likely', 'highly likely' and 'extremely likely' response categories, thereby enabling a chi-square to be calculated without too many cells having an expected count of less than 5.

**Table 22: Spearman's rho correlations for the metric downsizing and work attitude variables**

DV	Participant variable	Number of downsizings*	Months since last downsizing*	Number of redundancies	Months since last redundancy	Days unemployed due to redundancy	Number of downsizing practices experienced	Downsizing process satisfaction	Downsizing support satisfaction
Affective commitment		-.195 (.014)	.209 (.009)	-.178 (.022)	.073 (.209)	.001 (.498)	.128 (.020)	.325 (.000)	.264 (.000)
Behavioural commitment		-.166 (.030)	.152 (.044)	-.169 (.028)	.035 (.352)	-.071 (.244)	.132 (.017)	.309 (.000)	.304 (.000)
Turnover cognitions		.099 (.133)	-.124 (.082)	.172 (.026)	-.104 (.125)	-.174 (.044)	-.154 (.007)	-.258 (.001)	-.275 (.000)
Trust in management		-.214 (.007)	.248 (.002)	-.160 (.035)	.053 (.280)	.036 (.363)	.072 (.125)	.333 (.000)	.273 (.000)
Work involvement		-.161 (.034)	.085 (.170)	.136 (.062)	-.012 (.449)	-.156 (.063)	.069 (.134)	.081 (.156)	.098 (.110)
Job involvement		-.040 (.327)	.025 (.392)	.043 (.315)	.074 (.208)	-.065 (.264)	.102 (.052)	.153 (.029)	.184 (.010)
Job as central life interest		.165 (.031)	.033 (.356)	.011 (.453)	.162 (.036)	-.058 (.285)	-.057 (.182)	.132 (.050)	.123 (.061)
Instrumentalism		.023 (.398)	-.131 (.070)	-.046 (.302)	-.012 (.449)	.094 (.181)	-.035 (.286)	-.160 (.023)	-.181 (.012)
Perceived job security		.174 (.024)	-.150 (.047)	.150 (.045)	-.169 (.030)	-.010 (.461)	.062 (.163)	-.141 (.039)	-.099 (.107)
Job security satisfaction		-.168 (.029)	.239 (.003)	-.064 (.235)	.101 (.131)	-.069 (.252)	.100 (.056)	.340 (.000)	.261 (.000)
	N	133	127	129	124	97	256	156	158

Notes: \* = Survivors only. All significance levels are 1-tailed and shown in the parentheses.



For the Survivor group, significant but weak one-tailed correlations were also found between the number of downsizings experienced with perceived job security and job security satisfaction (see Table 22), with those who had experienced more downsizings being slightly more likely to believe that they would be made redundant due to downsizing in the next two years and report lower satisfaction with their current job security. Furthermore, the more time that had passed since the last downsizing, the more satisfied people were with their current job security and the less likely they were to feel that they might lose their jobs due to downsizing (see Table 22).

No relationship was found between job security satisfaction and the number of times someone had been made redundant. However, job security perceptions were found to be weakly associated with the number of redundancies (see Table 22). Employees who had experienced more job losses through redundancy were also more likely to believe that they would lose their job again through redundancy within the next two years. A weak correlation was also found with perceived job security and the time elapsed since the last redundancy, such that those with longer time elapsed since their last redundancy were less likely to feel that they would lose their jobs in the next two years. The number of days work lost due to redundancy were found to be independent of job security perceptions (see Table 22).

Knowing someone who had been made redundant within the past five years (vicarious experience) was also found to be associated with perceived job insecurity. As Table 23 shows, employees who vicariously experienced a redundancy were also more likely to believe that they would be made redundant in the next two years ( $\chi^2(5) = 16.12, p = .007$ ) than those who did not know someone. However, no relationship was found between vicarious redundancy experience and job security satisfaction ( $\chi^2(6) = 10.10, p = .121, n = 419$ ).

For employees who had, themselves, experienced a redundancy, perceived job security was found to be independent of whether the most recent redundancy was forced or voluntary ( $U = 1700.00, p = .833, n = 131$ ), as was job security satisfaction ( $U = 1789.50, p = .958, n = 136$ ). The outcomes of the redundancy, in terms of whether someone was reemployed at lower pay, or the same or higher pay, were also found to be independent of job security satisfaction ( $H(3) = 3.55, p = .315, n = 140$ ) and perceived job security ( $H(3) = 2.93, p = .402, n = 134$ ).

**Table 23: Perceived job security and vicarious experience of redundancy**

Perceived likelihood of job loss in next 2 years due to downsizing	Know someone made redundant in past 5 years	
	NO % (n = 139)	YES % (n = 270)
Not at all likely	69.1	50.7
Slightly likely	15.8	27.4
Somewhat likely	7.2	10.7
Quite likely	2.9	5.2
Highly likely	3.6	1.9
Extremely likely	1.4	4.1

Taken as a whole, the findings presented above are consistent with the hypothesis that employees with more ‘severe’ experiences of organisational downsizing will have poorer perceptions of the security of their jobs. Employees who have experienced more organisational downsizings, who have had more recent experience of downsizing, have been made redundant, are dissatisfied with how the downsizing was done and with the support provided to employees, and who know someone else who had lost a job due to downsizing will typically have poorer job security perceptions than employees without such experiences.

**Hypothesis 2 is therefore supported** - Job security perceptions do vary as a function of the experience of downsizing, with those who have experienced a redundancy due to downsizing having the worst perceived job security and satisfaction with their job security. As several respondents put it:

*“Although it has been in the past that jobs were secure, it is now not the case. Even though one may have served his/her employer for a number of years; e.g., for decades, that security can just vanish.”*

*“Downsizing seems to be a tool for driving down wages and conditions. Conditions and wages are not as good. People are not getting security from employment. Many people are now part-timers or have only fixed-term contracts. Less people have full time jobs but these people seem to be*

*working longer hours to keep them."*

What remains unclear from the above analyses is whether there are moderating effects in the observed relationship between the experience of downsizing (defined by downsizing group) and perceptions regarding job security. To explore this further, ordinal regression analyses were performed separately for each job security variable. Ordinal regression analysis has an advantage over the more commonly used linear regression in that the responses on the dependent variable are treated as categorical and the predictor variables can be either categorical factors or covariates. A two-step process was followed for each analysis. Firstly, all variables identified in Tables 20 and 21 as correlated with a job security dependent variable were entered into a regression model. The second step involved refining each model by removing the predictor variables found not to significantly contribute to the initial regression model and then including interaction terms for the remaining variables to test for potential moderator relationships.

For job security satisfaction, the predictors initially included were respondent gender, perceived job security,<sup>7</sup> and downsizing group. Covariates entered into the equation were: years in the workforce, age, the three organisational commitment variables, trust in management, job involvement, instrumentalism, job satisfaction, high commitment HR z-scores, and hours training received.

A complementary log-log link function was used because the distribution for job security satisfaction (see Appendix E: Figure E15) suggests that higher categories are more probable. Tests of fit for the initial model found the difference in the -2 log likelihood to be significant ( $\chi^2(18) = 189.95, p = .000$ ) and with a Nagelkerke pseudo- $R^2$  of .470. Examination of the significance of the Wald statistic revealed that only job satisfaction, perceived job security and downsizing group contributed to the initial regression model. The remaining variables were dropped and the analysis run again, this time including interaction terms with downsizing group.

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<sup>7</sup> Recoded to collapse the 'extremely likely' and 'highly likely' responses categories into the 'quite likely' one due to too few responses in the former to enable the analysis.

**Table 24: Ordinal regression for job security perceptions – final models**

<i>Analysis</i>		Estimate	Std. error	Wald	P
Predictor					
<i>Job security satisfaction</i>					
Downsizing Group					
	Control	2.209	.838	6.95	.008
	Survivor	.834	.804	1.08	.300
	Redundant	0 *			
Job satisfaction		.828	.094	76.89	.000
Perceived Job Security					
	Not at all likely to lose job	.802	.265	9.16	.002
	Slightly likely	.677	.304	4.98	.026
	Somewhat likely	.946	.366	6.69	.010
	Quite to extremely likely	0 *			
<i>Perceived Job Security</i>					
Downsizing Group					
	Control	-1.056	.499	4.49	.034
	Survivor	-.698	.520	1.81	.179
	Redundant	0 *			
Job security satisfaction					
	Very dissatisfied	1.291	.473	7.45	.006
	Dissatisfied	-.457	1.021	0.20	.654
	Slightly dissatisfied	1.543	.538	8.22	.004
	Not sure / neither	.404	.445	0.82	.364
	Slightly satisfied	.571	.478	1.42	.233
	Satisfied	.146	.445	0.11	.743
	Very satisfied	0 *			

Note: \* indicates that the parameter is redundant to the regression model. The non-significant interactions terms have been left out in the interests of brevity.

Table 24 shows the findings for the revised model. No significant interaction effects were found indicating that job satisfaction and perceived job security do not moderate the observed relationship between downsizing group and job security satisfaction. Job satisfaction remains an important predictor, with those who are more satisfied with their jobs also having higher satisfaction with their job security. Perceptions of job security and downsizing group also remain clear predictors of job security satisfaction. The less likely employees feel that they will be made redundant in the next two years, the more likely they are to report higher job security satisfaction, as are those who have never worked in a downsizing organisation.

The overall model fit remains significant ( $\chi^2 (14) = 299.61, p = .000$ ) indicating that knowing a person's level of job satisfaction, downsizing experience, and expectations of job loss enables a better prediction of their job security satisfaction than simply guessing from the known probabilities of the dependent variable categories. The Nagelkerke pseudo- $R^2$  of .549 also suggests that the final regression model explains more of the variance in job security satisfaction than the initial model, although considerable variance remains unexplained. Comparing the actual reported levels of job security satisfaction against those predicted by the regression model indicates that the model is better at predicting those who are either very satisfied (64% agreement) or satisfied (62%) than the other categories of satisfaction.

For perceived job security,<sup>8</sup> the predictors initially included in the ordinal regression analysis were job security satisfaction, knowing someone who had been made redundant, and downsizing group. Covariates entered into the equation were the three organisational commitment variables, trust in management, total job satisfaction, and high commitment HR z-scores. A negative log-log link function was used because the distribution for the perceived likelihood of job loss variable (see Figure 1) suggests that lower response categories are more probable. No scale component was employed. Tests of fit for the initial model found the difference in the -2 log likelihood to be significant ( $\chi^2 (15) = 64.43, p = .000$ ) but with a Nagelkerke pseudo- $R^2$  of .171, which suggests weak explanatory power of the model for the dependent variable. Examination of the significance of the Wald statistics revealed that only job security satisfaction and downsizing group contributed to the regression model. The remaining variables were dropped and the analysis rerun including an interaction term between the two variables .

No significant interaction effects were found between downsizing group and job security satisfaction in predicting perceptions of job security. Job security satisfaction does not appear to moderate the observed main effect for downsizing group on job security perceptions. As the findings in Table 24 indicate, employees with higher job security satisfaction and those who have never worked in an organisation that has downsized can be predicted to report the lowest expectations of being made redundant within the next two years. The overall model fit remains significant ( $\chi^2 (19) = 71.69, p$

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<sup>8</sup> Recoded to collapse the 'extremely likely' and 'highly likely' responses categories into the 'quite likely' one due to too few responses in the former categories.

= .000) indicating that knowing a persons' level of job security satisfaction and downsizing experience enables a better prediction of their perceived job security than simply guessing from the known probabilities of the dependent variable categories. The Nagelkerke pseudo- $R^2$  of .182 suggests a small improvement of the final model over the initial model. However, most of the variance in perceived job security remains unaccounted for by the final regression model.

## 6.2 Instrumentalism Hypotheses

**Hypothesis 3a** states that *instrumental attitudes towards the employment relationship will vary as a function of employees' experience of organisational downsizing*. As Table 14 shows, the instrumentalism variable meets the criteria of a normal distribution. Analysis of Covariance (ANCOVA) was therefore performed to test the relationship between downsizing group and instrumentalism, while statistically controlling for the influence of a number of covariates. These covariates included the other dependent variables shown to correlate with instrumentalism (the three commitment variables, trust in management, work and job involvement, job as central life interest, job security satisfaction), as well as the proposed moderators of job satisfaction, high commitment HR z-scores and hours training received (see Table 21). No participant variables were included in the analysis as Table 20 shows none to be correlated with the dependent variable. Nor were the variables of downsizing process and support satisfaction shown in Table 22 included in the ANCOVA as the control group do not have data on these variables. Downsizing group (Control, Survivor, Redundant) was included as the fixed factor independent variable.

Visual inspection of the scatterplots for the covariates with the dependent variable did not reveal any obvious breaches of the ANCOVA assumption of linearity. A Levene's test of the equality of the error variances was not significant ( $p = .688$ ), indicating that the ANCOVA assumption of homogeneity of variances had not been violated. ANCOVA also assumes that the measurement of the covariates has been reliable. In the case of job involvement, as the Method chapter shows, coefficient alpha suggests less than desirable reliability (0.60), leading to potential Type I or II errors for this variable. The assumption of homogeneity of the regression slopes was also tested by first running an ANCOVA model of all main effects plus interactions for each covariate with the

independent downsizing group variable. No significant interaction effects were found, indicating that the slope of the regression line in each of the cells is similar and that this assumption has therefore been met (Bryman & Cramer, 2001).

**Table 25: Analysis of Covariance of Instrumentalism by Downsizing Group**

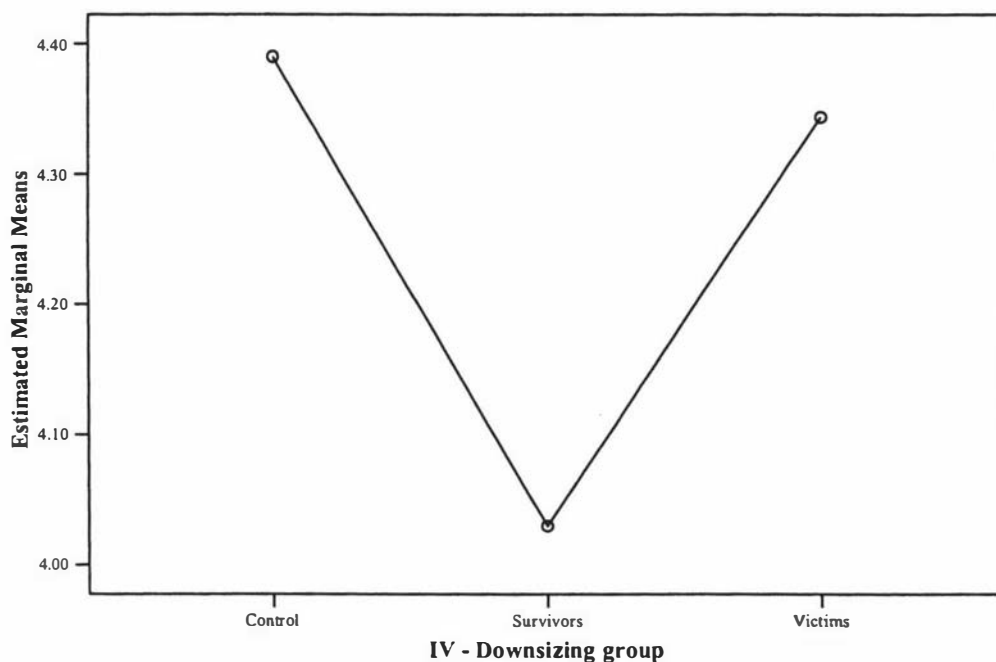
Variable	F	P	Partial eta <sup>2</sup>	Observed power
Corrected model (df = 13, 382)	13.20	.000	.310	1
<i>Main Effect</i> (df = 2, 382)				
Downsizing Group	5.10	.007	.026	.820
<i>Covariates</i> (df = 1,382)				
Affective commitment	0.16	.686	.000	.069
Behavioural commitment	50.51	.000	.117	1
Turnover cognitions	0.15	.699	.000	.067
Trust in Management	0.13	.720	.000	.065
Work involvement	11.62	.001	.030	.925
Job involvement	8.48	.004	.022	.828
Job as central life interest	9.58	.002	.024	.870
Job security satisfaction	0.00	.982	.000	.050
Job satisfaction	0.31	.575	.001	.087
High commitment HR	4.59	.033	.012	.570
Hours training received	3.36	.067	.009	.448

As Table 25 shows, a significant main effect was found for downsizing group when statistically controlling for the covariates. **Hypothesis 3a is therefore supported** - instrumental attitudes towards the employment relationship do vary as a function of employees' experience of organisational downsizing, although the effect appears small.

Examination of the estimated marginal means shown in Figure 2 indicates that it is the Survivor downsizing group that has the lowest level of reported instrumental work attitudes while the Redundant and Control groups have similar levels. Multiple pairwise comparisons of the estimated marginal means using a Bonferroni correction confirms this with Survivors (mean = 4.03) being found to be significantly different from both the Control group (mean = 4.39,  $p = .010$ ) and the Redundant group (mean =

4.34,  $p = .035$ ). No difference was found between the Control and Redundant group. It would appear that employees who have never worked in an organisation that downsized, or who have been made redundant at least once, tend to report higher levels of instrumental work attitudes compared to those who have worked in an organisation that downsized but have never themselves been made redundant. Put another way, Survivors are more likely to disagree with statements such as “money is the most rewarding reason for having a job” and “my job is just something I have to do to earn a living” (see Method and Results Part II for further details on the Instrumentalism variable).

**Figure 2: Estimated Marginal Means of Instrumentalism**



The failure to find significant interaction effects between the downsizing group variable and the covariates, thereby accepting the homogeneity of the regression slopes noted above, also indicates that none of the covariates included in the ANCOVA model moderate the observed relationship between downsizing group and instrumentalism (Stone-Romero & Liakhovitski, 2002). Of particular note, job security perceptions, job satisfaction and exposure to high commitment HR practices were not found to be moderators of the downsizing-instrumentalism relationship, although the latter was found to have an independent effect.



**Hypothesis 3b** states that *employees who have experienced a greater number of downsizings will report stronger instrumentalist attitudes towards the employment relationship*. As Table 22 shows, the Spearman's rho correlation for instrumentalism and the number of downsizings experienced was not significant for the survivors. Repeating the analysis for the full sample<sup>9</sup> obtains a weak but significant Spearman's rho correlation ( $\rho(415) = -.151, p = .001$ ). Repeating the analysis for the Redundant group only finds the relationship to be slightly stronger ( $\rho(143) = -.230, p = .003$ ), suggesting that any relationship between the number of downsizings experienced and instrumentalism really only holds if one had been made redundant. The direction of the observed relationship is also opposite to that predicted. **Hypothesis 3b is therefore rejected.** For employees who have been made redundant, a greater number of downsizings is associated with being less likely to agree with statements suggesting an instrumentalist attitude towards the employment relationship.

For those who have experienced a downsizing, a stepwise linear regression analysis was performed to explore if the above relationship is influenced by satisfaction with the downsizing process and downsizing support, or by the length of time passed since the last downsizing occurred or the number of downsizing practices used, and to identify which variables have the strongest influence on the instrumentalism variable. To this end, also included in this analysis were the variables identified in Table 25 as significantly related to instrumentalism, being behavioural commitment, work involvement, job involvement, job as central life interest and exposure to high commitment HR practices.

Visual inspection of partial regression plots for each independent variable with the dependent variable did not reveal any obvious breaches of the assumption of linearity. Furthermore, a plot of the studentized residuals against the values of instrumentalism predicted by the regression model did not reveal a breach of the assumption of homoscedasticity (Hair et al., 1995; Tacq, 1997). Visual examination of the normal probability plot of the standardized residuals showed the error terms meet the criteria of being normally distributed, as did a histogram with superimposed normal curve. Collinearity statistics for the independent variables in the final regression model found tolerance ranges between .900 and .985, and VIF values between 1.02 and 1.11. These

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<sup>9</sup> Control group respondents are coded as having 0 downsizings.

are well within acceptable limits and indicate an absence of collinearity between the predictors.

As Table 26 shows, the final regression model comprised four variables that collectively explain 36% of the variance in instrumental work attitudes. The most influential of these is behavioural commitment, followed by work involvement. The only downsizing variable to contribute to the model was the number of downsizings experienced, which explains 4% of the variation in instrumentalism. Viewing one's job as a central life interest added a further 3% to the explanatory power of the model. Employees who report a stronger intention to remain with their employing organisation, who more strongly identify with and want to be engaged in paid employment, have experienced a greater number of downsizings, and who more strongly identify with their jobs as a central interest in their lives, are more likely to disagree with statements suggesting an instrumentalist approach to the employment relationship. These findings are also consistent with and support Hypothesis 4 (see below).

The degree of downsizing process or support satisfaction, time since last downsizing, the number of downsizing practices experienced, and exposure to high commitment HR practices from the final model indicated that these are unlikely to moderate the observed relationship between number of downsizings experienced and the degree of instrumental work attitudes expressed.

For those who have experienced a redundancy, instrumentalism was found to be independent of whether the redundancy was voluntary or forced ( $U = 1661.50$ ,  $p = .360$ ,  $n = 137$ ) and the outcomes of the redundancy ( $H(3) = 0.97$ ,  $p = .810$ ,  $n = 141$ ). The vicarious experience of redundancy was however found to be related to the degree of instrumentalism ( $U = 16991.00$ ,  $p = .022$ ,  $n = 418$ ), with those who did not know anyone who had been made redundant reporting a higher median level of instrumentalism ( $mdn = 4.50$ ,  $SIQ = 1.5$ ) than those who did ( $mdn = 4.17$ ,  $SIQ = 1.67$ ). This is opposite to what was expected.

**Table 26: Stepwise regression analyses – instrumentalism with downsizing variables and work attitude covariates (N = 138)**

Step	Constant	R	R <sup>2</sup>	adj. R <sup>2</sup>	R <sup>2</sup> change	F change	p	B	Beta	t	P	Part r
	Constant							8.175		14.63	.000	
1.	Behavioural commitment.	.450	.203	.197	.203	34.59	.000	-.372	-.436	-6.15	.000	-.428
2.	Work involvement.	.532	.283	.273	.081	15.18	.000	-.267	-.218	-2.98	.003	-.207
3.	Total number of downsizings .	.568	.323	.308	.040	7.84	.006	-.099	-.208	-2.97	.004	-.206
4.	Job as a central life interest	.596	.355	.336	.032	6.71	.011	-.163	-.187	-2.59	.011	-.180

Overall goodness of fit  $F(4,133) = 15.62, p = .000$

Note: This analysis was performed for the Redundant and Survivor Groups combined. Members of the Control Group do not have data on the downsizing variables used.

The instrumental work attitude prediction equation for the Survivor and Redundant sample is:

$$\text{Instrumentalism} = 8.175 - .372 (\text{behavioural commitment}) - .267 (\text{work involvement}) - .099 (\text{n. downsizings}) - .163 (\text{job central life interest})$$

**Hypothesis 4** states that *employees reporting stronger instrumentalist attitudes will have lower organisational commitment, lower trust in management and lower involvement in their job and with work in general.*

Table 21 reports Spearman's rho correlations testing this hypothesis. In all cases, the correlations are significant and in the expected direction. However, the strength of the correlations tends to be weak, the strongest being with behavioural commitment (-.401). As previously mentioned, the findings shown in Table 26 are also supportive of the hypothesis. **Hypothesis 4 is therefore supported.** Employees with stronger instrumentalist attitudes towards work are slightly more likely to also report lower behavioural and affective commitment, stronger intentions to leave their employer, and lower trust in their management. They are also more likely to be less involved in the concept of paid employment generally and with their jobs. As Table 21 shows, those with higher instrumental work attitudes are also somewhat less likely to regard their jobs as a central life interest.

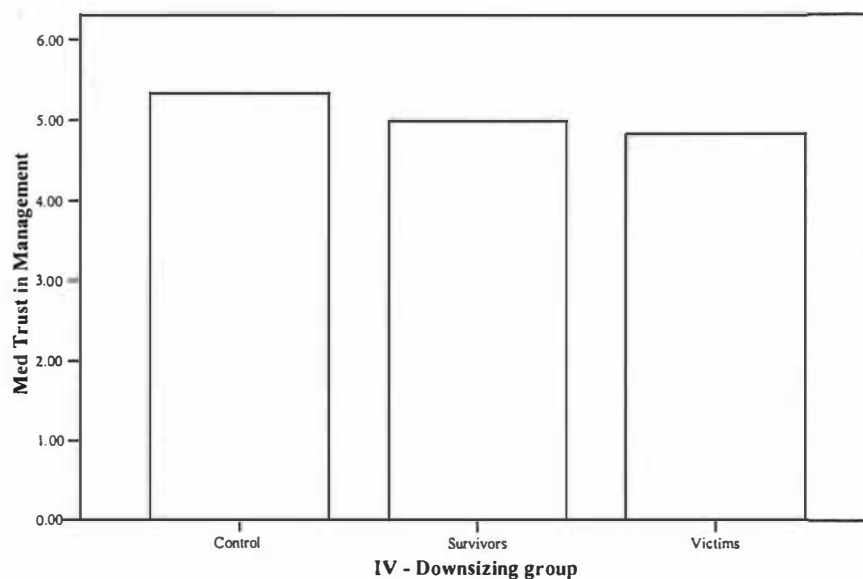
### 6.3 Trust in Management Hypothesis

**Hypothesis 5** states that *trust in management will vary as a function of the experience of organisational downsizing. Employees least trusting will be those who have been made redundant as a result of downsizing.*

A nonparametric Kruskal-Wallis  $H$  test was performed to test this hypothesis with a significant result being found ( $H(2) = 5.87, p = .026, n = 415$ ). As Figure 3 illustrates, employees who had experienced being made redundant appear to have the lowest trust in management while those who had never worked in an organisation that had downsized had the highest trust levels. Mann-Whitney  $U$  tests show the Control group to have significantly higher levels of trust than the Survivor group ( $U = 8116.50, p = .027, n = 274$ ) and the Redundant group ( $U = 8413.00, p = .013, n = 282$ ). No difference was found between the Survivor and Redundant groups ( $U = 9232.00, p = .412, n = 274$ ), although the median value for the Redundant group appears lower than that of the Survivors (see Figure 3). Furthermore, as Table 22 shows, trust is also correlated with a number of other downsizing variables. Weak negative correlations suggest that as more downsizings and redundancies are experienced, then trust will also

decrease. These findings are also consistent with Hypothesis 5.

Figure 3: Median trust in management scores by downsizing group



On the basis of the above, **Hypothesis 5 is partially supported**. Employee trust does vary as a function of downsizing experience, with those who have worked in a downsized organisation or have experienced a redundancy being less trusting than those without such experiences.

However, as Table 21 shows and has been discussed in Part II of these results, trust in management is also moderately correlated with a number of the other dependent variables, and with the suggested moderating variables of job satisfaction and exposure to high commitment HR practices. Employees who are more satisfied with their jobs and who have been exposed to more high commitment HR practices are also likely to report higher levels of trust in their management. Furthermore, as Table 22 shows, trust is also correlated with a number of downsizing variables. More specifically, for Survivors higher trust was associated with more time having passed since the last downsizing. In addition, the more satisfied Survivors and Redundant people were with the downsizing process and support provided, then the more trust they reported.

To explore the potential influence of some of these variables on the observed downsizing group-trust in management relationship, an initial ANCOVA was performed for the full sample using downsizing group (Control, Survivor, Redundant) as the factor

variable. Ethnicity was also included as a factor variable to control for a possible confound given that Maori were found to have slightly higher trust in management (mdn = 5.50) than non-Maori (mdn = 5.00) ( $U = 5211.50$ ,  $p = .023$ ,  $n = 366$ ). The covariates included were the three organisational commitment variables, work and job involvement, instrumentalism, job security satisfaction, perceived job security, total job satisfaction, high commitment HR practices z-scores, and hours training received. 'Job as a central life interest' was excluded as Table 21 shows it not to be correlated with trust in management. 'Knowing someone who had been made redundant' was also excluded as this variable was also found to be independent of trust in management ( $U = 17186.00$ ,  $p = .051$ ,  $n = 415$ ). Interaction terms were included in the initial ANCOVA for all covariates with downsizing group. This was done to test the ANCOVA assumption of homogeneity of the regression slopes, as well as explore for possible moderating relationships with the downsizing group variable. No ethnicity by downsizing group interaction term was included as there were too few Maori in the Survivor and Redundant groups to enable the analysis with satisfactory statistical power.

Visual inspection of the scatterplots for the covariates with the dependent variable did not reveal any obvious breaches of the ANCOVA assumption of linearity. A Levene's test of the equality of the error variances was not significant ( $p = .164$ ), indicating that the ANCOVA assumption of homogeneity of variances has not been violated. As noted previously, ANCOVA also assumes that the measurement of the covariates has been reliable and this may not be justifiable in the case of job involvement.

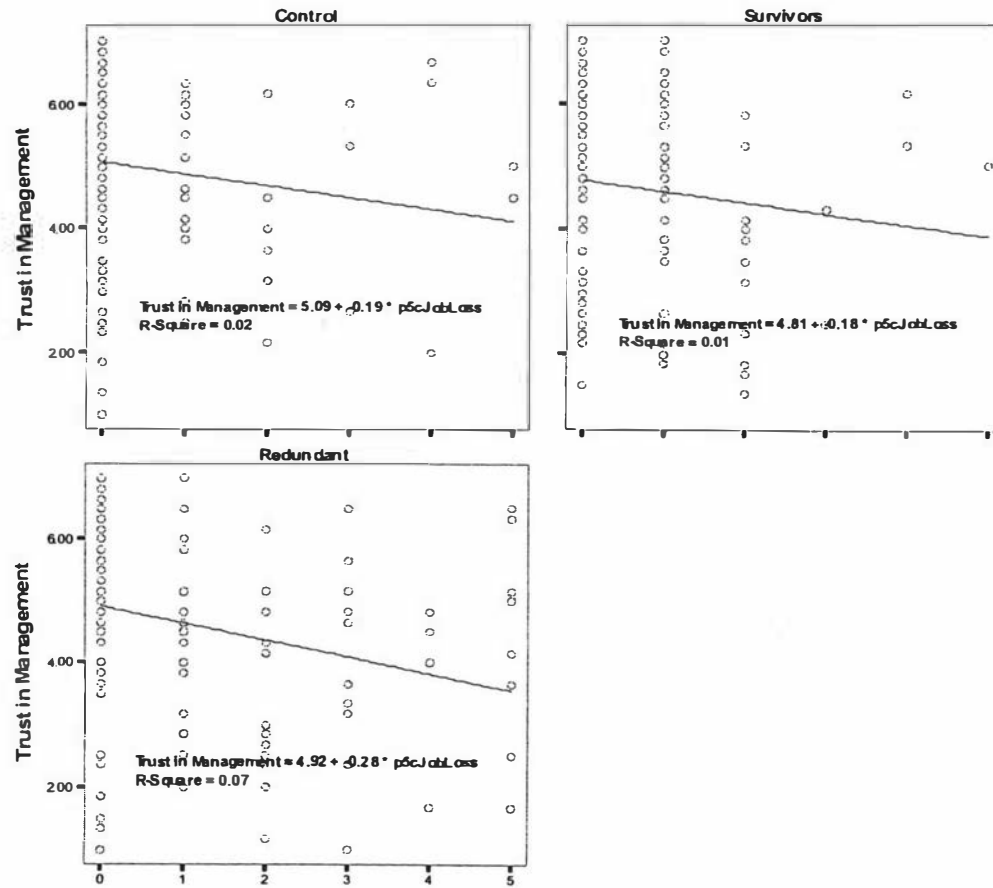
As Table 27 shows, the overall corrected model, which explains 69% of the variance in trust in management, is statistically significant. Significant interaction effects were also found for downsizing group with the two job security variables on trust in management. The ANCOVA assumption of the homogeneity of the regression slopes for these variables must therefore be rejected (Bryman & Cramer, 2001). This indicates that job security satisfaction and perceived job security moderates the relationship that downsizing group has with trust in management (Hair et al., 1995; Stevens, 2002). Interestingly, the job security satisfaction regression lines for the downsizing groups do not show a marked deviation from parallel lines (see Figure 4). The association between trust and job security satisfaction does however appear to be stronger for the Redundant group than that for the Survivor or Control groups. Similarly, the regression

slopes for perceived job security do not show a marked departure from parallelism for the three downsizing groups. However, again the relationship appears stronger for the those employees who have experienced at least one redundancy (see Figure 4b). It is also worth noting here that the main effect for downsizing group is not significant (see Table 27). This suggests that with the two job security perception variables in the equation, the downsizing group variable no longer has a direct influence on the degree to which employees express trust in their managers.

**Table 27: Analysis of Covariance of Trust in Management by Downsizing Group**

Variable	F	P	Partial eta <sup>2</sup>	Observed power
Corrected model (df = 36304)	18.42	.000	.686	1
<i>Main Effect</i> (df = 2,363)				
Ethnicity	0.76	.385	.002	.140
Downsizing Group (IV)	1.58	.207	.010	.335
<i>Covariates</i> (df = 1,363)				
Affective commitment	21.99	.000	.067	.997
Behavioural commitment	10.63	.001	.034	.901
Turnover cognitions	3.04	.082	.010	.412
Instrumentalism	0.11	.743	.000	.062
Work involvement	3.36	.068	.011	.447
Job involvement	1.78	.184	.006	.264
Job security satisfaction	3.12	.078	.010	.421
Perceived job security	0.00	.959	.000	.050
Job satisfaction	39.18	.000	.114	1
High commitment HR	4.50	.035	.015	.561
Hours training received	0.00	.948	.000	.050
<i>Interaction Effects</i> (df = 2,363)				
IV*Affective commitment	0.71	.492	.005	.170
IV* Behavioural commitment	0.66	.519	.004	.160
IV*Turnover cognitions	0.28	.758	.002	.094
IV*Instrumentalism	1.78	.171	.012	.370
IV*Work involvement	0.44	.647	.003	.121
IV*Job involvement	3.00	.051	.019	.580
IV*Job security satisfaction	3.27	.039	.021	.620
IV*Perceived Job security	3.06	.048	.020	.590
IV*Job satisfaction	0.79	.455	.005	.184
IV*High commitment HR	0.14	.183	.001	.078
IV*Hours training received	1.95	.145	.013	.402

Figure 4b: Perceived job security - trust in management regression slopes by downsizing group



Linear Regression

Perceived likelihood of being made redundant in next two years



Figure 4: Trust in management-job security satisfaction regression slopes by downsizing group

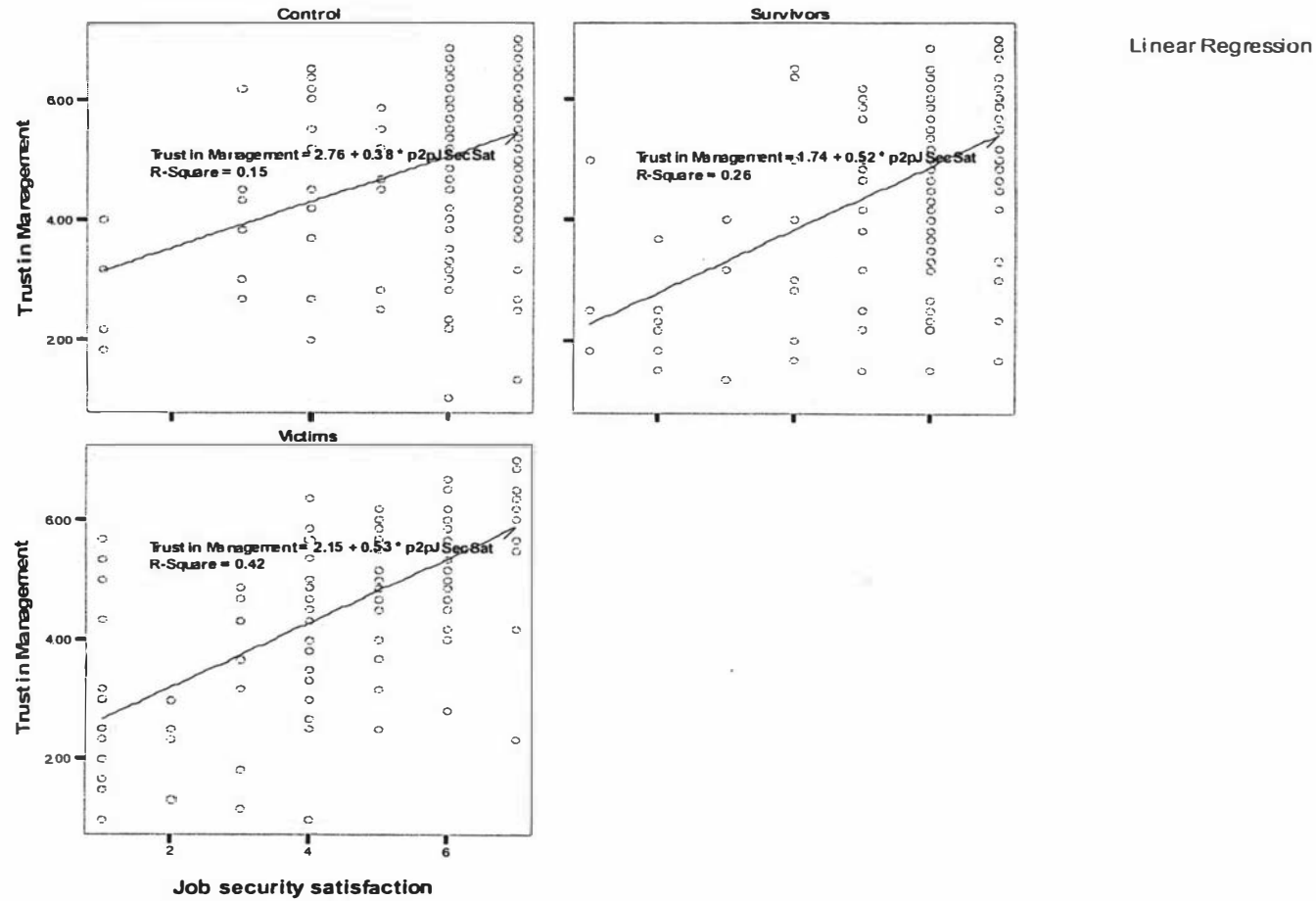
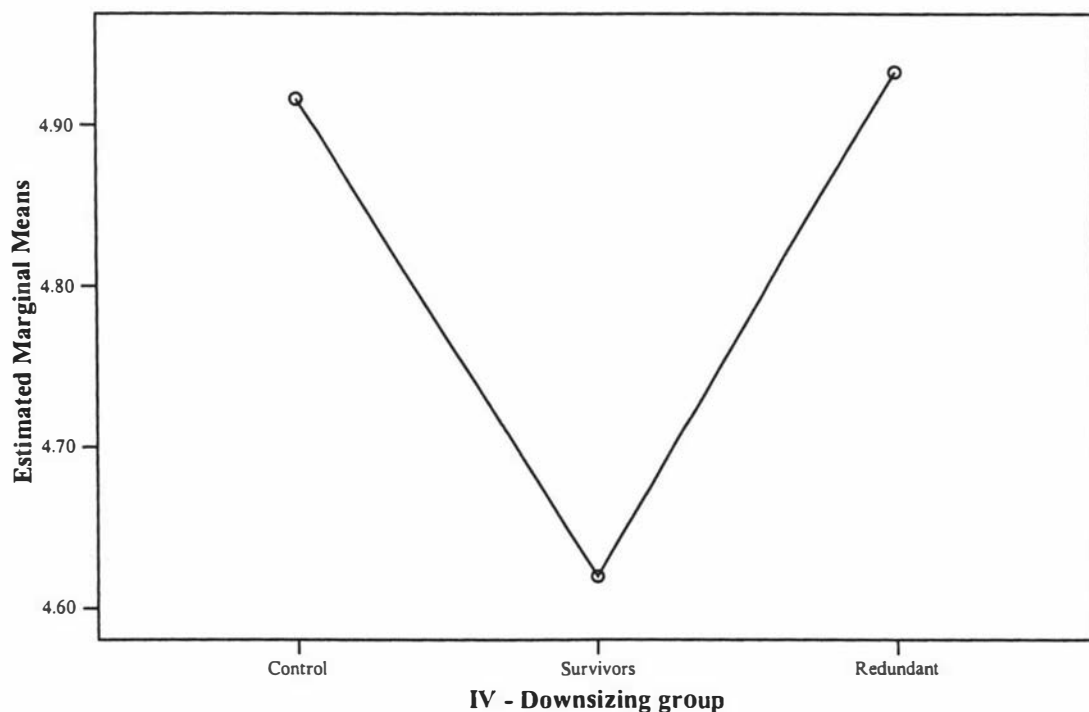


Table 27 also shows significant main effects for the variables of affective and behavioural commitment, job satisfaction and high commitment HR. Of these, the squared partial etas indicate that the most important relationship with trust in management is job satisfaction, followed by affective commitment, behavioural commitment and the two interaction terms for job security satisfaction and perceived job security. Exposure to high commitment HR practices is the weakest of the significant main effects with trust in management.

Interestingly, the pattern of marginal means for the trust dependent variable changes once the variance accounted for by the covariates is removed. As Figure 5 shows, it is the Survivor group that emerges as having the lowest level of trust while the Redundant and control groups appear to have similar levels. The univariate F-test for the adjusted means is significant ( $F(2,304) = 3.73, p = .024$ ). Pairwise comparisons with Bonferroni corrections confirm that the Survivors are significantly different from the Control ( $p = .032$ ) and Redundant ( $p = .025$ ) groups, but the latter are not significantly different ( $p = 1.00$ ).

**Figure 5: Estimated Marginal Means of Trust in Management**



These findings must temper the acceptance of Hypothesis 5. While trust does vary as a function of the experience of downsizing, it is survivors who have the lowest levels of trust in management, not the employees who have experienced a redundancy.

To further tease out the relationships between the downsizing variables and trust, a hierarchical regression analysis was performed (see Table 28) on the Survivor group including the relevant downsizing variables shown in Table 22. To test for moderating effects between the number of downsizings experienced and trust, product terms were included for the number of months elapsed since the last downsizing was experienced, satisfaction with the downsizing process, and satisfaction with the support provided. Visual inspection of the partial regression plots for each independent variable and product term with the trust dependent variable did not show obvious breaches of the regression assumption of linearity. Nor did the plot of the studentized residuals show problems for the assumption of homoscedasticity. Furthermore, a histogram of the regression standardised residuals and normal p-p plot showed the error terms to meet the requirement for being normally distributed.

**Table 28: Hierarchical regression for trust in management with downsizing variables – Survivors only (n = 65)**

Predictor variables	R	R <sup>2</sup>	adj. R <sup>2</sup>	R <sup>2</sup> change	F change	p
Total number of downsizings.	.252	.064	.049	.064	4.28	.043
Months since last downsizing	.278	.077	.048	.014	0.92	.341
Downsizing process satisfaction	.545	.297	.262	.219	19.04	.000
Downsizing support satisfaction	.548	.300	.253	.003	0.25	.617
N downsizings x months since last one	.549	.302	.243	.002	0.16	.688
N downsizings x process satisfaction	.552	.304	.232	.003	0.23	.634
N downsizings x support satisfaction	.552	.305	.219	.000	0.02	.890

The final regression model was significant ( $F(7,57) = 3.57, p = .003$ ) and accounted for nearly 31% of the variance in trust in management. As Table 28 shows, none of the

product terms added significantly to the variance explained by the regression model. It can therefore be concluded that the time elapsed since the last downsizing and the way in which the downsizings were done do not moderate the relationship between number of downsizings and employee trust in management. Furthermore, while the number of downsizings remains a statistically significant predictor of trust, it is the process by which the last downsizing experienced was done that appears to be the more important variable in explaining the variance in trust. Employees are more likely to report trust in their managers when they are satisfied with the good faith shown by managers during the downsizing, the time given to planning and executing the downsizing, the information provided on how the downsizing would be done and why it was needed, the degree of participation and consultation they had in the planning and execution of the downsizing, and the way in which those made redundant were treated, including how they were chosen, the amount of warning they were given, whether alternatives to redundancy appeared to have been given, if they had the opportunity to challenge and influence the redundancy decision (see Results Part II and the Method chapter for further details of what constitutes satisfaction with the downsizing process).

In the case of the redundant employees, those reporting more redundancies were slightly more likely to report lower levels of trust, as were those dissatisfied with the process and support provided in the last downsizing experienced (see Table 22). A hierarchical regression model was therefore used to explore the potential moderating role of the two downsizing satisfaction variables in the observed simple relationship between the number of redundancies experienced and trust in management. The three variables were entered separately into the equation, together with product terms for number of redundancies by downsizing process satisfaction and support satisfaction. While examination of the partial regression plots and the distribution of the standardised residuals did not reveal problems with the assumptions underpinning linear regression, the overall regression model was found not to be statistically significant ( $F(5,70) = 2.01, p = .087$ ). This suggests the simple correlations shown in Table 22 for the employees who have experienced a redundancy may be spurious.

Finally, for the Redundant group, trust was found to be unrelated to the independent variables of whether the downsizing was forced or voluntary ( $U = 1606.50, p = .479, n = 133$ ) or the redundancy outcomes in terms of pay ( $H(3) = 0.42, p = .935, n = 137$ ). Nor was the time elapsed since the last redundancy or the number of days work lost due

to redundancy found to be related to trust in management (see Table 22).

To conclude this section, the relationship between trust in management and the experience of downsizing is not as simple as that proposed in Hypothesis 5. There is evidence that trust does vary as a function of experience of downsizing, with Survivors and those who have experienced more downsizings being less trusting. The degree of satisfaction felt regarding the process by which the downsizing was carried out also appears to be related to trust. The relationship also appears to be moderated by perceptions of job security. However, trust in management appears largely independent of whether an employee has experienced a redundancy. **Hypothesis 5 remains partially supported** in that trust in management does appear to vary as a function of experiencing one or more organisational downsizings.

#### 6.4 Organisational Commitment Hypotheses

**Hypothesis 6** states that *employees who have lost a job through redundancy due to organisational downsizing will show lower organisational commitment than survivors; they, in turn, will report lower commitment than those who have never worked in a downsized organisation.* Initial non-parametric tests for the commitment variables with downsizing group as the independent variable found no significant differences for affective commitment ( $H(2) = 2.55, p = .279, n = 418$ ), behavioural commitment ( $H(2) = 3.59, p = .166, n = 418$ ) or turnover cognitions ( $H(2) = 2.81, p = .246, n = 419$ ). However, because organisational commitment has been measured by three dependent variables – affective commitment, behavioural commitment and turnover cognitions (see Method) – which have been shown to be moderately correlated with each other and with a number of potential covariates (see Tables 20, 21 and 22), any simple relationship between downsizing and commitment may therefore be masked by the effects of these other variables. MANCOVA was therefore chosen as the preferred approach to testing this hypothesis.

Downsizing group (Control, Survivor, Redundant) was included as the factor variable. Covariates included were: years tenure with current employer, firm's size, trust in management, work and job involvement, job as central life interest, instrumentalism,

perceived job security, job security satisfaction, total job satisfaction, high commitment HR z-score, and hours training received in the past 12 months. Interaction terms for downsizing group with the job security variables, job satisfaction, the two high commitment HR variables, firm size and tenure were also included to test for possible moderator effects. Knowing someone who had been made redundant was not included in the analysis as Mann-Whitney  $U$  tests ( $n = 418$ ) show this to be independent of affective commitment ( $U = 18119.00$ ,  $p = .140$ ), behavioural commitment ( $U = 18714.00$ ,  $p = .332$ ) and turnover cognitions ( $U = 18892.00$ ,  $p = .374$ ).

For the initial model, a significant Box's  $M$  test of the equality of the covariance matrices was obtained ( $p = .010$ ), indicating a failure of this assumption underpinning MANCOVA. Examination of the univariate Levene's tests for the equality of the error variances indicated the problem may reside with the behavioural commitment dependent variable. The MANCOVA was therefore repeated excluding this variable. This time, the Box's  $M$  test was not significant ( $p = .964$ ). No significant multivariate effects were obtained for:

- Work involvement ( $trace(2, 328) = 1.73$ ,  $p = .177$ ).
- Job involvement ( $trace(2, 328) = 1.53$ ,  $p = .217$ ).
- Job security satisfaction ( $trace(2, 328) = 1.09$ ,  $p = .339$ ).
- Job security satisfaction x Downsizing group ( $trace(4,658) = 0.94$ ,  $p = .439$ ).
- Perceived job security ( $trace(2, 328) = 1.79$ ,  $p = .170$ ).
- Hours training received ( $trace(2, 328) = 0.71$ ,  $p = .494$ ).
- Hours training received x Downsizing group ( $trace(4,658) = 0.84$ ,  $p = .501$ ).
- High commitment HR z-scores ( $trace(2,328) = 2.78$ ,  $p = .064$ )
- High commitment HR x Downsizing group ( $trace(4,658) = 0.40$ ,  $p = .806$ ).

To simplify the MANCOVA by removing unnecessary covariates, the model for affective commitment and turnover cognitions was rerun a third time leaving out the above variables, with the exception of perceived job security. This variable was retained because the multivariate interaction term was significant in the initial model. Once again, Box's  $M$  was not significant ( $p = .939$ ) indicating that the MANCOVA assumption of equality of the covariance matrices has been met. Levene's tests for the equality of error variances were also not significant for either affective commitment ( $p = .746$ ) or turnover cognitions ( $p = .964$ ).

Table 29 shows the tests for between-subjects effects with a significant corrected model being found for affective commitment explaining 68% of the variance in this variable. The corrected model for turnover cognitions was also significant and collectively explained 44% of the variance in the employees intentions to leave their employing organisation. Of the univariate effects, the first thing to note is the significant interaction term for downsizing group and perceived job security on affective commitment. This suggests the employee perceptions of whether they will lose their jobs through redundancy in the next two years moderates the effect of prior experience of downsizing or redundancy on affective commitment. Analysis of the regressions slopes (see Figure 6) shows the relationship between perceived job security and affective commitment to be stronger for the Redundant than the Survivor group, and non-existent for the Controls who have never experienced a downsizing.

While a significant main effect was also found for downsizing group on affective commitment, no significant main effect or interaction effects for downsizing group were found for turnover cognitions (see Table 29). Furthermore, examination of the marginal means for affective commitment shows that it is Survivors who have the lowest commitment levels overall while those who have experienced a redundancy appear to have a higher commitment level than employees who have never worked in a downsized organisation or been made redundant (see Figure 7).

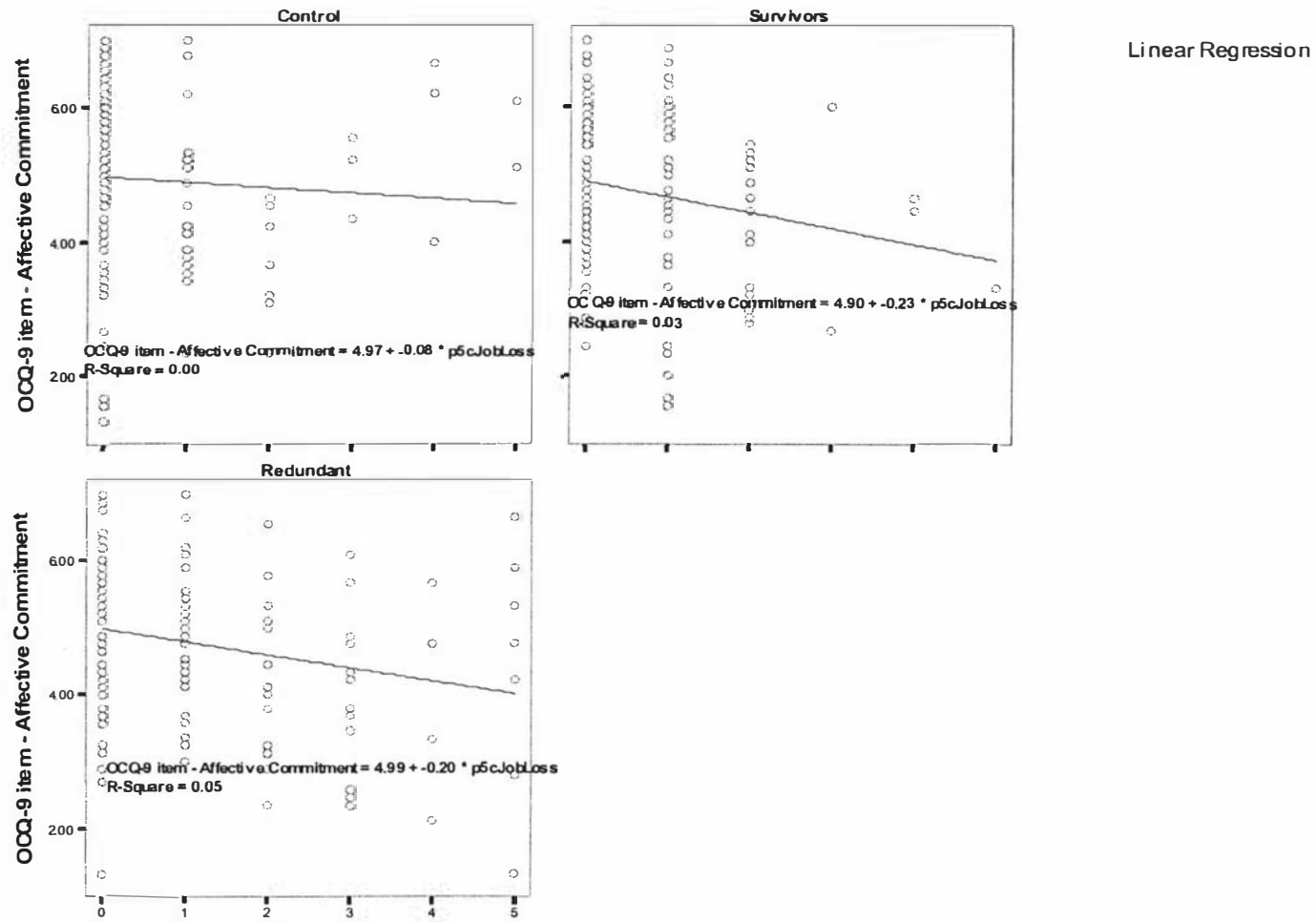
Examination of the squared partial  $\eta^2$ s indicate that job satisfaction is the most important influence on affective commitment, followed in order by viewing one's job as a central interest in life, trusting one's managers, downsizing experience, the interaction of downsizing with perceptions of job security and, finally, instrumentalism (see Table 29). Job satisfaction is also clearly the most important variable in relation to turnover cognitions, followed by tenure, instrumentalism and the size of the organisation worked for.

**Table 29: Tests of MANCOVA between-subjects effects for affective commitment and turnover cognitions**

Variable	Affective commitment				Turnover cognitions			
	F	p	Partial eta <sup>2</sup>	Observed power	F	p	Partial eta <sup>2</sup>	Observed power
Corrected Model (df = 17, 345)	42.30	.000	.676	1	15.70	.000	.436	1
<i>Factor Main Effects</i> (df =2, 345)								
Downsizing Group (IV)	4.89	.008	.028	.803	0.65	.525	.004	.158
<i>Covariate Main Effects</i> (df = 1,345)								
Organisational size	1.11	.292	.003	.183	6.12	.014	.017	.694
Years tenure with current employer	0.15	.702	.000	.067	13.04	.000	.036	.950
Trust in management	47.00	.000	.120	1	3.04	.082	.009	.412
Job as central life interest	50.55	.000	.128	1	0.19	.664	.001	.072
Instrumentalism	5.15	.024	.015	.619	10.25	.001	.029	.891
Perceived job security	2.39	.123	.007	.339	0.47	.495	.001	.105
Total job satisfaction	64.34	.000	.157	1	51.08	.000	.129	1
<i>Interaction Effects</i> (df = 2,345)								
IV x organisational size	1.47	.231	.008	.313	0.01	.992	.000	.051
IV x years tenure	1.78	.170	.010	.372	0.77	.465	.004	.180
IV x perceived job security	4.30	.014	.024	.747	1.58	.209	.009	.333
IV x total job satisfaction	2.69	.069	.015	.532	0.63	.533	.004	.155

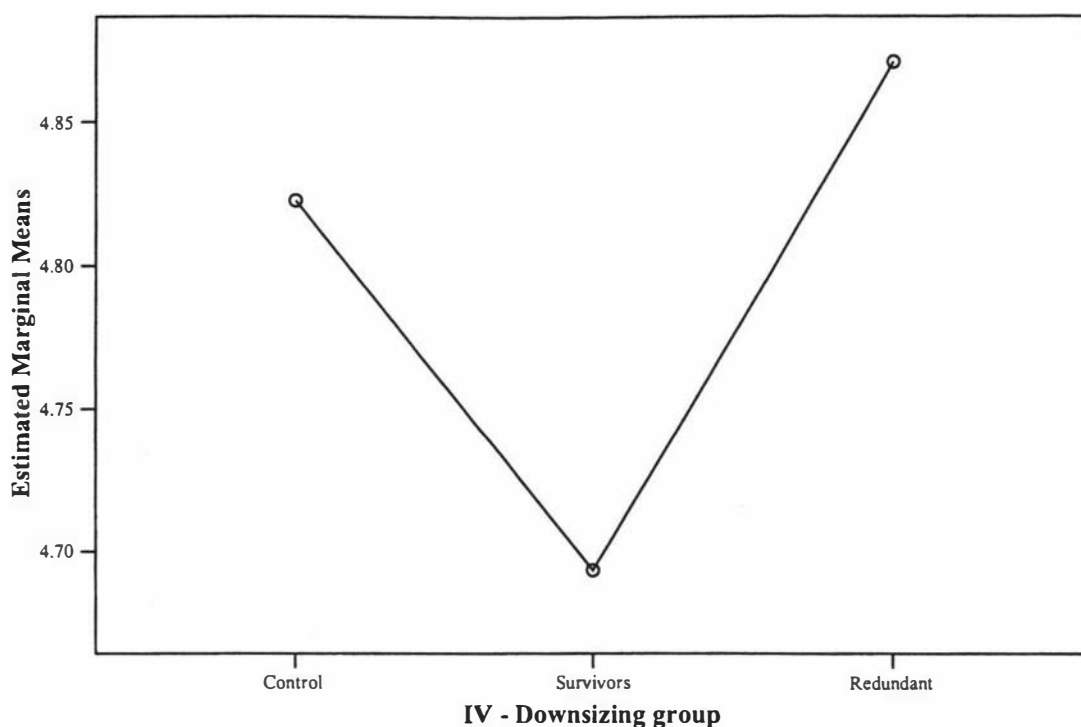


Figure 6: Perceived job security - affective commitment regression slopes by downsizing group



Perceived likelihood of being made redundant in next two years

**Figure 7: Estimated Marginal Means of OCQ-9 item - Affective Organisational Commitment**



To test the relationship between downsizing group and behavioural commitment, a univariate ANCOVA was performed including all the covariates in the initial MANCOVA analysis described above. Interaction terms were also included for the proposed moderating variables. Affective commitment and turnover cognitions were not included in the model as covariates as their inclusion breached the ANCOVA assumption of homogeneous variance. Without them, the Levene's test for the equality of variances was not significant ( $p = .074$ ) indicating that this assumption has been met. A significant corrected model was also obtained accounting for 59% of the variance in behavioural commitment. As Table 30 shows, none of the interaction terms with the downsizing group IV were significant and nor was the main effect for downsizing group. Examination of the squared partial etas indicates that instrumentalism is the most important influence on intent to remain, followed by trust in management, firm size, job satisfaction and years tenure with the current employer.

**Table 30: Analysis of Covariance of Behavioural Commitment by Downsizing Group**

Variable	F	P	Partial eta <sup>2</sup>	Observed power
Corrected model (df = 28,329)	217.21	.000	.594	1
<i>Main Effect (df = 2,329)</i>				
Downsizing Group (IV)	1.37	.256	.008	.294
<i>Covariates (df = 1,329)</i>				
Organisational size	11.52	.001	.034	.923
Years tenure	8.73	.003	.026	.838
Instrumentalism	52.32	.000	.137	1
Work involvement	0.12	.733	.000	.063
Job involvement	3.29	.071	.010	.439
Job as central life interest	1.62	.205	.005	.245
Job security satisfaction	0.00	.958	.000	.050
Perceived job security	0.04	.847	.000	.054
Job satisfaction	11.22	.001	.033	.916
Trust in management	35.13	.000	.096	1
High commitment HR	3.36	.068	.010	.447
Hours training received	1.30	.255	.004	.206
<i>Interaction Effects (df = 2,329)</i>				
IV*Organisational size	2.92	.055	.017	.567
IV*Tenure	0.61	.546	.004	.151
IV*Job security satisfaction	0.22	.799	.001	.085
IV*Perceived Job security	0.86	.426	.005	.197
IV*Job satisfaction	1.06	.348	.006	.235
IV*High commitment HR	2.30	.102	.014	.465
IV*Hours training received	0.75	.473	.005	.177

It is clear from the above that **Hypothesis 6 cannot be supported for behavioural commitment (intent to remain) or turnover cognitions. The hypothesis can, however, be partially supported for affective commitment** in that survivors show lower commitment than employees who have never worked in a downsized organisation. However, employees who have lost a job through redundancy due to organisational downsizing do not show lower organisational commitment than

survivors. Instead, examination of the marginal means indicate that the redundant show higher commitment than those who have never worked in a downsized organisation.

This said, the experience of downsizing as a three group nominal variable is a fairly crude variable. Hypotheses 7, 8, and 9 looked to test the relationship between downsizing and commitment using a range of other downsizing related variables.

**Hypothesis 7** states that *employees who have experienced more downsizings will report lower commitment*. As Table 22 shows, significant but weak negative Spearman's rho correlations were found between the number of downsizings experienced and both affective and behavioural commitment for Survivors. Employees who have experienced more organisational downsizings are slightly less likely to psychologically identify with their organisations and have lower intent to remain. The relationship with turnover cognitions is not however significant. The correlation remains significant for affective commitment if the Redundant group are added to the analysis ( $\rho (273) = -.137, p = .011$ ), but is not significant for behavioural commitment ( $\rho (272) = -.097, p = .055$ ). The relationship for turnover cognitions with number of downsizings experienced remains non-significant ( $\rho (273) = .091, p = .065$ ). Examination of the scatterplots for these associations did not reveal any obvious departures from linearity. **Hypothesis 7 is therefore partially supported.** It is true for affective commitment, true for behavioural commitment for Survivors only and not true for turnover cognitions.

**Hypothesis 8** states that *employees who have experienced more redundancies due to downsizing will report lower commitment*. Statistically significant Spearman's rho correlations were found for all three commitment variables with the number of redundancies (see Table 22). Employees who have experienced more redundancies are slightly less likely to identify psychologically with their current employing organisation and are slightly less likely to report an intention to remain employed by it. They are also slightly more likely to be actively thinking of quitting and looking for a new job in the next year. Examination of the scatterplots for these associations did not reveal any obvious departures from linearity. **Hypothesis 8 is therefore supported.**

**Hypothesis 9** states that *redundant employees' and survivors' organisational commitment will vary according to the perceived use of downsizing best practices by the downsizing organisation at the time of the last downsizing*. As Table 22

shows, Spearman's rho correlations between the three commitment variables and the satisfaction levels for the downsizing process and support provided reported by those who have experienced a downsizing or redundancy are all significant. The more satisfied employees were with the process of how the downsizing was done and with the support provided to survivors and those made redundant because of the downsizing, the more behaviourally and affectively committed they were to their organisations. Those who were more satisfied are also likely to report lower turnover cognitions. Since examination of the scatterplots for these associations did not reveal any obvious departures from linearity, **Hypothesis 9 is therefore supported**. As Table 22 also shows, higher levels of commitment are also associated with employers using more of the downsizing best practices discussed in the Introduction chapters as mediating the effects of downsizing on employees and organisational outcomes.

To further explore the relationships between the commitment and downsizing variables, a series of partial correlations were performed for the Survivor group. Table 31 shows the simple and partial correlations calculated for the number of downsizings experienced with affective and behavioural commitment, while controlling for months since last downsizing, number of downsizing practices used by managers at the last downsizing, satisfaction with the downsizing process and satisfaction with the support provided by managers at the last downsizing. The observed relationship between commitment and the number of downsizings was neither noticeably strengthened nor weakened by partialling out the variance accounted for by any of the control variables, suggesting an independent rather than mediated or moderated relationship.

**Table 31: Partial correlations for affective and behavioural commitment with number of downsizings (Survivors only)**

Variable controlled	Affective commitment x n downsizings						Behavioural commitment x n downsizings					
	simple r	df	sig	partial r	df	sig	simple r	df	p	partial r	df	p
Months since last downsizing	-.217	129	.006	-.186	128	.017	-.256	129	.002	-.232	128	.004
Number of downsizing practices	-.217	130	.006	-.227	129	.005	-.257	130	.001	-.266	129	.001
Downsizing process satisfaction	-.254	72	.014	-.240	71	.021	-.326	72	.002	-.319	71	.003
Downsizing support satisfaction	-.211	78	.030	-.194	77	.043	-.291	78	.004	-.283	77	.006

Note: All significance levels are 1-tailed

## 6.5 Job and Work Involvement Hypotheses

**Hypothesis 10** states that *job involvement will vary as a function of downsizing experience. Survivors will report higher job involvement than those who have lost a job due to downsizing, and employees who have never worked in an organisation at the time it downsized will report the highest reported job involvement.*

**Hypothesis 11** states that *work involvement will vary as a function of downsizing experience. Survivors will report higher work involvement than those who have lost a job due to downsizing, and employees who have never worked in an organisation at the time it downsized will report the highest reported work involvement.*

Because the job and work involvement dependent variables do not differ greatly in their non-downsizing covariates (see Tables 20 and 21), MANCOVA was performed including both variables. Downsizing group was the factor variable while the covariates included were: age, the three commitment variables, trust in management, job as a central life interest, instrumentalism, job security satisfaction, total job satisfaction and the high commitment HR z-scores. To test for possible moderator effects, interaction terms were included for downsizing group with job security satisfaction, total job satisfaction and the high commitment HR variable. No other work attitude or respondent variables were analysed for main or moderator effects as Tables 20 and 21 show them to be independent of job and work involvement.

No significant multivariate tests were obtained for downsizing group ( $trace(4,756) = 0.56, p = .692$ ). Nor were the multivariate interaction terms significant for downsizing group with age ( $trace(4,756) = 2.20, p = .067$ ), satisfaction with current job security ( $trace(4,756) = 0.76, p = .551$ ), total job satisfaction ( $trace(4,756) = 0.21, p = .935$ ), or high commitment HR ( $trace(4,756) = 0.59, p = .667$ ). No moderator effects were therefore identified for these variables on either job involvement or work involvement.

Job involvement was also found to be independent of the number of downsizings or redundancies experienced, the time elapsed since the last downsizing or redundancy was experienced, and the number of days lost due to redundancy (see Table 22). It was also independent of knowing someone who had been made redundant (vicarious experience) ( $U = 18119.50$ ,  $p = .167$ ,  $n = 419$ ). For those who had experienced a redundancy, the degree of psychological identification with one's job was also independent of whether the redundancy was forced or voluntary ( $U = 1730.50$ ,  $p = .560$ ,  $n = 137$ ) and the rehiring outcomes in terms of pay ( $H(3) = 1.37$ ,  $p = .713$ ,  $n = 141$ ).

While weak but positive correlations were found for job involvement with satisfaction with the downsizing process and support given (see Table 22), overall these findings indicate that **Hypothesis 10 must be therefore be rejected**. The degree of employee involvement and identification with their jobs is independent of their experience of organisational downsizing.

The situation is less straightforward for work involvement. As for job involvement, work involvement was also found to be independent of knowing someone who had been made redundant ( $U = 19291.00$ ,  $p = .705$ ,  $n = 419$ ). For those who had experienced a redundancy, work involvement was also independent of whether the redundancy was forced or voluntary ( $U = 1553.00$ ,  $p = .147$ ,  $n = 137$ ) and the rehiring outcomes in terms of pay ( $H(3) = 2.19$ ,  $p = .534$ ,  $n = 141$ ). However, as Table 22 shows, a weak but significant negative correlation was found between the number of downsizings experienced and levels of work involvement for survivors. Those employees who had experienced more downsizings tended towards reporting lower identification with work as paid employment. However, if employees who have experienced a redundancy are entered into the equation, the relationship between the number of downsizings experienced and work involvement levels is considerable weaker and ceases to be statistically significant ( $\rho(275) = -.041$ ,  $p = .249$ ). Work involvement was also found to be independent of the remaining downsizing variables shown in Table 22.

Taken as a whole, these findings indicate that **Hypothesis 11 should therefore be rejected**. The degree to which employees identify with and want to be engaged in



paid employment generally is independent of their experience of organisational downsizing.

## 6.6 Exploratory analyses for Job as a Central Life Interest, Job Satisfaction and High Commitment HR

No hypotheses were specified for 'job as central life interest' as the variable was latent and emerged from the psychometric analyses of the job involvement, work involvement, and instrumentalism measures. Analysis of this variable in relation to organisational downsizing has therefore been purely exploratory. An ANCOVA was performed with downsizing group as the factor variable. Covariates were identified for inclusion from Tables 20 and 21 and included: years in the workforce, affective commitment, turnover cognitions, job and work involvement, instrumentalism, total job satisfaction, and high commitment HR z-scores. Interaction terms for downsizing group with the latter two variables and years in workforce were also included in the ANCOVA model.

The Levene's tests for the equality of error variances was not significant ( $p = .053$ ) indicating that this assumption for the ANCOVA had been met. No significant interaction effects were found for downsizing group with years in the workforce ( $F(2,360) = 0.45, p = .641$ ), job satisfaction ( $F(2,360) = 0.57, p = .566$ ) or high commitment HR ( $F(2,360) = 0.93, p = .398$ ). Nor was a significant main effect for downsizing group found ( $F(2, 360) = 1.09, p = .336$ ). From this analysis, viewing one's job as a central interest in life appears independent of the experience of downsizing.

For Survivors, however, the number of downsizings experienced does appear to have a weak relationship in that those with more downsizings seem slightly more likely to view their jobs as a central life interest (see Table 22). This relationship weakens considerably and becomes statistically non-significant once employees who have experienced a redundancy are added to the equation ( $\rho(275) = .053, p = .189$ ).

For those who have experienced a redundancy, a weak relationship was found with time since last redundancy (see Table 22) such that more time passed was weakly associated with higher levels of job as a central interest in life. However,

this relationship may be spurious given the finding that the centrality of the job in life is independent of the number of redundancies and the number of days work lost due to redundancy (see Table 22). It is also independent of whether the redundancy was voluntary or forced ( $U = 1610.00$ ,  $p = .244$ ,  $n = 137$ ) and the outcomes of the redundancy ( $H(3) = 1.25$ ,  $p = .741$ ,  $n = 141$ ). Knowing someone who had been made redundant (vicarious experience) was also not related to the dependent variable ( $U = 18548.50$ ,  $p = .312$ ,  $n = 419$ ).

Taken as a whole, these findings indicate that the degree to which someone views their job as a central interest in their life is independent of their experiences of organisational downsizing and redundancy.

No hypotheses were specified for either job satisfaction or the extent to which employees had experience high commitment HR practices. These variables were included in the research to control for potential confounds and explore for a moderating effect in the proposed downsizing - work attitude relationship. It was not therefore expected that they would vary with downsizing experience, although in the case of job satisfaction there is some prior research to suggest that this might be the case (e.g., Armstrong-Stassen, 2002). As a check, one-way ANOVAs were conducted on these variables. Job satisfaction was found to significantly vary with downsizing group ( $F(2,411) = 5.32$ ,  $p = .005$ ), with Tukey's post hoc comparisons revealing Redundant employees to have significantly lower satisfaction (mean = 4.84) than the Control (mean = 5.26) and Survivor (mean = 5.18) groups at a .05 level of significance. No difference was found between the latter two groups.

Employees' experiences of high commitment HR practices were also found to vary with downsizing group ( $F(2,415) = 9.24$ ,  $p = .000$ ). Tukey's post hoc comparisons showed Survivors to have significantly higher exposure to such practices (mean = 8.86 practices) than the Redundant (mean = 6.97) and Control (mean = 7.31 practices) groups at a .01 level of significance. The latter two groups were not significantly different from each other. This finding is consistent with Osterman's (2000) observation of the increased use of high performance HR practices in downsized firms.

## CHAPTER 7: DISCUSSION AND CONCLUSIONS

As stated in the Introduction (see Chapter 1), the primary aim of this study was to explore the relationships between employees' experiences of organisational downsizing and their subsequent work related attitudes. The principal research question was: *Does employees' experiences of downsizing predict their organisational commitment, work and job involvement, trust in management and degree of instrumental work beliefs?* Ten hypotheses were formulated to inform on this research question (see Chapter 2). Four of these were supported:

- **H2:** Perceived job security and job security satisfaction does vary as a function of the experience of downsizing, with those who have experienced a redundancy due to downsizing having the worst job security perceptions.
- **H3a:** Instrumental attitudes towards the employment relationship do vary as a function of employees' experience of organisational downsizing.
- **H8:** Employees who have experienced more redundancies due to downsizing do report lower commitment to their organisations.
- **H9:** Redundant employees' and survivors' commitment to their employing organisations does vary according to the perceived use by managers of downsizing best practices at the time of the last downsizing.

Three of the hypotheses were partially supported:

- **H5:** Trust in management does vary as a function of the experience of organisational downsizing. However, employees least trusting were survivors, rather than those who had been made redundant as had originally been predicted.
- **H6:** Survivors did report lower commitment than employees who had never worked in a downsized organisation. However employees who had lost a job through redundancy did not show lower organisational commitment than survivors, as had originally been predicted. Instead, they were similar to those who had never experienced a downsizing.

- **H7:** Employees who have experienced more downsizings do report lower commitment, but this is true for both survivors and the redundant only for affective commitment. It is true for behavioural commitment only for Survivors. For turnover cognitions, no relationship was found.

Three of the hypotheses related to downsizing were rejected:

**H3b:** Employees who had experienced a greater number of downsizings did not report stronger instrumentalist attitudes towards the employment relationship. No simple relationship was observed between these variables, but the number of downsizings was found to predict instrumentalism once the variance accounted for by behavioural commitment and work involvement was extracted.

**H10:** Job involvement does not vary as a function of downsizing experiences.

**H11:** Work involvement does not vary as a function of downsizing experiences.

H3b was rejected because the observed relationship between downsizing experience and instrumentalism was the inverse of what was hypothesised. Experiencing more downsizings predicted lower agreement with statements suggesting that money is the most important reason for working. H10 and H11 were rejected on the weight of the evidence, although there were some weak statistical findings linking job and work involvement levels to some employee experiences of downsizing.

Taken as a whole, the findings do indicate that employees' prior experiences of organisational downsizing can predict their job security perceptions, the level of trust they report in management, affective commitment to their employing organisations and their instrumental work beliefs. For survivors, the number of downsizings also predicts their intentions to remain with their current employer.

The work attitudes of job involvement, work involvement, turnover cognitions (intent to leave), and the degree to which a job is a central life interest for employees, appear to be largely independent of the downsizing experiences measured in this study. It is also clear that the findings supporting a 'downsizing experience – work attitude' relationship were not always in the direction predicted and that there are subtleties in the relationships observed. Overall, the effect sizes, while statistically significant, also tended to be weak. The primary purpose of this chapter is therefore to explicate the

statistical findings in more depth and, where possible, place them in the context of prior organisational research and theory.

Two further general hypotheses were also tested and supported. These were:

- **H1:** Job security perceptions were found to be positively associated with affective and behavioural commitment, trust in management, job satisfaction, and the number of high commitment human resource management practices experienced.
- **H4:** Employees reporting stronger instrumentalist attitudes did tend to report lower organisational commitment, lower trust in management and lower involvement in their job and with work in general.

To structure the chapter, the findings regarding the experience of downsizing are discussed first. These provide a context for the balance of the findings reported in this research. Then, the findings relevant to each work attitude are discussed separately, followed by an integrative theoretical model inductively inferred from these findings. This is followed by a discussion of some of the potential limitations of the present study, ending with overall conclusions. Specific and general suggestions for future research are made throughout the chapter.

## ***7.1 Downsizing Experiences***

Little research has been done in New Zealand that informs on the extent to which organisational downsizing has been experienced by a general population of employees. The previous research has tended to focus on the organisational level of analysis (Littler, 2000; Littler et al., 1997), including examining sub-sectors of the labour market such as listed companies (Carswell, 1999), while other studies have taken a single firm, case study approach (Macky, 1987). Such studies do suggest that downsizing has been extensively practised by New Zealand firms, but do not directly inform on the extent to which employees themselves have experienced downsizing. The present study shows that, one way or another, few employees are likely to have been untouched by organisational downsizing. The majority of respondents (80%) had experienced either a downsizing or redundancy themselves and/or knew of someone who had been made redundant over the past five years. For a significant minority, that “somebody” was a

close relative and/or a close friend. Over two thirds of employees had direct experience by virtue of having worked in at least one organisation that downsized. To the extent that it is possible to generalise the findings from this study, it would seem then that organisational downsizing is a not uncommon feature of New Zealanders' working lives.

With regard to the precursors of experiencing a downsizing or redundancy, there are suggestions that males, older workers and those with more years in the workforce seem more at risk. This said, while there are reports that older workers are more vulnerable to being made redundant when organisations come to downsize (e.g., Earle, 2003; Hansson et al., 1997; Iverson & Pullman, 2000), the present study does not support this contention once the length of time since the last downsizing or redundancy event is taken into account. Age was also found unrelated to the number of redundancies experienced. With regard to gender, while there is evidence that males are over-represented among the redundant, they also spend more years engaged in the paid labour force - a finding hardly surprising given the sex roles females continue to have alternative to engaging in paid employment. Thus while the present study cannot rule out the possibility of gender or age discrimination in redundancy decisions, a reasonable interpretation of the findings is that simple longevity in the labour force increases the probability that eventually one will work in a downsizing organisation and perhaps be made redundant, with males and older workers having longer labour force participation.

While age does not necessarily play a part in people becoming redundant, it does predict the length of time they spend out of work if they are made redundant. Older employees report more work days lost due to redundancy, suggesting difficulty in obtaining subsequent reemployment (see also Feldman, 2000). Older respondents who need to obtain a new job, for whatever reason, are also more likely to report longer estimates for obtaining suitable reemployment.

Of those who have experienced a downsizing, few could be said to have been satisfied with how it was managed. Employees also tended to be dissatisfied with the support offered by managers in terms of job search, personal counselling, redundancy payments, information and so on. On average, managers used relatively few of the range of downsizing practices available. As a number of overseas researchers have observed, many downsizings have been done badly (Cascio, 1993, 2002; Burke & Cooper, 2000a).

The present research does nothing to dispel such a view. There is clear room for improvement, both in terms of the range of downsizing practices used and how well these are done.

## **7.2 Job Security**

As noted in Chapter 2, it is generally accepted that downsizing is an important precursor to perceived job insecurity among employees (Ashford et al., 1989; Westman, 2000). The findings from the present study support this contention. It was predicted that perceived job security and job security satisfaction would vary as a function of the experience of downsizing, and that those who had experienced a redundancy would have the worst job security perceptions (**Hypothesis 2**). The hypothesis was supported. Job security perceptions were also found to be significantly and positively associated with the other work attitudes of trust, commitment, and job satisfaction (**Hypothesis 1**). These findings are consistent with those of Ashford et al. (1989), who found higher perceived job insecurity to be associated with greater intentions to seek a new job, lower organisational commitment, lower job satisfaction, and lower trust in the organisation. Ashford et al. interpret their findings as consistent with social exchange theory (Eisenberger et al., 1986, 1990; Whitener, 2001; Whitener et al., 1998; Rhoades & Eisenberger, 2002), with employees reducing their organisational attachments in reciprocity to a perceived reduced commitment to employees by these organisations.

The present study also found that job security satisfaction and perceived job security were likely to reduce as more downsizings had been experienced. The finding that survivors felt more at risk of job loss than those who have never directly experienced workforce reductions is also consistent with the previous research indicating reduced feelings of job security among survivors (e.g., Kets de Vries & Balazs, 1997; Fried et al., 2003) and those who have suffered a job loss (e.g., Leana & Feldman, 1999).

The most pessimistic group regarding the possibility of job loss through redundancy over a two-year time horizon were those respondents who had previously lost a job in such a way. This finding appears dependent on the number of jobs that the respondents had lost, suggesting that as more jobs were lost, fears of future job loss increased. Balancing this was the amount of time passed since the last redundancy, with more time

leading to reduced expectations of losing one's job in the next two years. Employees who had lost a job due to redundancy were also those most dissatisfied with their job security.

Previous research linking reduced perceptions of job security with organisational downsizing has tended to focus on employees of organisations that have recently done, are undergoing, or anticipate a downsizing. The present study extends this body of knowledge by indicating that job insecurity increases as a person experiences more downsizings and redundancies. There is however, evidence that time is a healer. Job security perceptions improve as more time passes since the last downsizing or redundancy.

In addition to the above, the findings of the present study do not support assertions that widespread downsizing has brought about a fundamental change in the psychological contract, because it has eliminated the job security that employees felt was traded for their loyalty to an employing organisation (e.g., Sparrow, 2000). Indeed, the present study does not support the contention that there is a pervasive sense of unease among employees about the security of their jobs. On the contrary, the findings suggest that most people do in fact feel their jobs are secure and are satisfied with that level of security. This finding is similar to those obtained in both the US (e.g., Judy & D'Amico, 1999) and the UK (e.g., Turnbull & Wass, 2000; Guest, 2000). In the face of similar data, Sparrow and Cooper (1998) suggest that any breach of the psychological contract with regard to job security may have been overstated. As others have commented (e.g., Cappelli, 2000; Guest, 1998), the assertion, by academics and the popular media alike, of a widespread and radical change to a traditional employment relationship characterised by job security may be more rhetoric than reality.

Consistent with the above, Rousseau (1998) observes that psychological contracts are relatively durable mental models that can be resilient to organisational changes. In the case of job security expectations, there is evidence from employee surveys that job security remains an important factor for employees and influences their decisions to stay or voluntarily leave their employers. For example, Boxall, Macky and Rasmussen (2003) found, for a national random sample of New Zealand employees, that having good job security was a major reason for not changing their employer for 68% of their respondents (ranking behind being happy with co-workers, having interesting work, and



having a good relationship with one's immediate supervisor). Of those who had voluntarily changed their employer, 23% stated that obtaining better job security was a major reason for their leaving. The simple correlations between the two job security variables and the three organisational commitment variables used in the present study are supportive of such findings. Employees who were more satisfied with their job security, and who felt they were less likely to lose their jobs due to redundancy, were also found to be more likely to identify psychologically with their employing organisations, were more likely to stay, and were less likely to be looking for employment elsewhere. There are also indications that such relationships may be mediated by the degree of trust employees feel towards their managers.

In addition to the above, Finegold et al. (2002) report that attitudinal commitment and intent to remain is more closely related to job security satisfaction for older workers, defined as those aged more than 30. In the present study, age was found to be independent of any of the three commitment variables. Furthermore, although tending to be slightly less satisfied with their current job security, older workers were also found to be no less optimistic than others regarding their perceived job security, with most feeling that there was little or no likelihood that they would lose their job through organisational downsizing in the next two years. This is inconsistent with prior research showing older people to experience higher levels of job insecurity (Arnold & Feldman, 1982; Kuhnert & Vance, 1992). However, Fried et al. (2003) also found no relationship between age and perceived job security. Healy, Lehman and McDaniel (1995) also concluded from their meta-analysis that age was not meaningfully related to intentions to leave an organisation.

To summarise, the findings of the present study with regard to job security have both theoretical and practical significance. Firstly, while confirming that downsizing experiences are negatively related to, and predictive of, job security perceptions, they provide little evidence for widespread feelings of job insecurity. There was also little dissatisfaction with current job security. The 'downsizing experience – poorer job security perceptions' relationship exists but the effect size appears small. Yet as outlined in Chapter 2, job security is central to many theorists' conceptions of traditional psychological contract in the employment relationship, and their arguments that this psychological contract has therefore been violated due to the widespread use of organisational downsizing. While this study indicates that the experience of downsizing

is indeed widespread for New Zealand employees, there is little evidence this has led to widespread feelings of job insecurity. On this basis, there would seem to be little evidence for asserting that there has been a marked change in a 'traditional psychological contract', with regards to job security, for New Zealand employees.

Secondly, there appears to be a marked difference in how a downsizing or a redundancy relates to job security perceptions. Employees who have experienced a redundancy have the worst job security perceptions. Employees also tend to perceive progressively poorer job security the more downsizings and job losses they experience. Employees with no personal experience of workforce reductions have the lowest perceptions of job insecurity. This pattern of findings is consistent with those obtained by Grunberg, Moore and Greenberg (2001).

Thirdly, the study provides evidence for the potential to ameliorate the impact of downsizing or redundancy on job security perceptions through management action aimed at increasing employee satisfaction with the process by which the downsizings are conducted. The process of managing a downsizing should incorporate the practices associated with procedural fairness, including:

- acting in good faith during the downsizing process,
- not appearing to rush the planning and execution of the downsizing,
- informing employees how the downsizing will be done and the process for deciding who will be made redundant,
- involving employees in the redundancy decision process and the design of the downsizing process,
- consulting with the relevant unions regarding redundancies,
- giving those made redundant adequate notice and treating them with dignity and respect,
- giving real consideration to alternatives to redundancy,
- selling the need to downsize to employees,
- maintaining and building trust during the downsizing process, and

- ensuring that the process for deciding who is to be made redundant is fair, based on valid and accurate information, and is able to be challenged by those affected.

Consistent with justice theory, using more of these practices, and doing them well, could give employees a greater sense of control over the downsizing, and improve perceptions of procedural and interactional justice, thereby reducing job insecurity fears. As Ashford et al. (1989) found, job insecurity is correlated with lack of perceived control. Furthermore, Kammeyer-Mueller et al. (2001) note theory that the more ambiguous the threats to job security, the stronger the reactions by employees. Providing employees with a greater sense of control in the downsizing process should reduce ambiguity in the situation and therefore result less negative reactions. The findings of the present study are consistent with these theoretical approaches.

Using such practices may also moderate employee perceptions of psychological contract violation given Robinson and Rousseau's (1994) observation that both procedural and distributive injustice is related to such violation. Procedural justice in particular may offset some of the negative outcomes associated with redundancies (see also Brockner et al., 1994).

A limitation of these findings lies in the measurement of the job security concept. As outlined in the Method (see Chapter 3), in an effort to constrain the size of an already large questionnaire job security satisfaction and perceived job security were each measured with single items. The reliability of single item measures cannot be assessed. Furthermore, strictly speaking these items are ordinal in measurement and while non-parametric statistics and ordinal regression have been used, it would have been preferable to be able to apply the more powerful parametric statistics. This said, it is not uncommon for published job security research to use single item measures and to ignore the measurement level by using parametric statistical analyses (e.g., Finegold et al., 2002). Nolan, Wichert and Burchell (2000) also note the common use of single item measures of job security satisfaction and perceived likelihood of job loss, and comment that the various methods of measuring job security "...tend to be highly correlated, and there is no evidence that differences in findings between studies are caused by differences in the way that job security has been measured." (p.182)

Future research is needed on whether there are strategies that downsizing organisations could adopt to help employees constructively adapt to and manage reduced job security. Nolan et al. (2000), for example, point to the potential value of communication in reducing the negative effects of job insecurity on psychological well being. In particular, providing information on the criteria used to decide who would be made redundant is noted as helping to reduce the uncertainty and ambiguity associated with job insecurity, as well as helping employees retain a sense of control over an otherwise stressful situation. In another study, Burke and Nelson (1997) report findings from a survey of over 1000 Canadian organisations, showing that nearly 90% believed they could no longer offer job security in the employment relationship and that 40% had implemented HR programmes to help employees adjust to this. These programmes included providing employees with career management, skills-based training opportunities, increased communication on the organisation's current business conditions, and education on the new psychological contract emphasising employment security rather than job security. What is unclear is whether such programmes are effective.

### ***7.3 Instrumentalism, Work Involvement and Job as Central Life Interest***

While instrumentalism was found to vary as a function of employees' experiences of downsizing (**Hypothesis 3a**), this study found no evidence for the proposition that there is a connection between downsizing and a growth in instrumentalism among employees. If anything, evidence was found for the reverse. A clear V function was identified, with survivors showing lower instrumentalism on average than those who had never experienced an organisational downsizing. The latter showed similar levels of instrumentalism to employees who had been made redundant. While regression analysis shows the number of downsizings experienced to predict instrumentalism (**Hypothesis 3b**), particularly for who had been made redundant, the direction of the relationship was opposite to that predicted. Employees with the lowest instrumentalism levels also tended to be those who had experienced the most downsizings.

In short, while the present study does find evidence that the degree to which employees emphasise work as a means to obtain monetary ends is related to their experiences of organisational downsizing, it is in the reverse direction to what was expected.

Therefore, on the evidence found in this study, the arguments outlined in Chapters 1 and 2, that managements' widespread use of downsizing has led to a fundamental shift in the way employees regard their employment relationship by driving them towards a more self-interested materialist approach to work, cannot be supported.

Instead, the findings are supportive of research contrary to a thesis of increasing instrumentalism. Lester et al. (2001), for example, found that employees, while being less tolerant of transactional violations than relational ones, continued to take the intrinsic 'socioemotional' aspects of the psychological contract seriously. Boxall et al. (2003) also found that the transactional aspects of the psychological contract fell well down the list of factors driving voluntary turnover or retention, compared to relational issues. The findings are also consistent with those reported by Sayers and Toulson (1995), showing that New Zealand workers' do not have a particularly high instrumental orientation. Their findings also show the instrumental beliefs of New Zealand worker's to be no stronger than those for Scotland and the United States.

Rather than a reaction to downsizing, it may well be that longer term socialisation to the work ethic – in terms of wanting to be engaged in paid employment and, to a lesser extent, viewing one's job as a central interest in life – is the more important determinant of instrumental beliefs about the employment relationship. Both the work involvement and 'job as central life interest' variables were found to be significant negative predictors of instrumentalism, and both were found to be largely independent of the experience of downsizing. Further to this, as Grint (1991) has discussed, instrumentalism may be an employee orientation to work that is largely independent of the working environment and job performed by a worker. In these terms, instrumentalism influences but is not influenced by what happens at work (see also Goldthorpe et al., 1968). Instead, socialisation forces would influence how instrumentalist someone was towards the employment relationship. This interpretation is also consistent with research indicating that the personal characteristics, including existing attitudes and prior work experiences, that people bring to an organisation can influence subsequent job attitudes (e.g., Lee et al., 1992; Pierce & Dunham, 1987). As Mowday et al. (1982) suggest, employees bring to their organisations expectations that then serve as frames of reference for evaluating and interpreting subsequent experiences.

Extending the above, in the present study behavioural commitment was also found to have the strongest relationship with instrumentalism (Hypothesis 4). To reprise, behavioural commitment refers to an employee's intention to remain with their current employer. Although definitions do not entirely overlap, behavioural commitment is similar in meaning to the terms 'continuance commitment' (e.g., Meyer & Allen, 1991) or 'calculated commitment' (e.g., Mathieu & Zajac, 1990). From one theoretical approach, this intention to remain is based on an employee's calculative assessment of the individual-organisational transactions in the employment relationship (Hackett, Bycio & Hausdorf, 1994). For example, an assessment would be made of the economic reward-effort ratio of one's current job, relative to that which might be obtained in some alternative employment (Eisenberger, et al., 1990). Another example would be where the employee weighs up the costs they have invested in an organisation, and which they would lose if they left, against any perceived benefits of a new job (Mathieu & Zajac, 1990). The link found in the present study between instrumentalism and behavioural commitment is consistent with this theoretical approach. Furthermore, if having an instrumental orientation to work is a stable socialised individual difference that employees bring to their jobs, then it seems reasonable to theorise that it is instrumental beliefs that influence behavioural commitment (intent to stay), rather than the reverse.

The socialisation explanation does not however entirely hold. Unless one is prepared to accept that having lower instrumentalist beliefs about the employment relationship leads employees to work for organisations that are more likely to downsize, a socialisation thesis does not fully explain the findings of this study. More specifically, socialisation does not explain how being exposed to more downsizings and being a survivor leads to people to reject statements suggesting that money is the most important reason for having a job, a necessary evil, and just something that has to be done in order to earn a living. Reactance theory (Brehm, 1966; Brehm & Brehm, 1981) may have some application here.

In previous research, reactance theory has been used to explain the various adaptive behaviours and negative emotional responses employees can display upon job loss, as they seek to either actively regain control over their lives or react in frustration and anger at the loss of control (Leana & Feldman, 1994). Control in this context connotes personal dimensions of competence, purpose, self-determination and influence in relation to one's work (Spreitzer & Mishra, 2002). Using reactance theory, it could be

predicted that the threatened loss of the socioemotional or relational aspects of work that downsizing represents could lead employees to engage with and value these aspects of work more, rather than withdraw from them (as was originally proposed). In other words, the fear of losing the social relationships inherent in work, as well as opportunities for obtaining intrinsic rewards, motivates survivors to reassert control by valuing them more through de-emphasising the materialist component of the employment relationship. Alternatively, and perhaps more parsimoniously, reactance theory implies that employees could seek to reassert control over the meaning that work has in their lives by rejecting the managerial implication of downsizing that people are simply costs to be minimised. Logically, this could involve rejecting an orientation to work as simply a means of earning a living (instrumentalism).

Either way, it could be hypothesised from reactance theory that employees would place greater value and emphasis on the relational rather than transactional elements of the psychological contract, the more downsizings they experienced. Redundant employees who had not obtained reemployment would also continue to place high value on the socioemotional aspects of work, as the research literature on the psychological effects of unemployment would indicate (e.g., Macky & Haines, 1982). Upon re-employment, it would be predicted that people would return to levels of instrumentalism similar to those they held before; i.e., similar to employees who have never experienced a downsizing or redundancy. Being successful in finding new employment reduces ambiguity and uncertainty. The unknown is also now known. Until such times as their new managers engage in downsizing, re-employed victims no longer need fear potential job loss and would therefore not need to try to control the socioemotional uncertainties arising from it.

The socialisation and reactance approaches suggested here are not necessarily incompatible, although achieving theoretical integration does require some situational malleability in instrumentalism as a socialised personal attribute. It is theorised that rejecting a previously socialised instrumentalist orientation to work could be a temporary reaction to a perceived threat of job loss. Once this threat is removed, by either the passage of time or actual redundancy followed by new employment, it is predicted that an employee's work orientations would return to some baseline point of equilibrium. This would also be predicted by the cybernetic control theory of job loss described by Latack et al. (1995).

Clearly, the present study raises more questions than it answers with regard to instrumentalism and downsizing. The variable was included on an exploratory basis and no other research has been identified that looks at instrumental orientations to work in the context of organisational downsizing. However, there are some speculations (see Chapters 1 & 2) that appear, on the findings reported here, to be incorrect. The area therefore appears to warrant further research and theory development.

#### **7.4 Trust in Management**

As outlined in Chapter 2, trust in ones' managers implies perceptions that they are competent, fair, act in good faith, and that they make decisions about a firm's future that, if not ultimately beneficial to employees, will at least not be harmful to their interests (Robinson, 1996; Whitener, 2001). It is also generally accepted among trust researchers that trust implies a willingness to be vulnerable (Brockner et al., 1997; Rousseau et al., 1998). The potential for reduced trust between employees and managers following workforce reductions has not been explored to any great degree in the empirical literature (Kammeyer-Mueller et al., 2001).

It was hypothesised that the degree to which employees trust their managers would vary as a function of their experiences of organisational downsizing (**Hypothesis 5**). The theoretical rationale for a downsizing-trust relationship was that downsizing would undermine trust by creating a sense of threat or vulnerability among employees, and that such a decision might not be seen as in the employee's interests. Downsizing could also suggest to employees that their managers were not competent. Social exchange theory was also used to posit that employees would reduce their trust in reciprocation to perceptions that management had breached trust by arbitrarily changing a traditional psychological contract incorporating job security. The present study also sought to extend the limited prior research on downsizing and trust in management (e.g., Luthans & Sommer, 1999; Mishra & Spreitzer, 1998) by separating the measurement of trust from the immediate experience of the downsizing event.

Clear evidence was found that the experience of downsizing did indeed predict employee levels of trust in their managers, in that survivors were found to be less trusting than those who have never worked in a downsized firm. The number of downsizings experienced was also found to predict trust. The more downsizings



reported, the lower the levels of trust. This relationship was also independent of when the downsizings occurred. As Armstrong-Stassen (2002) suggested, the undermining of employee trust, by managers' use of downsizing, does potentially continue over an extended period.

Findings from the present study also provide some support for the efficacy of social exchange theory in explaining employee reactions to layoffs. Trust in organisational contexts is built over time, is related to worker expectations that past behaviours by their managers predict their future actions, and is predicated on the expectation that these managerial behaviours deliver valued benefits to employees in the form of, for example, job security. When expectations based on traditional psychological contracts incorporating job security have been violated, then reduced levels of trust can be predicted. The findings of the present study support such contentions, in that job security perceptions were found to moderate the relationship between employee experiences of layoffs and trust in their managers. Employees with higher satisfaction with their job security and lower perceptions that they would be made redundant in the next two years, also tended to report higher trust in their managers, with this relationship being strongest for those who had previously experienced a redundancy.

As noted above, trust also implies a willingness to be vulnerable in that trusting someone means taking a risk. From the employee's perspective, risk assessment will be based, in part, on the consistency of past managerial behaviour in salient domains. Downsizing could feasibly change this risk assessment, to the extent that:

1. the need for workforce reductions are read as a sign of incompetence when management had previously appeared competent,
2. that such reductions are not perceived as being in the long term interests of survivors, and
3. the behaviour of managers during the downsizing appears to be capricious, unfair, breaks good faith expectations, is disrespectful and otherwise appears to devalue employees.

Employee perceptions of increased risk in manager behaviour implies a heightened sense of vulnerability among employees, which might be more than they are prepared to

tolerate and therefore result in a reduced willingness to trust. Reactance theory could also be used to predict such a response. Perceptions of increased risk and heightened vulnerability implies a reduction in an employee's degree of control in the work environment. According to reactance theory, employees will become motivated to try to reassert control. A reduction in trust could be one strategy to achieve this.

Following on from the above, future research on the downsizing-trust relationship could fruitfully explore how survivors and victims attribute blame for downsizing, and how this attribution influences worker trust in management. As Brockener et al. (1997) note, employees are more motivated to understand and attribute causes to events whose outcomes are relatively unfavourable to them. Further to this, Leana and Feldman (1994) comment that an immediate response to layoffs is the sensemaking that employees engage in. The objective of this sensemaking is to try to reduce uncertainty by seeking an explanation for what has happened. Part of this sensemaking is the appraisal people make of the degree of threat the situation poses for their quality of life. Another part is the attribution of blame or responsibility for any perceived threat (Leana & Feldman, 1988, 1992; Korsgaard, Brodt & Whitener, 2002). Using social exchange theory, it could be hypothesised that if employees believe managers to be responsible for causing the downsizing, for example through incompetence rather than because of extra-organisational events beyond management's control, then their trust in these managers would be reduced. Morrison and Robinson's (1997) theorising on psychological contract violations also suggests that trust will be more strongly and negatively affected if an employee attributes the cause of downsizing to be a wilful renegeing of the contract by management.

This predicted loss of trust could be exacerbated if, as Folger and Skarlicki (1998) found, managers believe employees will blame them for the job losses and therefore engage in 'truncated dismissals' (a form of managerial distancing that results in curt, abrupt and impersonal redundancies). Consistent with this, the present study provides some support for previous research (Bies et al., 1993; Brockner & Siegal, 1996; Mishra & Spreitzer, 1998; Spreitzer & Mishra, 2000) suggesting that employee perceptions of procedural fairness influences trust responses, and particularly when the outcomes of managerial decisions are unfavourable for employees (Brockner et al., 1997). Among survivors, satisfaction with the process managers used to carry out the last downsizing experienced was found to predict trust, with those most satisfied also tending to report

the highest levels of trust in their managers. Practices found to increase such satisfaction included: providing information about the need for the downsizing and how it would be done, providing opportunities for employee consultation and participation, considering alternatives to redundancies, and ensuring the process for deciding who would lose their jobs was transparent, fair and could be challenged (see Chapter 3). As Brockner et al. (1997) put it: "Procedural fairness informs people about the extent to which they can trust the other party in the exchange relationship." (p. 579) These findings are also consistent with the empowerment arguments put forward by Mishra and Spreitzer (1998). As well as encouraging a sense of procedural fairness, such practices could also give employees some sense of control over the process and reduce ambiguity, thereby reducing the likelihood of psychological reactance leading to reduced trust..

The present study also sought to investigate whether redundant employees generalised their lack of trust in management to their new employers, in that it was hypothesised that employees who had been made redundant would be the least trusting (**Hypothesis 5**). This aspect of the hypothesis must be rejected. While a simple relationship was found between the number of redundancies experienced and reduced trust, once other variables influencing trust were taken into account, redundant employees were found to be no different in their average trust levels to those who have never worked in a firm that had downsized. As with instrumentalism, a clear V function was found for the marginal means, with redundant employees being similar to employees who had never experienced a downsizing, and with both having higher levels of trust than the survivors.

Trust is regarded by some as a central factor in the long-term success and viability of organisations (Mishra & Mishra, 1994). For example, Giddens (1989) refers to the reduced industrial conflict and alienation that flows from "high-trust systems", such as those that allow some degree of worker autonomy. Leana and Van Buren (2000) regard trust as a major component of organisational social capital, the latter being "... the glue that binds employers and employees together, as well as employees to one another." (p.221) McEvily et al. (2003) argue that trust is a fundamental organising principle in the social systems of organisations. In these terms, clearly management strategies that undermine trust in the employment relationship, such as engaging in organisational downsizing, should give cause for concern.

It is important, though, not to overstate the long-term effects that downsizing might have on trust. Examples of such overstatements are not hard to find. Rosner (1998), for example, quotes Richard Bolles<sup>10</sup> as saying 'Downsizing often shatters people's trust – they never trust again.' On the evidence from this research, such statements seem exaggerated. Irrespective of the employees' experiences of workforce reductions, the present study shows that most still show more trust than distrust in their managers. Nor do re-employed redundant workers seem to generalise any distrust arising from their downsizing experiences to their new managers. Rather than downsizing, many other factors in the work environment were found to have clear positive relationships to trust, including job satisfaction and the degree to which managers used HR practices that might come under the umbrella rubrics of 'high performance work systems' or 'high commitment HRM'. Evidence was also found that the process managers use to carry out a downsizing and associated redundancies can go some way to mitigating any negative effects on trust. However, further research is needed to identify exactly which downsizing practices best ameliorate adverse trust outcomes.

## **7.5 Organisational Commitment**

One of the stranger paradoxes of modern organisational life has been the apparent willingness of managers to undermine employee job security in the employment relationship by engaging in widespread workforce reductions, while at the same time lamenting a lack of employee commitment to their organisations and engaging in human resource management practices aimed at building high performance organisations through employee commitment.

Three variables were used in the present research to measure commitment – affective commitment, behavioural commitment, and turnover cognitions. As Spreitzer and Mishra (2002) comment, we have little understanding of how downsizing might affect the long-term attachment of survivors to their firms. The present study sheds some light on this matter, since most (79%) of the survivors had experienced their most recent downsizing in the firm they were working for at the time of the survey. With regard to behavioural commitment, simply having worked in a downsized firm seems insufficient to be of much influence once other variables such as tenure, the size of the organisation

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<sup>10</sup> Author of the best selling *What Color is Your Parachute?*

worked for, level of job satisfaction and degree of trust in one's managers, are taken into account. Stronger intentions to remain were predicted by higher job satisfaction, longer tenure, working for a larger organisation, lower instrumental beliefs and higher trust in management.

The potential importance of instrumentalism on behavioural commitment has already been discussed. Following this, trusting one's managers appears to have the strongest influence. This is consistent with the findings of Boxall et al. (2003), who found that having a good relationship with one's supervisor was the third most important reason New Zealand employees gave for not leaving their employers (after good relationships with coworkers and having interesting work). The identified importance of job satisfaction is also consistent with the considerable body of prior research on commitment and voluntary employee turnover (e.g., Harter et al., 2002; Mowday & Spencer, 1981; Griffeth et al., 2000; Hom & Griffeth, 1991; Mathieu & Zajac, 1990; Hom et al., 1992).

Notwithstanding the above, being exposed to multiple downsizings does appear to have a weak negative relationship with an employees' intention to remain with their current employer. This relationship appears to be independent of how the downsizings have been conducted or when the last one occurred, but may be a function of declining trust in the management of a firm with repeated downsizing, particularly for smaller firms where an employee may have better direct knowledge of and dealings with these managers. Reduced job satisfaction and shorter tenure may also serve to reduce the ties that bind an employee to their firm in times of ongoing organisational uncertainty. Shorter tenure could also be a function of an employee having previously been made redundant by a different employer. The association found between the number of redundancies experienced and reduced behavioural commitment could indicate a reduced willingness to bind to a new employer; a reluctance independent of employee perceptions regarding their new job security.

Does a reduced intention to remain with one's current employer necessarily translate over into thoughts of quitting and job search behaviour? For some, it does but the relationship is not strong. Again, the size of the employing firm, the tenure of the employee, job satisfaction and the degree of trust in the firm's managers come into play. The degree to which employees agreed that they often thought of quitting and would

look for a new job in the next year (turnover cognitions) were not found to be consistently related to the experience of downsizing, once the influence of these other variables were taken into account. The only exceptions to this were the employees who had previously experienced a redundancy, who were more likely to report stronger turnover cognitions the more redundancies they had experienced.

On the weight of the evidence, it seems more likely that if a relationship between turnover cognitions (intention to leave) and the experience of downsizing and/or redundancy exists, then this is mediated by an employee's degree of behavioural commitment. This interpretation would also be consistent with the various phased turnover models which have voluntary turnovers anchoring one end of an employment engagement continuum, with tenure as its opposite (Boxall et al., 2003). This continuum represents a sequence of cognitive then behavioural withdrawal responses that employees progressively enact in response to unsatisfactory employment. In this sequence, an employee's stated intention to leave is an immediate precursor to actual quit behaviour (Mowday et al., 1984; Griffeth et al. 2000). Over time, unhappy employees develop stronger withdrawal cognitions, come to regard job alternatives more positively, and form stronger views on the utility of a job change (Hom & Griffeth 1991).

Previous research has shown perceived job security to be negatively associated with propensity-to-leave, such that voluntary turnover is higher in industries with higher layoff rates (Fry 1973) and in individual firms with higher employment instability (Greenhalgh 1980). Bedeian and Armenakis (1998) also suggest that employee retention is likely to be problematic post-downsizing, with firms facing increased voluntary turnover among survivors. The present study finds no direct relationship between employee perceptions of job security and their intentions to remain with or leave their employers. Instead, as Spreitzer and Mishra (2002) observed, the relationship is more likely to be mediated by survivor perceptions of the trustworthiness of management, feelings of empowerment, and procedural and distributional justice perceptions of the downsizing event

However, in the case of an employee's affective commitment, the influence of downsizing was found to be moderated by perceived job security. For employees who have never experienced a downsizing, there appears to be no relationship between

perceived job security and the employee's willingness to identify psychologically with their employing firm. The relationship is strongest for those who have been made redundant at some point. For all employees, other important factors found to predict affective commitment were higher job satisfaction, the centrality of the job in an employee's life, higher trust in management, and lower instrumentalism.

In practical terms, the implications of these findings are that poorer job security perceptions need not automatically translate into an increased propensity for employees in downsized firms to voluntarily leave, or reduce their emotional and psychological attachment to their organisations. This study also provides evidence that managers could ameliorate such predicted effects by using interventions aimed at building employee job satisfaction and trust. The use of high commitment HR practices may help in this respect.

Do the findings of the present study support contentions (e.g., Worrall et al., 2000) that the radical organisational changes of the past two decades have lead employees to become more loyal to their own personal interests, rather than those of their employing organisations? They do so only to a limited extent. Survivors were indeed found to have lower affective commitment than employees who had never experienced an organisational downsizing. Once again, as for trust and instrumentalism, a clear V function emerged with those who had been made redundant at some point actually having higher commitment than employees without downsizing experience. Furthermore, the marginal means for all groups were at the committed end of the measurement scale and, overall, the average level of affective commitment was 68% of the scale maximum.

Do these findings shed light on the various theoretical approaches to affective commitment? The standard approach has been to view the degree of psychological attachment that employees have to their firms as a function of the personal characteristics that employees bring to their jobs, the degree to which a job contains features believed to build commitment and/or features that weaken commitment, and employees' evaluations of their experiences at work (e.g., Mowday et al., 1982; Mathieu & Zajac, 1990). The findings of the present study can certainly be interpreted within such a framework. As argued above, instrumentalism may be regarded as a personal attribute that employees bring to the employment relationship and that shapes

their response to it. An organisation's history of using downsizing, and any resultant threats to job security, could also be regarded as job features which undermine employees' development of an emotional attachment to their firm. As was found here, the degree to which job features create work experiences of satisfaction and trust could also be expected to influence feelings of attachment and, perhaps, to mediate the negative effects of downsizing and reduced job security.

The findings can also be interpreted from a social exchange theoretical framework (Eisenberger et al., 1986; Eisenberger et al., 1990; Rhoades & Eisenberger, 2002; Whitener, 2001), where the loyalty or attachment an employee feels towards their firm reciprocates their belief that their employer is loyal to and supports about them. Whitener (2001) found that trust in management mediates the relationship between perceived support and commitment. The present study supports such a finding, with, in this case, trust in management appearing to mediate the relationship between perceived lack of support (downsizing) and reduced affective commitment among survivors.

Trust in itself, as discussed above, can also be theorised to develop from a social exchange relationship where "management" is perceived to engage in actions either beneficial or harmful to employee interests, who then reciprocate in kind. On this basis, it could be hypothesised, for future research, that the degree to which employees express satisfaction with their jobs could be taken as indicative that management actions are perceived as supportive of employee interests and therefore moderate the relationship between management actions (downsizing) and employee responses (reduced affective commitment). Similarly, it could be predicted that employee participation in high commitment HR work practices would also moderate the relationship that instrumentalism and trust in management have with commitment, for the survivors of an involuntary separation from payroll.

## **7.6 Job Involvement**

No empirical evidence was found to link prior experiences of organisational downsizing or redundancy with the degree to which employees are absorbed in their daily work activities and psychologically identify with their job (**Hypothesis 10**). No other research results are directly comparable, although the findings do appear to contradict



those of Allen et al. (2001) and Brockner et al. (1988), which show some variability in job involvement in conjunction with downsizing experiences.

The paucity of prior downsizing research and theorizing regarding job involvement in the context of major organisational change renders the results found here difficult to interpret. They may be idiosyncratic to this particular sample of employees. Alternatively, the finding could be indicative of a work attitude that is not readily influenced by threats to job security from downsizing, perceived violations in the psychological contract, or motivations to reciprocate for untrustworthy management actions. This is contrary to Elloy et al.'s (1991) finding that job involvement was moderately positively related to satisfaction with job security.

However, the notion that job involvement may be an individual difference formed from a lifetime of cultural conditioning and socialisation, intimately tied up with work ethic beliefs and regarding one's job as a central interest in life, has had long history in job involvement research (Dubin, 1956; Lodahl & Kejner, 1965; Rabinowitz & Hall, 1977). From this approach, people are either socialised to the notion that one's job is a central part of self-definition and defines aspects of social identity, or to an instrumentalist notion that a job is simply a means to a materialist or consumerist end. From this perspective, job features and the work environment will have relatively little influence on employee job involvement.

Some support for this contention is found in the present study, given that the correlations between job involvement and commitment, trust, job satisfaction, high commitment HR and the other work attitudes studied, while statistically significant, were all weak. The strongest correlations for job involvement were with work involvement and regarding the job as a central life interest. There was also only a weak positive correlation found between job involvement and age. No other participant variables were found to be associated correlated with involvement. Clearly, other things are influencing the apparently high degree to which employees appear to invest themselves in their jobs (the mean obtained was 76% of the possible maximum score).

However, it also needs to be noted that the measurement of job involvement was weak in the present study. Of the eight items originally intended to be used to measure the construct, through factor analysis two ended up in the instrumentalism measure and

three in a latent variable termed job as central life interest. What remained of the job involvement variable had the poorest reliability of all the measures (see Chapter 3: Method). Poor measurement reliability considerably weakens the power of the multivariate statistical analyses used in this research to correctly reject a null hypothesis when it is false.

### ***7.7 An Integrative Theoretical Model***

It was originally conceived that the experience of redundancy would be a more severe experience than that of organisational downsizing by itself, and would therefore have a more deleterious influence on work attitudes. It is clear from the results discussed above that this view cannot be sustained. While prior research provides strong evidence linking the severity of job loss to more negative short-term psychological responses (e.g., Leana & Feldman, 1994), the present study provides no evidence that redundancy leads to long term reductions in workplace attitudes such as trust, commitment, or orientation to the employment relationship, **once a redundant employee has a new job**. On these variables, employees with experience of redundancy were no different from those who had never worked in an organisation that had downsized. Although there is little research on this, this finding is inconsistent with Latack and Dozier's (1986) suggestion that the lower commitment and heightened cynicism of employees who suffer a job loss would carry over to the next job.

Of relevance here is Burke & Cooper's (2000a) observation that survivors may be worse off than the victims of downsizing. While the experience of job loss itself may be unsettling, psychologically distressing, and cause financial havoc in the short-term, upon re-employment the worst has already happened. The redundant move on to new horizons, gain new jobs, make new relationships. For half, this new job will be at the same or even better pay and conditions. Dekker and Schaufeli (1995) also point out that the certainty of being made redundant which may be less harmful to psychological well being than remaining in an ambiguous situation of prolonged job insecurity. For some, redundancy may even be a relief. As one respondent put it, "*redundancy, though at first a little daunting, was a fantastic opportunity ... I certainly don't feel bad about it.*" Another wrote, "*when I was made redundant, I was very relieved it was all over for me, as I had been through 11 years of wondering when it would be me.*"

Survivors of organisational downsizing, on the other hand, are left to cope in an employment relationship with an employer that has changed forever. As Luthans and Sommer (1999) put it, "once an organisation downsizes, it has crossed the line and can never go back." (p.67) The new reality of this changed employment relationship for many employees is one of reduced role clarity (Worrall et al., 2000), increased task overload in a general climate of uncertainty (Tombaugh & White, 1990), together with a reduced sense of control and increased felt stress (Devine, Reay, Stainton & Collins-Nakai, 2003).

In the case of workplace attitudes such as trust in management and affective commitment, the present study is supportive of the view that organisational downsizing has a more negative effect on survivors than it does for those made redundant but who subsequently obtain new jobs. This is consistent with Devine et al.'s (2003) finding that downsizing "victims" who secure new employment report lower stress, fewer negative job strains and perceive higher levels of control in their jobs than survivors.

Based on the above, a theoretical model of the causal relationships between downsizing and a number of work attitudes is presented below for survivors only (see Figure 8). The model is largely a product of inductive inference, using a combination of the main empirical findings reported above, the various theories and research referred to previously, and intuition on the part of the author. Its purpose is to visually summarise the main themes emergent from the results presented in this study, as well as providing a framework for future researchers to derive testable propositions and hypotheses. As a model, it is also intended to have some practical utility by pointing to areas for possible managerial intervention in their management of downsizing, and any other large-scale organisational changes that put employee job security at risk.

Because of the small number of moderated relationships found in the present study, the model tends to show mediated relationships between the variables of interest. The general failure to identify many moderator effects in the observed downsizing - work attitude relationship, and the small size of the effects obtained, is consistent with other micro-organisational research (Russell & Bobko, 1992) and research in the social sciences, where it has also been found difficult to detect moderator effects (Finegold et al., 2002).

The direction of causal flow in the model is left to right. That is, from downsizing, through job security perceptions, to trust in management, and from there to affective and behavioural commitment. Within the model, downsizing is seen as a purposive activity undertaken by managers to achieve one or more manifest organisational goals, but which also has some unintended but predictable consequences for the surviving employees. One of these consequences is a reduction in perceived job security for those employees who remain, which is further exacerbated each time the organisation is downsized. Increased job insecurity also results in lowered satisfaction with job security.

Whether it be through increased feelings of vulnerability, uncertainty and loss of control regarding the employment relationship, and/or through a sense of betrayal and violation of a previously held psychological contract, together these changed job security perceptions result in a reduced willingness by employees to trust their managers. To some extent, this trust outcome will be moderated by the way in which the workforce redundancies are managed: in particular, with regard to the reason managers give for the need to downsize, the extent to which employees have some input into the process, and the support and respect given to those made redundant. Management activities aimed at increasing employee job satisfaction, including the use of HR practices associated with creating high-commitment high-performance organisations, will also help ameliorate the effects of job insecurity on trust. However, repeated downsizings will work against such efforts and reinforce distrust.

It is also theorised that any reduced willingness to trust one's managers will, in turn, flow on to a reduced willingness to identify psychologically with the employing organisation. In other words, there will be a reduced likelihood that an employee will identify with or internalise the values of their organisation, feel motivated to engage in organisational citizenship behaviours to achieve the organisation's goals, and feel pride in working for the firm. This will be compounded by a background feeling of job insecurity, particularly as management engages in repeated rounds of workforce reductions.

Finally, it is theorised that the combination of a reduced psychological identification with one's employing firm, together with reduced trust levels regarding one's managers will, in turn, result in a reduced sense of loyalty to the organisation. This will involve

feelings that, for example, it might have been a mistake to join the organisation, that there might not be much to gain by remaining, and that one could just as well be working for a different firm. These feelings will be exacerbated for those employees with a prior instrumentalist orientation to work as simply a means to an end, and as the number of downsizings increase. In turn, this reduced sense of loyalty will give rise to thoughts of quitting and an intent to engage in job search behaviours. This will be particularly so for employees in small firms, who have not been there long, and who are not particularly satisfied with their jobs.

The central mediating role of trust in management in the model is consistent with a growing body of prior research showing trust to be both an outcome of and input to the variables used in the present study (e.g., Robinson, 1996; Brockner et al., 1997). Richness is added to the model by including the relationship between downsizing and behavioural commitment mediated by instrumentalism. Further complexity is added by including job satisfaction and the experience of high commitment HR practices into the model.

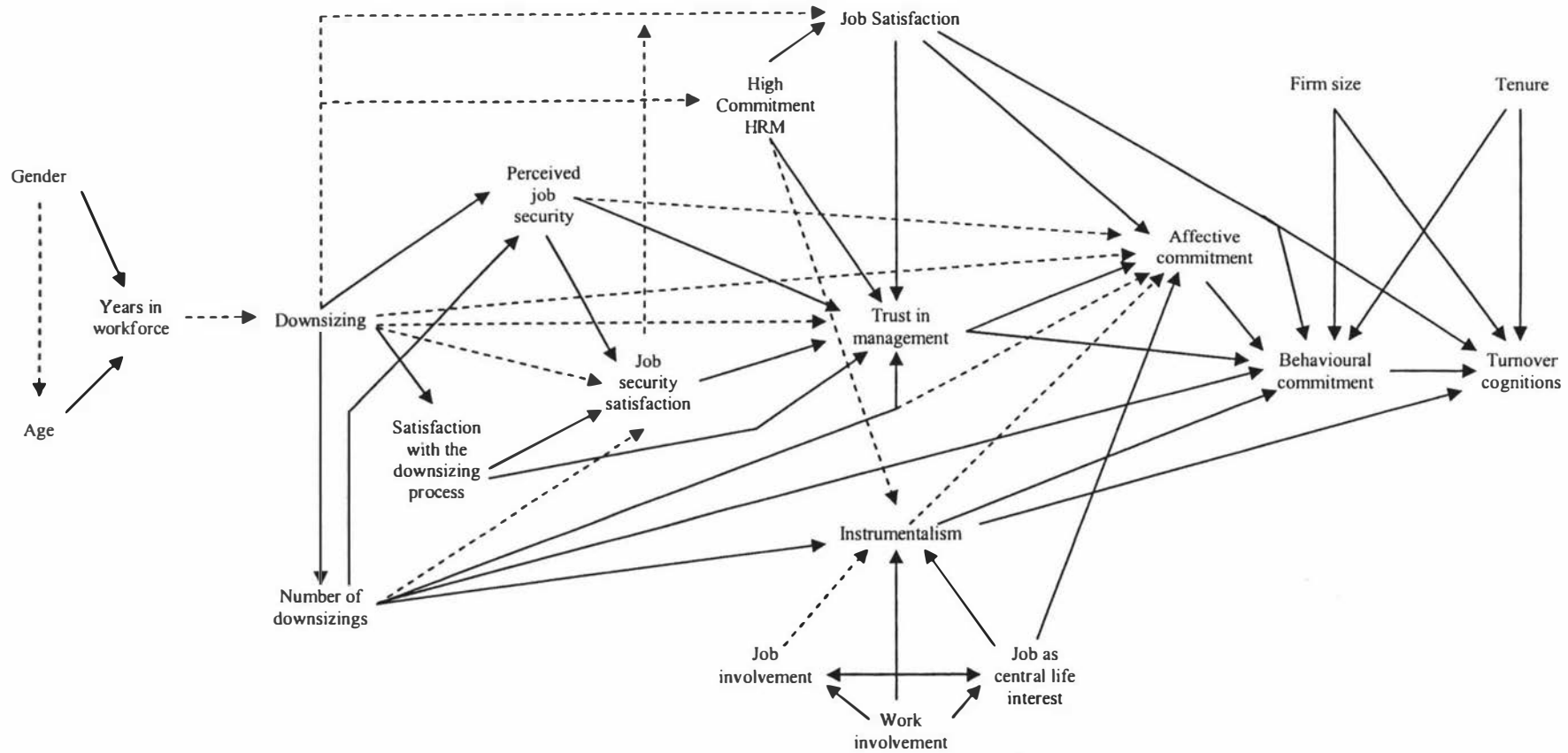
The relationship between job satisfaction and commitment has been well established in the research literature. The suggested causal direction shown in Figure 8 is from job satisfaction to commitment although, as mentioned in Chapter 2, it is recognised that there is some debate concerning this (see also Mathieu & Zajac, 1990).

With regard to the high commitment HR variable, the findings of the present study are somewhat curious. As outlined in Chapter 2, the objective of high commitment HR practices is to create conditions where employees identify psychologically with their employing organisations, become motivated to achieve organisational goals and thereby help improve organisational effectiveness. The variable was therefore included in the present study to enable the statistical control of a potentially important confound in the results for organisational commitment. However, in the multivariate analyses no direct relationship was found between high commitment HR and any of the three commitment variables used in the present research. Instead, the relationship appears to be mediated by the degree to which employees trust their managers. Exposure to more human resource practices associated with high commitment was associated with increased levels of trust in management which, in turn, was associated with higher organisational commitment levels. This finding would appear to support other research suggesting HR

practices affect perceptions of trust (e.g., Whitener, 2001; Whitener et al., 1998) but needs further exploration.

The influence of high commitment HR on employee commitment to their organisations may also be mediated by instrumentalism. In the present study, employees reporting greater exposure to high commitment human resource practices were less likely to endorse an instrumentalist orientation towards work. As previously discussed, those with lower instrumentalist beliefs were also more likely to identify psychologically with their employing organisation, be more likely to remain, and were less likely to report intentions to leave. No research has been identified which investigates an 'instrumentalism – commitment' relationship in the context of high performance work systems.

Figure 8: An integrative causal model of the downsizing – work attitude relationship for employees



Note: Solid lines represent primary lines of influence. Broken lines represent secondary or weak lines of influence

## **7.8 Strengths & Limitations**

Unlike much of the other research on downsizing, the findings of the present study are not based on a single industry or type of employing organisation or derived from respondents employed in a single firm. The heterogeneous nature of the respondent sample, and its similarity on a number of key variables to the population from which it was drawn, suggests broad generalisability of the findings, at least to New Zealand employees. However, it may be unwise to assume these are applicable beyond New Zealand to other developed industrialized countries. Of particular concern here is Littler's (2000) finding that the New Zealand post-downsizing human resource outcomes of employee morale, motivation, organisational commitment, job satisfaction and job security concerns appear to be much less negative than those for Australian and South African organisations. These differences were not attributable to the depth of the workforce reductions across the three countries. Littler (2000) also found a weak but significant association between the frequency of downsizing and survivor syndrome for his Australian sample of organisations. The New Zealand correlation was not significant and negative. While these data were collected at an organisational level, rather than directly from employees who had experienced the downsizing, nonetheless they sound a note of caution.

Certainly, the cross-sectional research design used here cannot truly establish a causal connection between downsizing and employee attitudes. This said, the design does satisfy one of the three requirements for a causal argument; namely that the presumed cause (downsizing) and effects (work attitudes) do indeed covary. The second criterion for a causal argument, that the presumed cause is likely to have preceded the assumed effect, is slightly more problematic. A core assumption underpinning the study is that the effects of downsizing on work attitudes would be long lasting, given that the attitudes were all measured at a particular 'slice in time' when the survey was done, while the experience of a downsizing or redundancy was uncontrolled and could have occurred at any stage prior to or even during the survey. If one were to assume then that the work attitudes studied would be sufficiently strong and stable to show a relationship with downsizing, irrespective of when this occurred, it also has to be accepted that these same attitudes could also have pre-dated, and therefore perhaps have caused, the



downsizing event. However, such a position is inconsistent with the known causes of downsizing outlined in Chapter 1. The very heterogeneity of the respondent sample in the present study also works against such an interpretation. It is more parsimonious to accept that it is downsizing that influences work attitudes, than to assert that the attitudes regarding affective commitment, instrumentalism, job security and so on of a large and diverse group of employees led to organisational downsizings across a diverse range of firms. Particularly given that the work attitudes across all downsizing groups tended towards the positive end of the spectrum anyway. What cannot be ruled out is whether respondents with chronically lower trust in management, low instrumentalist work orientation, and reduced willingness to commit to their employing organisation, gravitate to and are hired by organisations prone to downsizing.

It could, however, be asserted that such attitudes would result in an employee being more likely to be made redundant. However, this argument is difficult to sustain given the V function observed for a number of the work attitudes studied here that show the redundant employees to be little different from the non-equivalent control group who had never experienced a downsizing, let alone a redundancy.

Overall, a 'downsizing - work attitude' causal relationship seems more plausible than the reverse. What remains then is the third rule of causality – the need to rule out competing explanations for the findings and other possible affects on the dependent variables of interest. No cross-sectional field research design can definitively achieve this requirement. However, a large number of possible confounding variables have either been able to be ruled out from the equation, or their influence statistically controlled for, or identified as moderating the downsizing – work attitude relationship.

This said, there are a number of possible artefacts in the research that threaten its internal validity, and which therefore require discussion. In particular, care has been taken in explicating the statistical assumptions behind the data analysis procedures used and testing for these. However, the non-normality of many of the variables remains potentially problematic, although the sample size and nature of the analyses performed should go some way to mitigating this.

In addition, because the measurement of both the dependent and independent variables were collected by self-report in a single survey, this study, like much of the other

research in the area, is perhaps subject to the methodological artefact of common-method variance and, therefore, "... percept-percept correlations which are biased by collecting two measures from the same source using the same method at the same time." (Wright, Gardner & Moynihan, 2003, p.27). However, percept-percept inflation in self-report data is a complex problem in organisational research. Nor can it be said that there is consensus among researchers that common method variance is a legitimate artifact of all self-report methods. For example, some researchers have concluded that there is little or no evidence substantiating the existence of common method variance or, by implication, significant percept-percept inflation (e.g., Spector, 1987).

Others have found that the presence or otherwise of common method variance is dependent on the research discipline and the construct being studied (Podsakoff et al., 2003). It may therefore not have the broad effects asserted by some critics of the self-report method. For example, Crampton and Wagner (1994) conclude from their examination of 42,934 correlations published in 581 articles that percept-percept inflation may be the exception rather than the rule in micro-organisational research and therefore does not warrant the general condemnation of self-report methods. They also found that job involvement is free of self-report effect-size inflation, while percept-percept inflation was neither absent from nor dominant for organisational commitment and work involvement. Podsakoff et al. (2003) also note that not only is the strength of the common method variance effect inconsistent across disciplines and constructs, its direction can either inflate or deflate relationships between constructs leading variously to either Type I or Type II errors. It cannot therefore be automatically assumed that common method variance always increases the risk of rejecting a null hypothesis when it is in fact true.

Furthermore, numerous studies have also shown the principal work attitudes used in the present study of organisational commitment, job satisfaction and trust to be conceptually and factorially distinct (see Method), while the exploratory factor analysis used here also maximised the independence of the work and job involvement variables, instrumentalism, and job as central life interest. As Whitener (2001) observes, the factorial independence of measures goes some way to obviating the possible problem of common-method variance.

To control for possible common-method variance, it would have been desirable to have had different referents for the various pieces of data. However, as Spreitzer and Mishra (2000) point out, it is hard to conceive who these more appropriate referents might have been in this type of research. The dependent variables are affective attitudes that can really only be self-assessed and self-reported. Furthermore, the downsizing variables and moderating variables used here were either perceptual and therefore subjective, or involved easily recalled factual data that are not particularly susceptible to common method variance (e.g., age, tenure, number of downsizings)(Crampton & Wagner, 1994). It is therefore hard to imagine who else, other than the respondent, could have sensibly informed on the key variables used in this study for a heterogeneous sample.

Furthermore, while the possibility of social desirability response bias cannot be ruled out, an attempt was made to reduce the likelihood that this would have worked in favour of the hypotheses this study set out to investigate. The downsizing questions were placed after the attitudinal questions, in an attempt to reduce a possible order effect of the latter influencing the former (although the order in which people answer an unsupervised self-completion questionnaire cannot of course be controlled). It might also be reasonable to expect that social desirability, one of the more likely sources of common method variance in self-reports (Kline, Sulsky & Rever-Moriyama, 2000), would lead all respondents to systematically exaggerate their satisfaction, trust and commitment levels, for example, and understate their instrumentalist beliefs – leading to an increased risk of Type II rather than Type I errors.

## ***7.9 General Suggestions for Future research***

As Kammeyer-Mueller et al. (2001) point out, there is a pervasive tendency in the research literature to treat organisational downsizing as a dichotomous homogeneous event; an organisation either downsizes or it doesn't. The present study is no exception, albeit with an added emphasis on redundancy. Yet, as outlined in Chapter 1, downsizing is done for many reasons and by a variety of means, including but not limited to redundancies (e.g., Kinnie et al., 1998). It is unclear from the extant literature whether employee responses to downsizing vary as a function of the reason for the downsizing and/or the strategy used to achieve a reduction in headcount (e.g., voluntary vs involuntary redundancies, reduced working hours, or hiring freezes). For example, it

could be hypothesised on the basis of interactional justice theory and social exchange theory that employees' reactions would be less negative if the downsizings were known to be a last ditch attempt to avoid organisational bankruptcy rather than, say, an ad hoc managerial response to investor demands to cut yet more costs in an already profitable firm. As another example, it might be reasonable to predict that employees would react less negatively to a downsizing in response to an event beyond management control, such as a global downturn in commodity prices, than say an apparently arbitrary demand by some Head Office to cut staff by 10 or 15%, irrespective of local branch performance (as has happened in the personal experience of the author on two occasions). It would also be interesting to know if survivors respond less negatively to workforce reductions achieved, say, by encouraging early retirements or voluntary redundancies, than by forced redundancies. Using both reactance theory and the stress theory applied to organisational downsizing by Spreitzer and Mishra (2000), it could be predicted that downsizing achieved by such means would be perceived as less threatening to survivors and therefore be less likely to trigger negative or oppositional reactions.

It seems normative for cross-sectional researchers to posit the need for longitudinal research, using pre-post downsizing designs, to ascertain the causal effects of the independent variables being studied on the dependent variables of interest. Such designs have occasionally been employed in the downsizing research (e.g., Luthans & Sommer, 1999). However, longitudinal designs by themselves cannot truly enable a causal argument without some form of control group for comparison purposes. In downsizing research, this starts to become difficult indeed, without also then introducing other confounds into the research. For example, the very nature of a longitudinal design means that data needs to be collected prior to a downsizing having been notified (and preferably, perhaps, having even been decided upon), which creates some difficulty in actually identifying such an organisation. Given the extensive use of downsizing in organisations, finding one that has not already downsized at some point is also going to be increasingly difficult. This will present problems from a pre-test perspective, as well as for finding a suitable control organisation for comparison purposes. The net result is that, almost inevitably, much downsizing research will be flawed in some way. It will either be cross-sectional, and/or use a homogenous population from a single downsizing organisation, and/or lack a useful comparison

group, and so on. Researchers in, and critics of, downsizing research need to be realistic in this respect.

Difficult though it may be, it should not be implied from the above that longitudinal research should be eschewed. We need more and better such research, but not necessarily aping the 'true experimental design'. For example, time series research designs in single organisations may prove useful in tracking shifts in employee work attitudes to a wide variety of organisational changes, not just downsizing. For organisations that have used the same metrics over an extended period of time, an archival research approach using such a design should be possible. Where common metrics have been used across multiple organisations (a not unlikely scenario, for example, where a consulting firm with has been involved in collecting organisational culture and climate data for multiple clients over time), it could be possible to mine these data to test for lag effects while statistically controlling for a variety of organizationally specific confounds.

Another longitudinal design that avoids the risk of using homogeneous samples from single organisations would be to do further national survey research, such as the present study, but extend this into a cohort design where the respondent group is repeatedly surveyed over time. This type of design has been used in epidemiological research to good effect and, although almost certainly expensive, seems applicable to tracking any long-term effects downsizing has on employee work attitudes, the psychological contract and other aspects of the employment relationship.

There also a need for cross-level research – research that bridges the organisation outcome level with the level of individual employee responses to downsizing. It is only through such research that the notion that it is employees that mediate the impact of downsizing on organisational outcomes can be truly tested. While small in number, a model of such research can be found in the high-commitment high-performance HRM literature (e.g., Wright, Gardner & Moynihan, 2003; Wright & Boswell, 2002; see also Ostroff, 1992).

## **7.10 Conclusions**

There is a growing body of research pointing to the significant effects that organisational downsizing has on the relationship between employees and their employing organisations. This study adds to this body of research by pointing to the possibility that, for the survivors of organisational downsizing, these impacts may be long lasting indeed. The findings reported here provide clear evidence that an employee's prior experience of downsizing can predict their attitudes towards work in terms of affective commitment, trust in management, job security, and instrumentalism.

The findings also lend support to the notion that an employee's sense of control in a job may be a critical factor in understanding her or his reactions to downsizing. Survivors who have witnessed past layoffs, and who remain in an uncertain work environment characterized by perceptions of poor job security, may perceive a lower level of control over their work situation. Because of this, they may then respond with less trust in their managers and a reduced willingness to psychologically identify with their organisations. Redundant employees who obtain new employment, however, regain a sense of predictability and therefore control over their work situation.

There is also some support for the efficacy for applying social exchange theory in predicting employee responses to major organisational change events. Most research to date applying this theory has focused on how perceived organisational support predicts employee responses. There is scope to extend this approach into the downsizing and change management domain.

It is also clear that redundant employees who have obtained new employment constitute a separate research group to the survivors of organisational downsizing. They also appear to be a somewhat neglected population for organisational research. However, hypotheses relevant to testing the effects of downsizing on survivors may have little applicability to the re-employed redundant worker, and vice versa. Future research designs need to take cognisance of this difference.

Within the New Zealand context at least, the present study should sound a note of caution regarding some of the more extreme statements being made about the changing nature of the employment relationship. While perhaps not quite "business as usual", there is little evidence for any general malaise regarding job satisfaction, job security

perceptions, trust, work involvement, or employees' willingness to commit themselves to their organisations. If there is a 'new deal at work', perhaps it is yet to arrive in New Zealand, despite this country's extensive and ongoing experience of workforce reductions.

Finally, this study provides a window into the complexity inherent in delving into the 'black box' of employees as a mediating factor linking strategy to valued organisational outcomes. Much remains to be elucidated.

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## **APPENDIX A: THE QUESTIONNAIRE**



# KIWI EXPERIENCES AT WORK:

## THE 2002 SURVEY

This questionnaire explores how people view their jobs and the organisations they work for, including how satisfied they are, how they are managed, how much they are trusted, and their experiences of change in their employment, particularly with regard to downsizings and redundancies.

Please complete as many of the questions in this booklet as are relevant to your current employment. Depending on how many questions apply to you, it should take between 10 and 25 minutes.

Once you have finished, simply return the questionnaire in the Freepost envelope supplied. No stamp is required.

All replies are confidential and no one other than myself will see your responses.

I realise that people are very busy these days and are often bombarded with requests from all manner of people for information. I can offer nothing but my sincere thanks for your participation and time in making this research successful.

Many Thanks.

Keith Macky

Phone: 09 443 9799 ext 9239  
email: [K.A.Macky@massey.ac.nz](mailto:K.A.Macky@massey.ac.nz)

**PART 1: The first part of this questionnaire deals with your current or recent employment situation. For each question, please select your answer by either circling the number to the left of the statement that most closely represents your situation or by filling in the blanks.**

a) Which of the following best describes your current employment situation?

- 1 EMPLOYED FULL TIME ON A LIMITED OR FIXED TERM CONTRACT
- 2 EMPLOYED PART TIME ON A LIMITED OR FIXED TERM CONTRACT
- 3 MADE REDUNDANT (and currently unemployed)
- 4 PERMANENT FULL TIME EMPLOYEE
- 5 PERMANENT PART TIME EMPLOYEE
- 6 RETIRED
- 7 SELF EMPLOYED (either full time or part time)
- 8 UNEMPLOYED (other than by redundancy)
- 9 OTHER (please describe) \_\_\_\_\_

b) If you are employed, how long have you been with your current employer?

\_\_\_\_\_ YEARS \_\_\_\_\_ MONTHS

c) If you are employed or self employed, how long have you been in your current job or role?

\_\_\_\_\_ YEARS \_\_\_\_\_ MONTHS

d) If you are currently a homemaker or retired or unemployed or have been made redundant, how long have you been in this employment situation?

\_\_\_\_\_ YEARS \_\_\_\_\_ MONTHS

e) If you are self employed, employed or have recently left employment, what is or was your job title? Put another way, what is your job typically called?

\_\_\_\_\_ (please state)

f) Since leaving the education system, approximately how many years have you worked in paid employment in total?

\_\_\_\_\_ YEARS

g) If you had to look for a new job, or are looking for one now, please estimate how long you think it would take you to get one with the same or better pay and employment conditions as you are used to getting?

\_\_\_\_\_ MONTHS **OR** \_\_\_\_\_ WEEKS

OTHER (please state): \_\_\_\_\_

**If you are not currently employed, Please skip to Part 3 of the questionnaire on page 6.**

**PART 2:** This next sections asks you about aspects of your job and employing organisation, including your satisfaction with your job, and relationships with your managers and fellow workers.

*The first section asks you how satisfied you are with various aspects of your present job. Using the rating scale below, simply circle the number beside each job aspect that matches how satisfied or dissatisfied you feel. For example, if you are very dissatisfied with a job aspect you would circle the 1. If you were satisfied, you would circle the number 6 beside the job aspect, and so on.*

1	2	3	4	5	6	7
VERY DISSATISFIED	DISSATISFIED	SLIGHTLY DISSATISFIED	NOT SURE	SLIGHTLY SATISFIED	SATISFIED	VERY SATISFIED

**How satisfied are you with ...**

a) The physical work conditions you have to work in.	1	2	3	4	5	6	7
b) The freedom you have to choose your own methods of working	1	2	3	4	5	6	7
c) Your fellow workers.	1	2	3	4	5	6	7
d) The amount of recognition you get for good work	1	2	3	4	5	6	7
e) Your immediate manager or supervisor	1	2	3	4	5	6	7
f) The amount of responsibility you are given	1	2	3	4	5	6	7
g) How much you are paid (your total remuneration, including wages or salary, benefits, allowances, and so on)	1	2	3	4	5	6	7
h) The involvement you have in decisions that affect you	1	2	3	4	5	6	7
i) Your opportunity to use your skills, abilities and knowledge	1	2	3	4	5	6	7
j) Relations between management and other employees in your firm	1	2	3	4	5	6	7
k) Your chances of promotion.	1	2	3	4	5	6	7
l) The way your firm is managed.	1	2	3	4	5	6	7
m) The attention paid to suggestions you make.	1	2	3	4	5	6	7
n) Your hours of work.	1	2	3	4	5	6	7
o) The amount of variety in your job.	1	2	3	4	5	6	7
p) Your current level of job security.	1	2	3	4	5	6	7
q) Now, taking everything into consideration, how satisfied do you feel about your job as a whole?	1	2	3	4	5	6	7

**What aspects of your job do you find the most personally rewarding or satisfying?**

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(please attach additional paper if required)

What aspects of your job do you find the most frustrating or dissatisfying (the things you would most like to see changed or improved)?

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(please attach additional paper if required)

The following statements express opinions that people might hold about the confidence and trust that can be placed in others at work, both fellow workers and management. For each statement, simply circle the number that corresponds to your answer using the scale below. For example, if you strongly agree with a statement you would circle the 7. If you disagree with it you would circle the number 2, and so on.

1	2	3	4	5	6	7
STRONGLY DISAGREE	DISAGREE	SLIGHTLY DISAGREE	NEITHER	SLIGHTLY AGREE	AGREE	STRONGLY AGREE

To what extent do you agree or disagree with the following statements:

a) Management where I work is sincere in its attempts to meet the workers' point of view	1	2	3	4	5	6	7
b) Our organisation has a poor future unless it can attract better managers	1	2	3	4	5	6	7
c) If I got into difficulties at work, I know my workmates would try to help me out.	1	2	3	4	5	6	7
d) Management can be trusted to make sensible decisions for the organisation's future.	1	2	3	4	5	6	7
e) I can trust the people I work with to lend me a hand if I need it.	1	2	3	4	5	6	7
f) Management at work seems to do an efficient job.	1	2	3	4	5	6	7
g) I feel quite confident that the company will always try to treat me fairly	1	2	3	4	5	6	7
h) Most of my workmates can be relied upon to do as they say they will do	1	2	3	4	5	6	7
i) I have full confidence in the skills of my workmates.	1	2	3	4	5	6	7
j) Most of my fellow workers would get on with their work without direct supervision.	1	2	3	4	5	6	7
k) I can rely on other workers not to make my job more difficult by careless work.	1	2	3	4	5	6	7
l) Our management would be quite prepared to gain advantage by deceiving the workers.	1	2	3	4	5	6	7



**PART 3:** In this part of the questionnaire we look at what it means to you to work for your current employer and your intentions to remain with that employer. For example, some people feel themselves to be an employee there just to do a job of work in return for money, while others feel more personally involved in and closely aligned to the organisation they work for.

The following statements express what people might feel about the organisation they work for and their intentions to stay there. For each statement, please circle the number that corresponds to your answer using the scale below.

1	2	3	4	5	6	7
STRONGLY DISAGREE	MODERATELY DISAGREE	SLIGHTLY DISAGREE	NEITHER	SLIGHTLY AGREE	MODERATELY AGREE	STRONGLY AGREE

To what extent do you agree or disagree with the following statements:

a) I describe this organisation to my friends as a great organisation to work for.	1	2	3	4	5	6	7
b) I am willing to put in a great deal of effort beyond that normally expected in order to help this organisation be successful.	1	2	3	4	5	6	7
c) I feel very little loyalty to this organisation.	1	2	3	4	5	6	7
d) I would accept almost any sort of job assignment in order to keep working for this organisation.	1	2	3	4	5	6	7
e) I find that my values and the organisation's values are very similar.	1	2	3	4	5	6	7
f) I am proud to tell others that I am part of this organisation.	1	2	3	4	5	6	7
g) I could just as well be working for a different organisation as long as the type of work was similar.	1	2	3	4	5	6	7
h) This organisation really inspires the very best in me in the way of job performance.	1	2	3	4	5	6	7
i) It would take very little change in my present circumstances to cause me to leave this organisation.	1	2	3	4	5	6	7
j) I am extremely glad that I chose this organisation to work for, over others I was considering at the time I joined.	1	2	3	4	5	6	7
k) There's not too much to be gained by sticking with this organisation indefinitely.	1	2	3	4	5	6	7
l) Often, I find it difficult to agree with this organisation's policies on important matters relating to its employees.	1	2	3	4	5	6	7
m) I really care about the fate of this organisation.	1	2	3	4	5	6	7
n) For me this is the best of all possible organisations for which to work.	1	2	3	4	5	6	7
o) Deciding to work for this organisation was a definite mistake on my part.	1	2	3	4	5	6	7
p) I often think of quitting.	1	2	3	4	5	6	7
q) I will probably look for a new job in the next year.	1	2	3	4	5	6	7

*For some people work is just a means to get money. It is something they have to put up with. For others, work is the centre of their life. Something that really matters to them. Below are some statements dealing with attitudes towards work in general, as in having a paid job, and about people's involvement with work and their job.. Please indicate how strongly you agree or disagree with each comment in turn.*

1	2	3	4	5	6	7
STRONGLY DISAGREE	DISAGREE	SLIGHTLY DISAGREE	NEITHER	SLIGHTLY AGREE	AGREE	STRONGLY AGREE

To what extent do you agree or disagree with the following statements:

a) Even if I won a great deal of money on Lotto I would continue to have work somewhere.	1	2	3	4	5	6	7
b) Having a job is very important to me.	1	2	3	4	5	6	7
c) I should hate to be on an unemployment benefit.	1	2	3	4	5	6	7
d) I would soon get very bored if I had no work to do.	1	2	3	4	5	6	7
e) The most important things that happen to me involve work.	1	2	3	4	5	6	7
f) Even if the unemployment benefit was really high, I would still prefer to work.	1	2	3	4	5	6	7
g) I can't wait until the day I can retire so I can do the things that are important to me.	1	2	3	4	5	6	7
h) Money is the most rewarding reason for having a job.	1	2	3	4	5	6	7
i) Working is a necessary evil to provide the things I want for myself and family.	1	2	3	4	5	6	7
j) My job is just something I have to do to earn a living – most of my real interests in life are centred outside my job.	1	2	3	4	5	6	7
k) I do what my job description requires. My employers do not have a right to expect more.	1	2	3	4	5	6	7
l) The major satisfaction in my life comes from my job.	1	2	3	4	5	6	7
m) I live, eat and breathe my job.	1	2	3	4	5	6	7
n) Most things in life are more important to me than my job.	1	2	3	4	5	6	7
o) I will stay overtime to finish a task, even if I am not paid for it.	1	2	3	4	5	6	7
p) I am really a perfectionist about my job.	1	2	3	4	5	6	7
q) I am very much involved personally in my job.	1	2	3	4	5	6	7
r) The most important things that happen to me involve my current job.	1	2	3	4	5	6	7

*For some people work is just a means to get money. It is something they have to put up with. For others, work is the centre of their life. Something that really matters to them. Below are some statements dealing with attitudes towards work in general, as in having a paid job, and about people's involvement with work and their job.. Please indicate how strongly you agree or disagree with each comment in turn.*

1	2	3	4	5	6	7
STRONGLY DISAGREE	DISAGREE	SLIGHTLY DISAGREE	NEITHER	SLIGHTLY AGREE	AGREE	STRONGLY AGREE

To what extent do you agree or disagree with the following statements:

a) Even if I won a great deal of money on Lotto I would continue to have work somewhere.	1	2	3	4	5	6	7
b) Having a job is very important to me.	1	2	3	4	5	6	7
c) I should hate to be on an unemployment benefit.	1	2	3	4	5	6	7
d) I would soon get very bored if I had no work to do.	1	2	3	4	5	6	7
e) The most important things that happen to me involve work.	1	2	3	4	5	6	7
f) Even if the unemployment benefit was really high, I would still prefer to work.	1	2	3	4	5	6	7
g) I can't wait until the day I can retire so I can do the things that are important to me.	1	2	3	4	5	6	7
h) Money is the most rewarding reason for having a job.	1	2	3	4	5	6	7
i) Working is a necessary evil to provide the things I want for myself and family.	1	2	3	4	5	6	7
j) My job is just something I have to do to earn a living – most of my real interests in life are centred outside my job.	1	2	3	4	5	6	7
k) I do what my job description requires. My employers do not have a right to expect more.	1	2	3	4	5	6	7
l) The major satisfaction in my life comes from my job.	1	2	3	4	5	6	7
m) I live, eat and breathe my job.	1	2	3	4	5	6	7
n) Most things in life are more important to me than my job.	1	2	3	4	5	6	7
o) I will stay overtime to finish a task, even if I am not paid for it.	1	2	3	4	5	6	7
p) I am really a perfectionist about my job.	1	2	3	4	5	6	7
q) I am very much involved personally in my job.	1	2	3	4	5	6	7
r) The most important things that happen to me involve my current job.	1	2	3	4	5	6	7

PART 5: The final part of this questionnaire deals with your experiences, if any, with organisations that have “downsized” and or made some or all of their employees “redundant”.

When an organisation *downsizes*, this means that they reduce the total number of people employed in that organisation. This can be by, for example, making people redundant, asking for people to voluntarily leave, not replacing staff who leave the organisation, and or closing down whole parts of the organisation (branches, stores, divisions and so on).

*Redundancy* is one way organisations can downsize. Redundancy can also occur when organisations are restructured with some jobs disappearing, other jobs being collapsed together and new jobs being created. Basically though, when someone is made *redundant*, they lose their job because it no longer exists.

A. Have you ever worked for an organisation that downsized or made people redundant while you were employed there

- 1 NO
- 2 YES



If YES, what is the total number of downsizings that you have experienced? \_\_\_\_\_ TIMES

How long ago was the most recent downsizing event that you have experienced?

\_\_\_\_\_ YEARS \_\_\_\_\_ MONTHS AGO

B. Have you ever lost a job due to being made *redundant* or due to *downsizing*?

- 1 NO
- 2 YES



If YES a) How many jobs in total have you lost due to being made redundant? \_\_\_\_\_ JOBS

b) How long ago was the last time you were made redundant?

\_\_\_\_\_ YEARS \_\_\_\_\_ MONTHS AGO

c) The last time you were made redundant, were you forcibly made redundant or did you take voluntary redundancy?

1. I WAS OFFERED AND TOOK VOLUNTARY REDUNDANCY
2. I WAS OFFERED VOLUNTARY REDUNDANCY BUT TURNED IT DOWN
3. I WAS GIVEN NO CHOICE AND FORCIBLY MADE REDUNDANT

d) After the last time you were made redundant, were you ...

1. REHIRED by the **same organisation** into another job at a **similar** or **higher** level of pay.
2. REHIRED by the **same organisation** into another job at a **lower** level of pay.
3. EMPLOYED by a **different organisation** at a **similar** or **higher** level of pay.
4. EMPLOYED by a **different organisation** at a **lower** level of pay.
5. STILL LOOKING for suitable employment

e) In total how long would you have been without work / unemployed as a result of being downsized / made redundant (please provide an estimate if you don't remember exactly).

\_\_\_\_\_ MONTHS \_\_\_\_\_ DAYS without employment

C. How likely do you think it is that you will be made redundant or lose your job through organisational downsizing or restructuring in the next two years?

<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
NOT AT ALL LIKELY	SLIGHTLY LIKELY	SOMEWHAT LIKELY	QUITE LIKELY	HIGHLY LIKELY	EXTREMELY LIKELY

D. Do you personally know anyone who has been made redundant in the past five years (other than perhaps yourself)?

- 1 NO
- 2 YES



If YES, were they ... (circle one or more numbers)

- 1 YOUR PARENT(S)
- 2 YOUR SPOUSE / PARTNER
- 3 A SIBLING (brother / sister)
- 4 ANOTHER CLOSE RELATIVE (for example, an Uncle, Aunt, first cousin or nephew)
- 5 A MORE DISTANT RELATIVE / WHANAU MEMBER
- 6 A CLOSE FRIEND (but not someone you worked with)
- 7 A CLOSE FRIEND AT WORK
- 8 A BUSINESS OR WORK ASSOCIATE
- 9 OTHER (please describe) \_\_\_\_\_

E. Organisations can downsize and or make people redundant in many different ways. In my preliminary research for this survey, I found a long list of practices used by organisations overseas. These have been listed below.

If you have worked for an organisation that has downsized or if you have been made redundant, for **the most recent downsizing / redundancy that you experienced or can remember**, please indicate whether each practice was used (*circle N if it wasn't and Y if it was*). For each practice, please also indicate how satisfied you are with what actually happened using the rating scale below (*simply circle the number corresponding to your opinion*).

### Satisfaction Rating Scale

1 VERY DISSATISFIED	2 DISSATISFIED	3 SLIGHTLY DISSATISFIED	4 NOT SURE	5 SLIGHTLY SATISFIED	6 SATISFIED	7 VERY SATISFIED
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DOWNSIZING PRACTICE	Usage	Satisfaction Rating						
1) Information was given to employees on the organisations need to downsize.	N / Y	1	2	3	4	5	6	7
2) Information was given to employees on how the downsizing would be done.	N / Y	1	2	3	4	5	6	7
3) Employees were told of the process for deciding who would be made redundant.	N / Y	1	2	3	4	5	6	7
4) Employees were given an opportunity to participate in the decision making process regarding redundancies	N / Y	1	2	3	4	5	6	7
5) Alternatives to redundancy were considered before people were made redundant.	N / Y	1	2	3	4	5	6	7
6) Employees who were made redundant were given an opportunity to challenge the redundancy decision.	N / Y	1	2	3	4	5	6	7
7) Redundant employees were given an opportunity to correct any information used in the decision making process on who would stay or go.	N / Y	1	2	3	4	5	6	7
8) Management appeared to act in "good faith" with employees during the downsizing process.	N / Y	1	2	3	4	5	6	7
9) The relevant employee unions were consulted / involved in the decision making process regarding redundancies.	N / Y	1	2	3	4	5	6	7
10) Sufficient time appeared to be given by management to plan and execute the downsizing.	N / Y	1	2	3	4	5	6	7
11) Redundant employees were given adequate warning that they would lose their jobs.	N / Y	1	2	3	4	5	6	7
12) Redundant employees were treated with dignity and respect by the organisation.	N / Y	1	2	3	4	5	6	7
13) An environment of trust was built between managers and other employees during the downsizing process.	N / Y	1	2	3	4	5	6	7

**DOWNSIZING PRACTICE**

	<b>Usage</b>	<b>Satisfaction Rating</b>						
14) Employees other than managers were involved in the design of the organisation's downsizing process.	N / Y	1	2	3	4	5	6	7
15) The process for deciding who would be made redundant appeared to be fair.	N / Y	1	2	3	4	5	6	7
16) Redundant employees were provided with redundancy payments.	N / Y	1	2	3	4	5	6	7
17) Redundant employees were provided with training in job search skills.	N / Y	1	2	3	4	5	6	7
18) Redundant employees were provided with job search support services (for example, CV development, interview training, internet access).	N / Y	1	2	3	4	5	6	7
19) Redundant employees were provided with an opportunity to receive free personal counselling.	N / Y	1	2	3	4	5	6	7
20) Employees remaining in the downsized firm were provided with additional training opportunities.	N / Y	1	2	3	4	5	6	7
21) Employees remaining in the downsized firm were provided with increased access to information on how well the organisation was doing.	N / Y	1	2	3	4	5	6	7
22) Employees remaining in the downsized firm were given an opportunity to provide feedback on how the downsizing was done.	N / Y	1	2	3	4	5	6	7
23) Social events were organised to mark the end of the downsizing process.	N / Y	1	2	3	4	5	6	7

Finally, the last few questions.

F. What was your age at your last birthday? \_\_\_\_\_ YEARS

G. What is your gender? FEMALE / MALE

H. Approximately how many people are employed by the organisation you work for? \_\_\_\_\_  
(in New Zealand if you work for a multi-national)

I. What type of organisation do you work for?

- 1 PRIVATELY OWNED COMPANY OR FIRM (including those self-employed)
- 2 COMPANY LISTED ON THE NZ STOCK EXCHANGE
- 3 AN OVERSEAS BASED MULTINATIONAL
- 4 GOVERNMENT DEPARTMENT
- 5 PUBLICLY FUNDED ORGANISATION; e.g., School or Hospital
- 6 LOCAL GOVERNMENT
- 7 NON-GOVERNMENT NOT-FOR-PROFIT ORGANISATION OR CHARITY
- 8 OTHER please specify \_\_\_\_\_

**If you would like to add any comments or expand on or qualify any of your answers, please use this back page. Your comments will be read and taken into account.**

**Thank you for your help and time. It is much appreciated.**

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**Office Use Only:**



## APPENDIX B: THE COVERING LETTER

14 November, 2002

«TITLE» «FIRST» «SURNAME»  
 «FLAT» «HOUSE»«ALPHA» «STREET»  
 «TOWN» «POSTCODE»

Dear «TITLE» «SURNAME»,

I am writing to ask for your help in research I am doing on New Zealanders' experience of work. The purpose of the research is to investigate people's experiences of change in their employment, particularly downsizings and redundancies. These are common events faced by many people but we do not know just how many people have been affected and how. The research also aims to examine how people view their jobs and the organisations they work for, including how satisfied they are, how they are managed, how much they are trusted, and so on.

How will the results be used? I plan to make the results widely available. Hopefully, this will help lead to a better informed discussion about New Zealand workers and how they are managed. The findings will also assist education about how people can and should be managed.

How did I get your name and address? Nothing sinister in this. Your name and address was randomly picked from the New Zealand electoral roll, which is publicly available. By randomly selecting people, and provided plenty of questionnaires are returned, the research should provide a valid snapshot of our experiences at work.

What do I need from you? If you want to participate in the research, and I hope you will, simply complete the questionnaire enclosed with this letter and return it in the reply-paid envelope supplied. It will take about 20 minutes of your time. Your name is not required on the questionnaire and I will treat your reply in confidence.

I can offer nothing in return for your participation other than my thanks. However, if you would like a copy of the main findings, simply print your name and address on the back of the return envelope. If you have any queries or concerns about the research, please do not hesitate to contact me via email to [K.A.Macky@massey.ac.nz](mailto:K.A.Macky@massey.ac.nz) or at the above phone number on extension 9239.

Yours sincerely,

Keith Macky  
 Lecturer in Management

## APPENDIX C: THE REMINDER LETTER

12 December, 2002

NAME  
ADDRESS  
ADDRESS

Dear NAME

Recently a questionnaire was mailed to you regarding your experiences of and attitudes towards your job and employment.

If you have already completed and returned the questionnaire, please accept my sincere thanks.

If you haven't yet returned the questionnaire, I hope you will agree to participate in the study and return it as soon as convenient. A replacement questionnaire is enclosed in case the original has been misplaced, together with a Freepost return-addressed envelope (no stamp is required).

To make sure that the results are truly representative of people's opinions, I am keen that as many questionnaires be completed and returned as possible.

If you have any queries or concerns about the research, please do not hesitate to contact me via email to [K.A.Macky@massey.ac.nz](mailto:K.A.Macky@massey.ac.nz) or at 09 443 9799 on extension 9239.

Thank you for your help in making this research a success and I wish you a pleasant Christmas.

Yours sincerely,

Keith Macky  
Lecturer in Management

## Appendix D: Normal Probability Plots

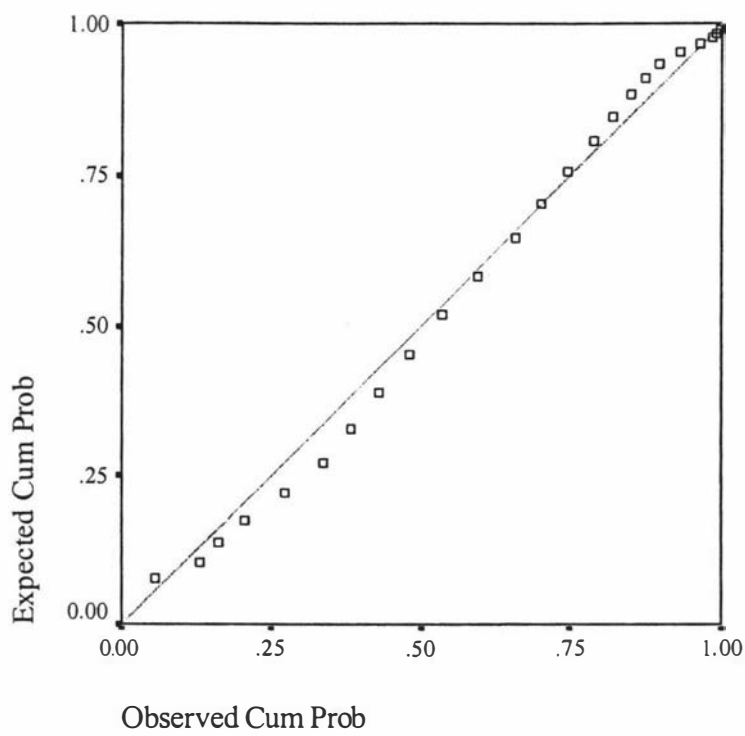


Figure D1: Normal probability plot of downsizing practices index

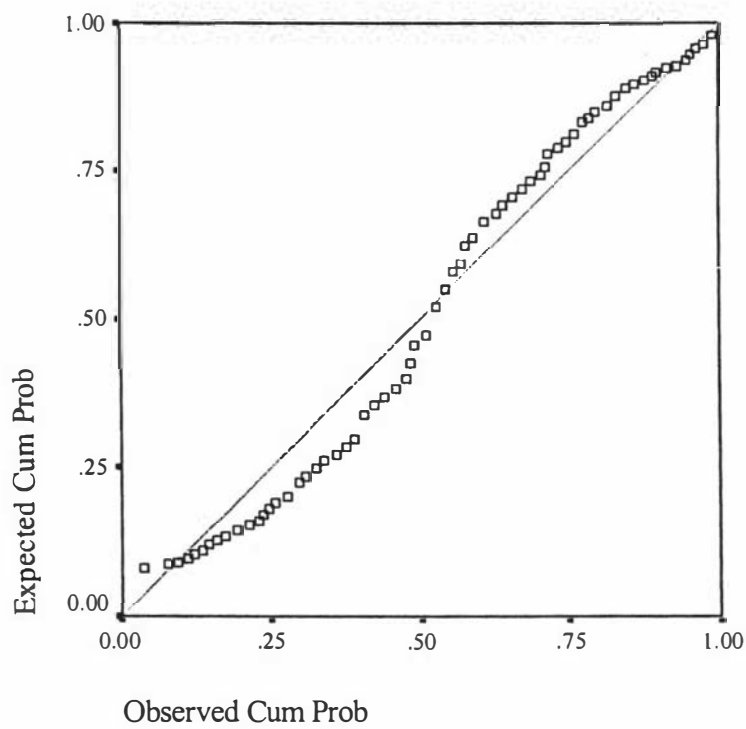


Figure D2: Normal probability plot of downsizing management satisfaction

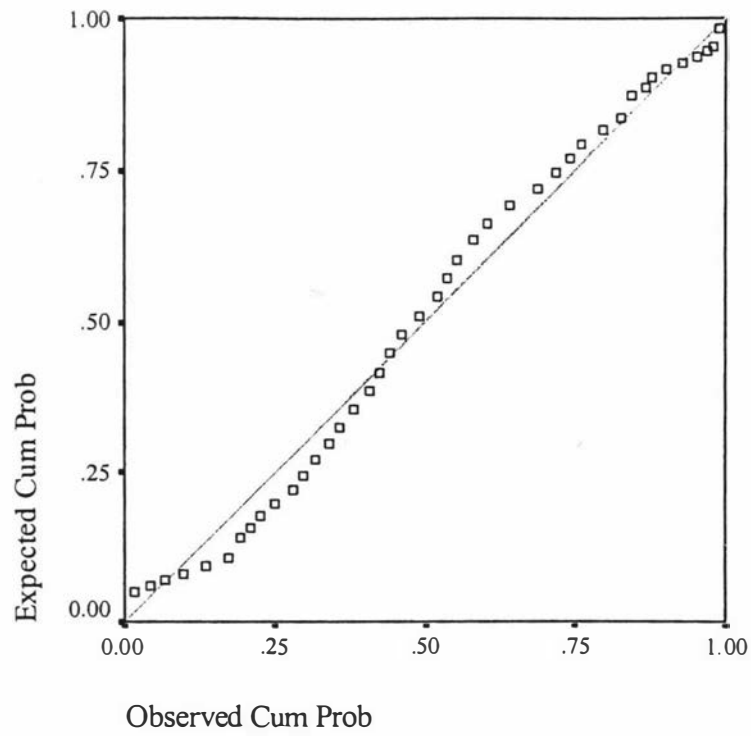


Figure D3: Normal probability plot of downsizing support satisfaction

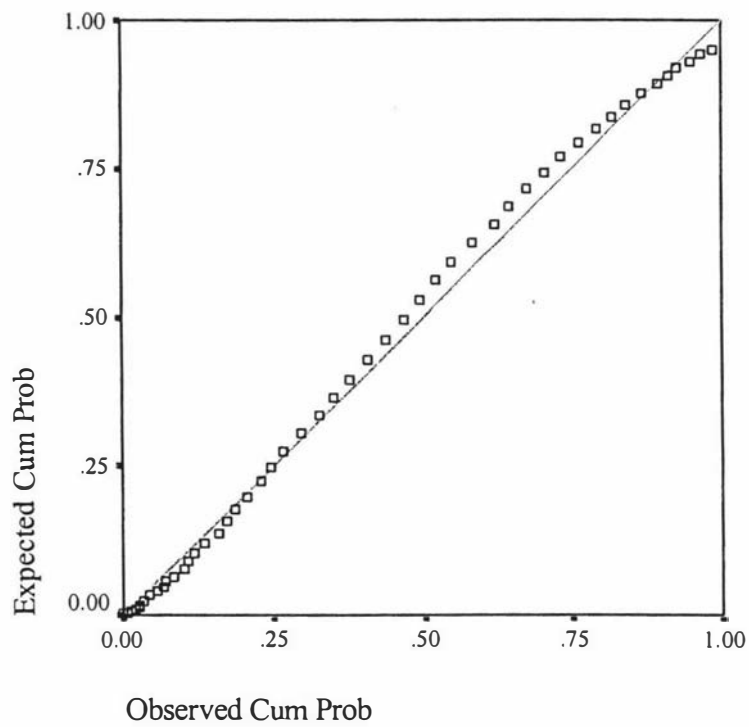


Figure D4: Normal probability plot of affective commitment

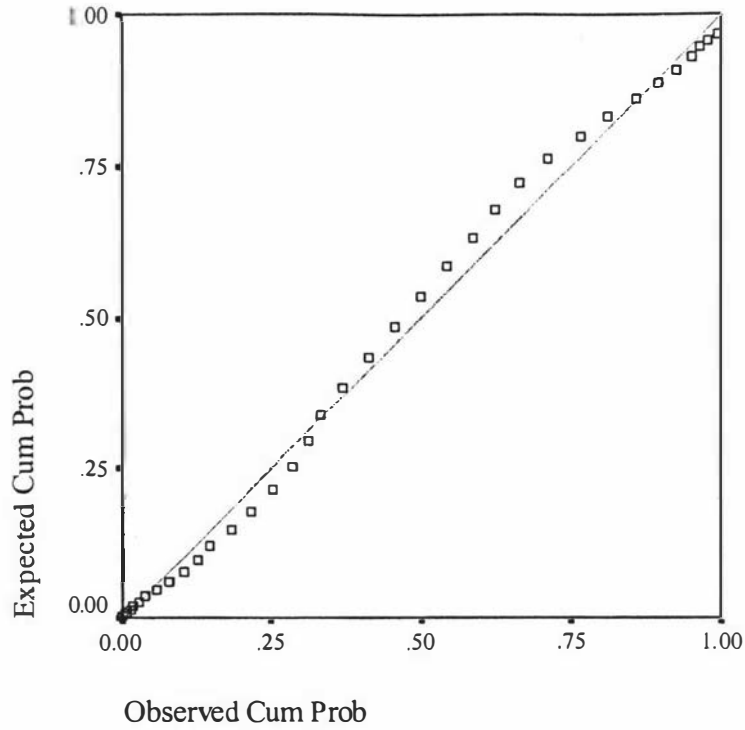


Figure D5: Normal probability plot of behavioural commitment (intent to remain)

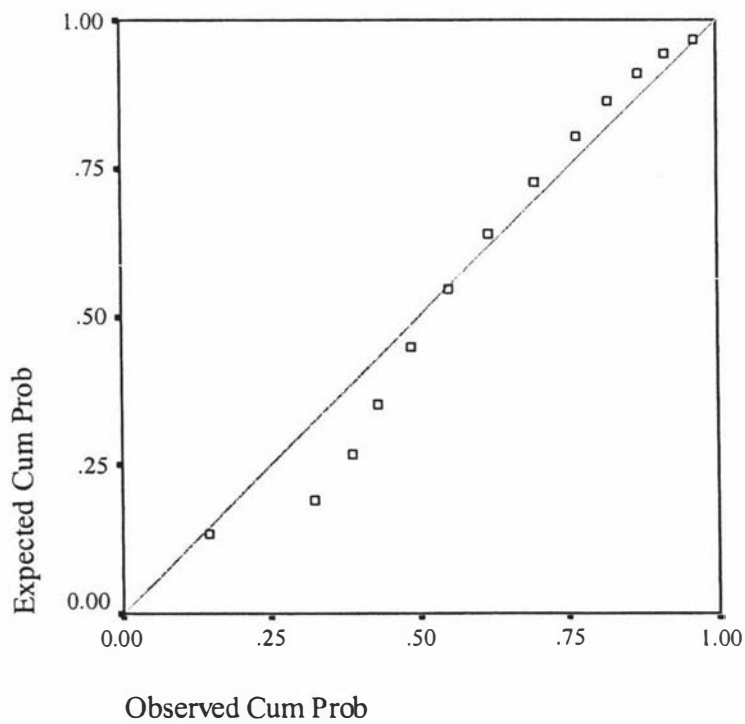


Figure D6: Normal probability plot of turnover cognitions (intent to leave)

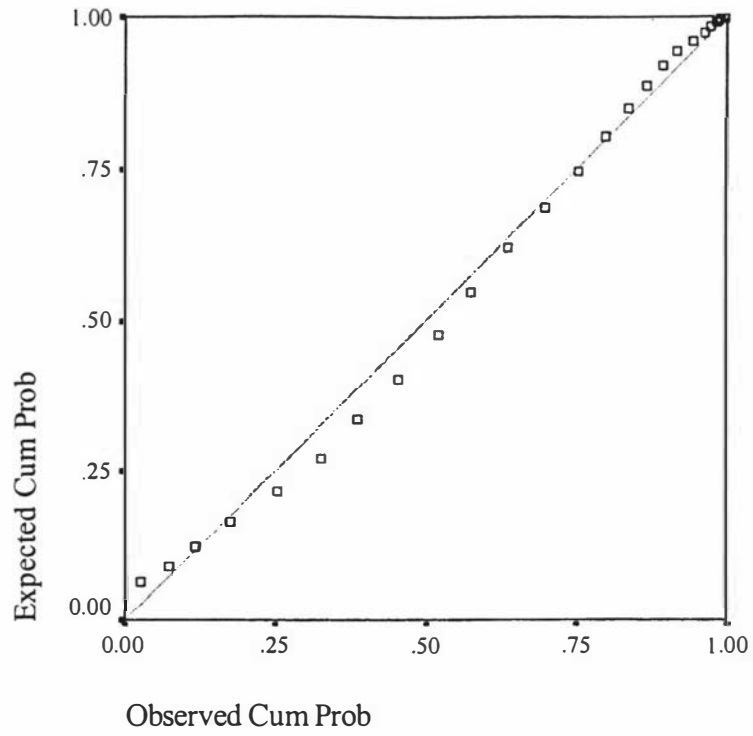


Figure D7: Normal probability plot of job as central life interest

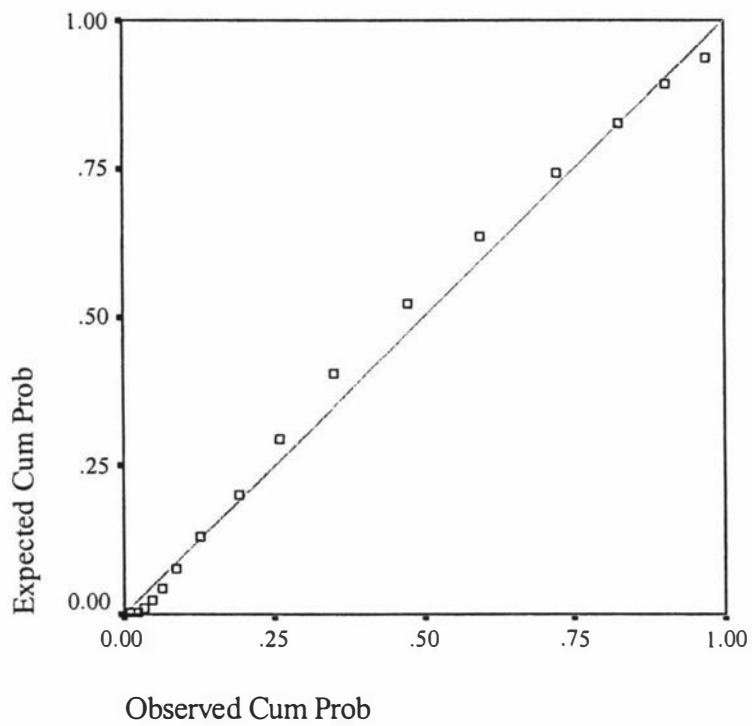


Figure D8: Normal probability plot of job involvement

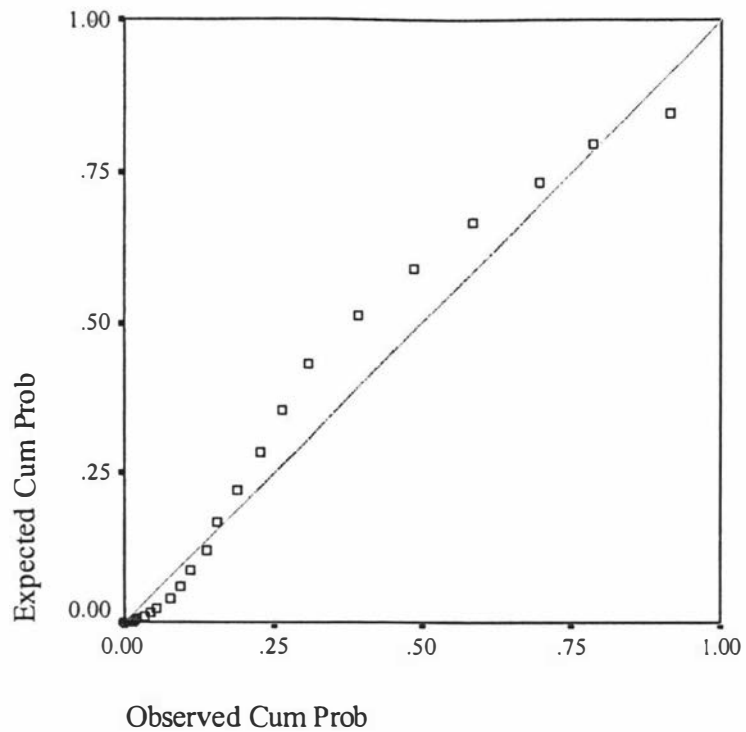


Figure D9: Normal probability plot of work involvement

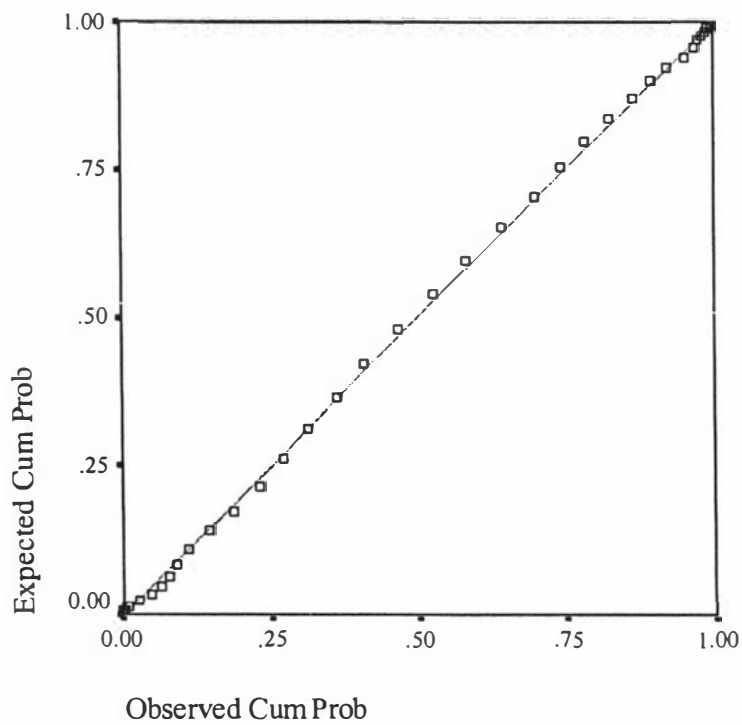


Figure D10: Normal probability plot of instrumentalism

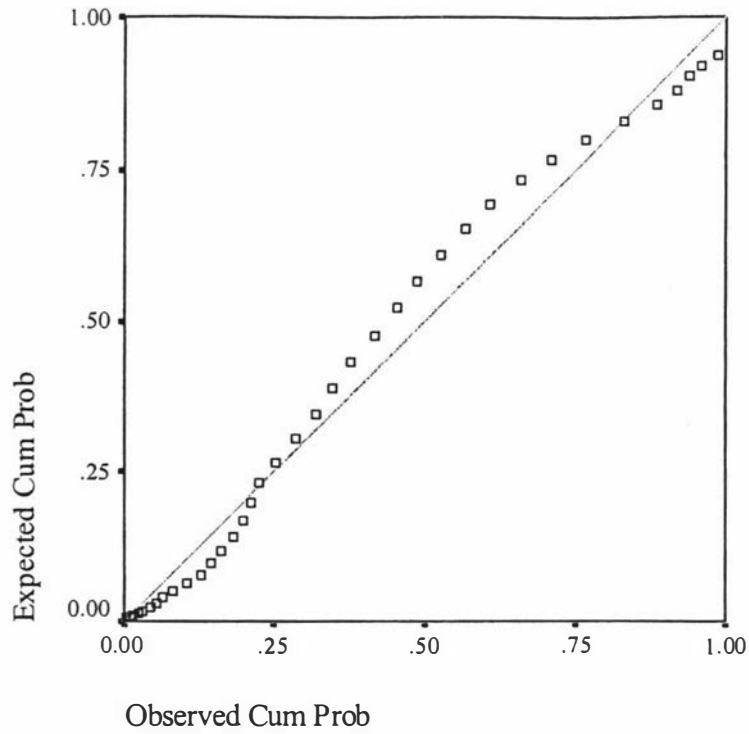


Figure D11: Normal probability plot of trust in management

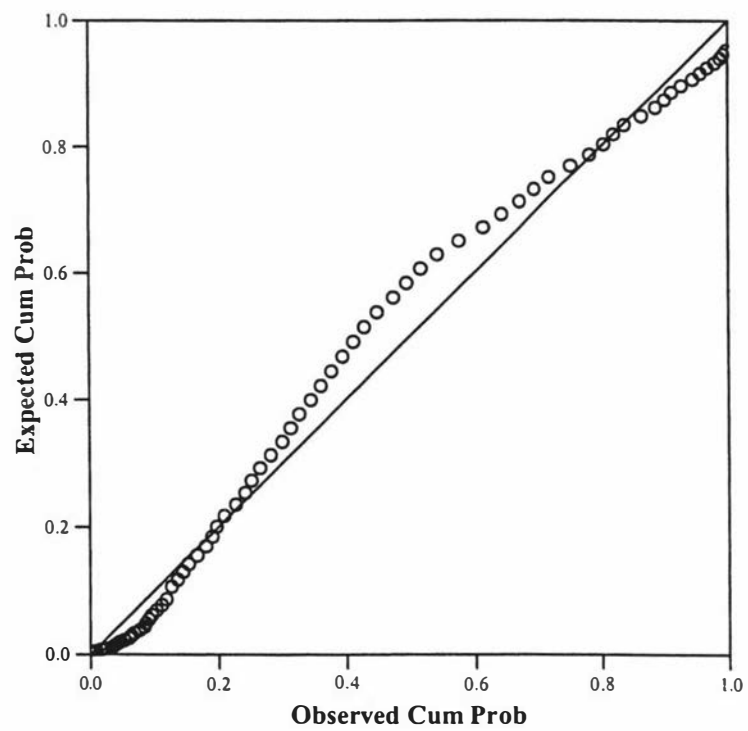


Figure D12: Normal probability plot of total job satisfaction



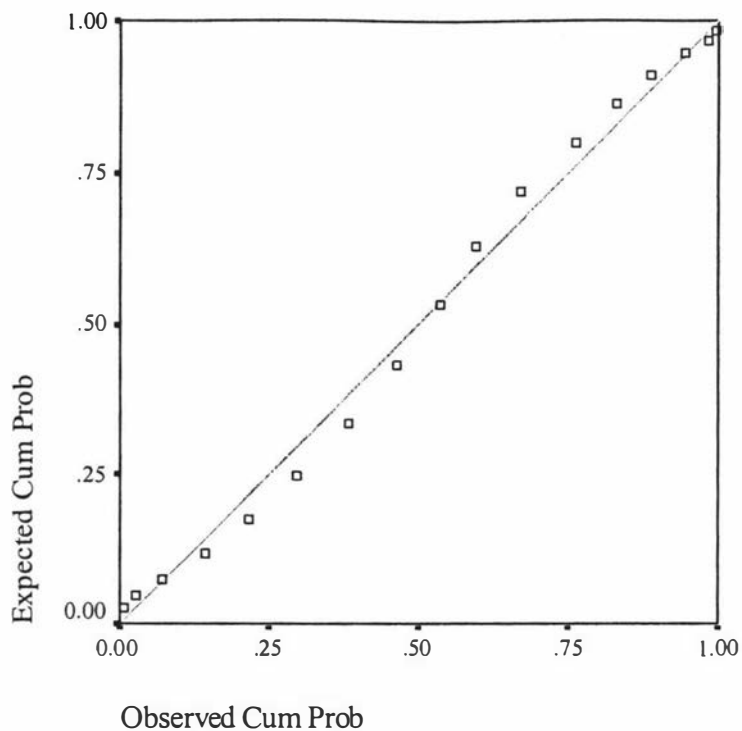


Figure D13: Normal probability plot of High-Commitment HR Practices Index

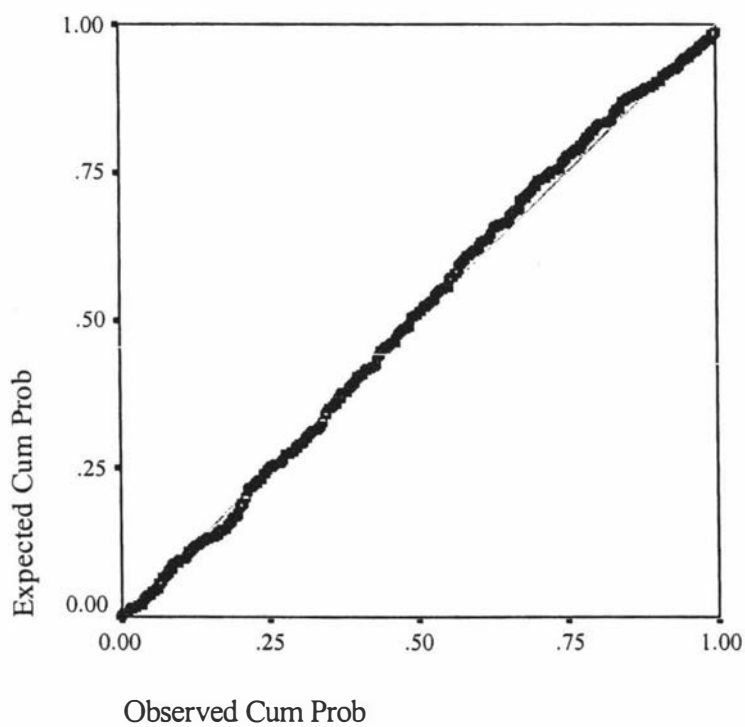


Figure D14: Normal probability plot of High-Commitment HR Practices Z-score Index

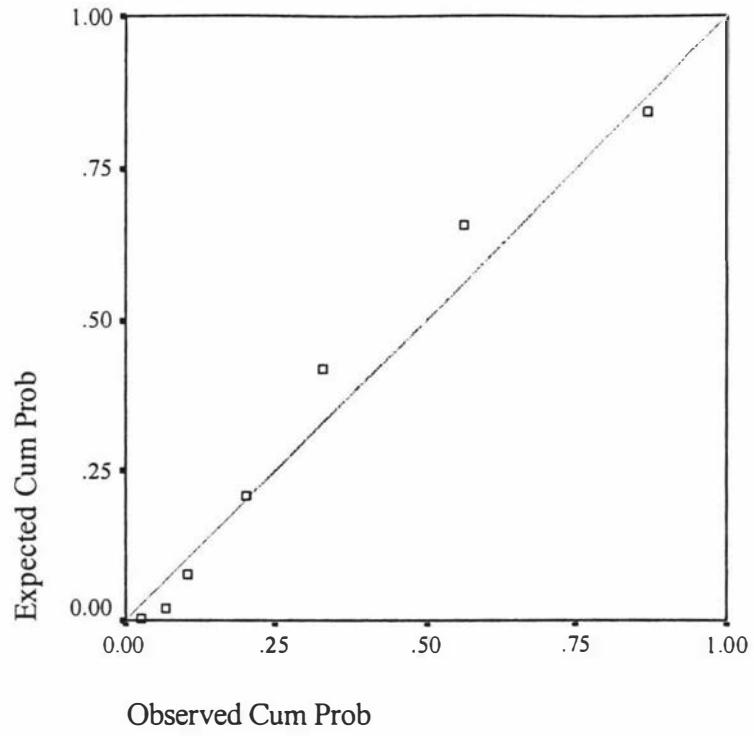


Figure D15: Normal probability plot of job security satisfaction

## Appendix E: Frequency histograms

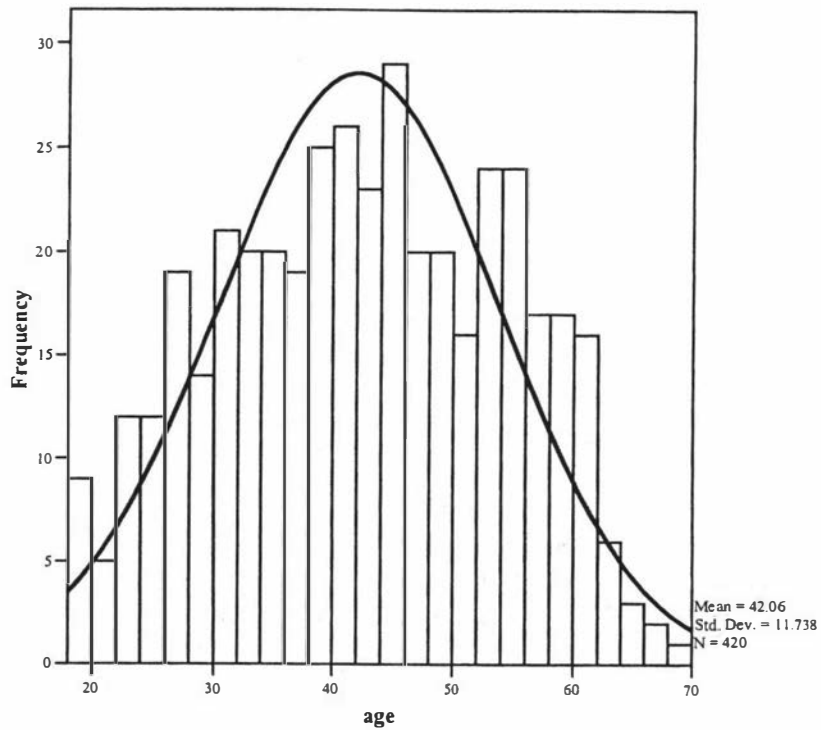


Figure E1: Respondent Age in Years

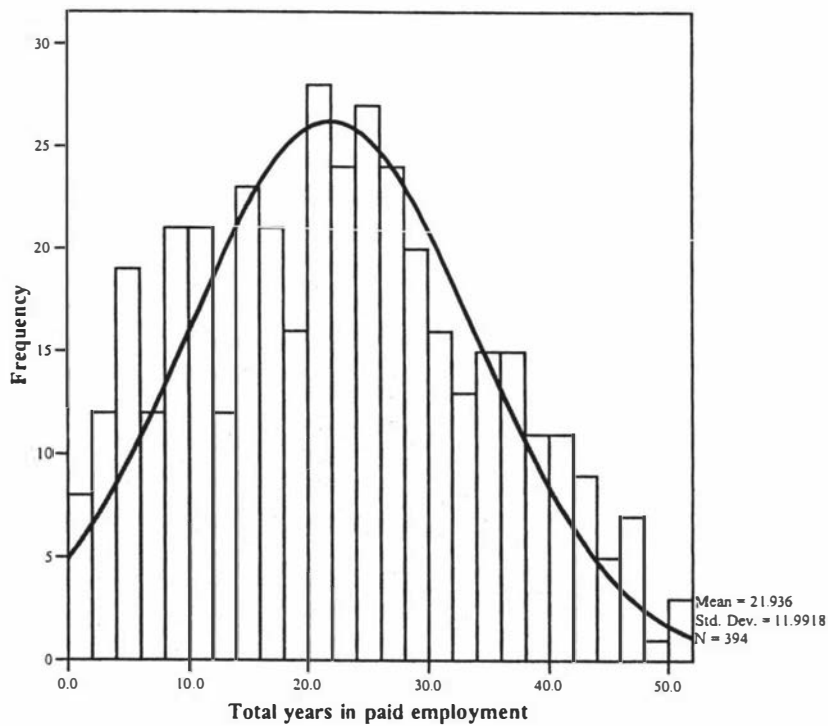
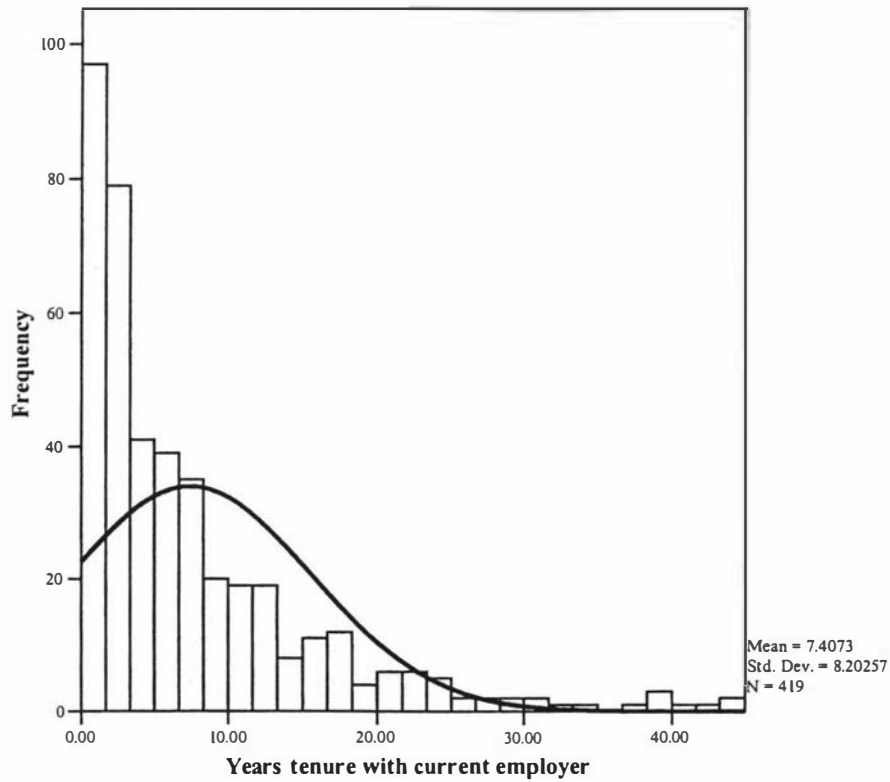
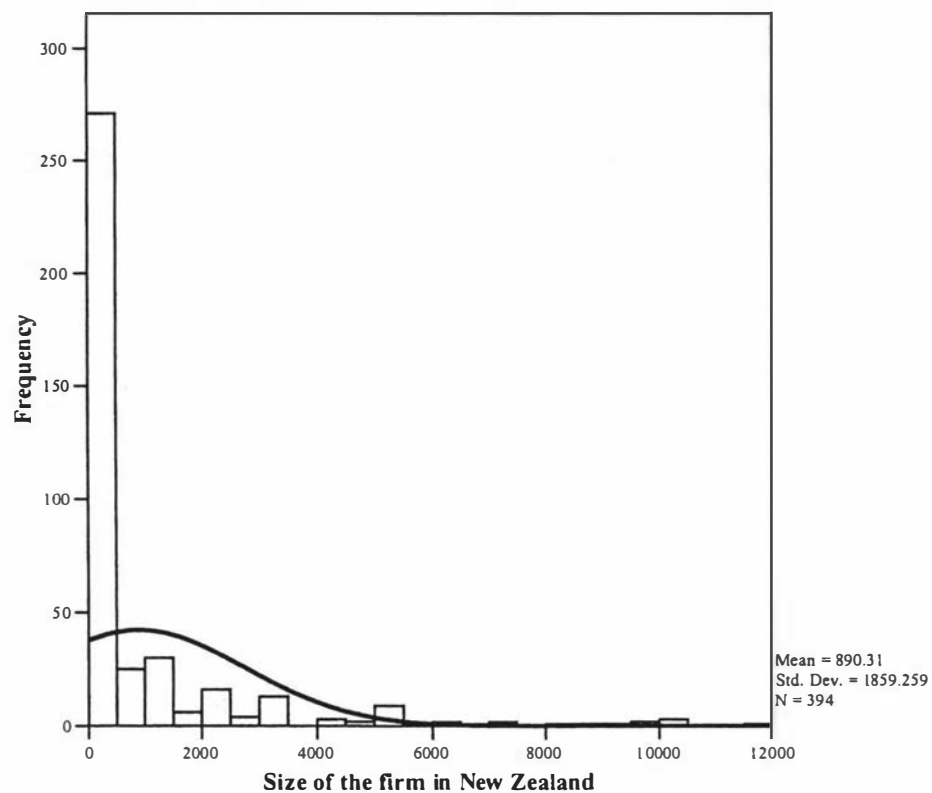


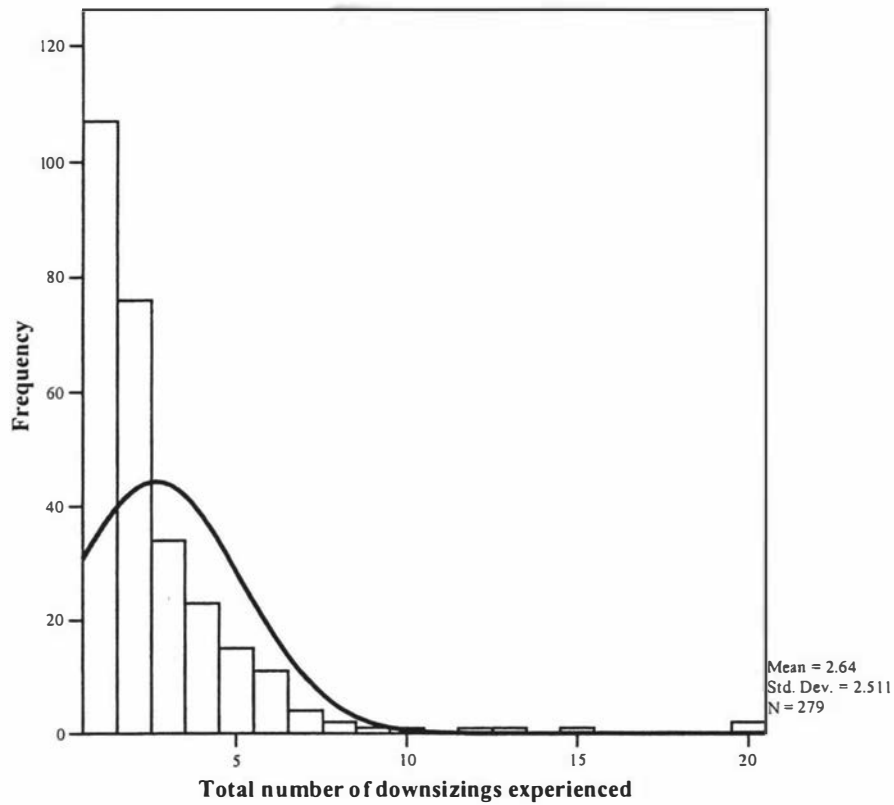
Figure E2: Respondent Years in Workforce



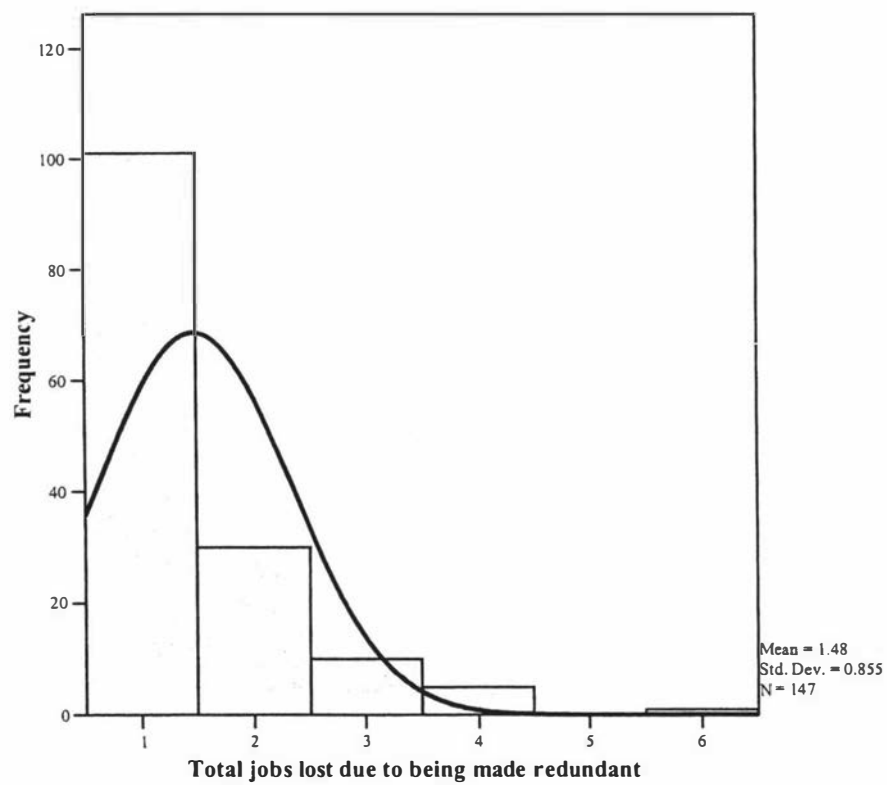
**Figure E3: Respondent Tenure with Current Employer**



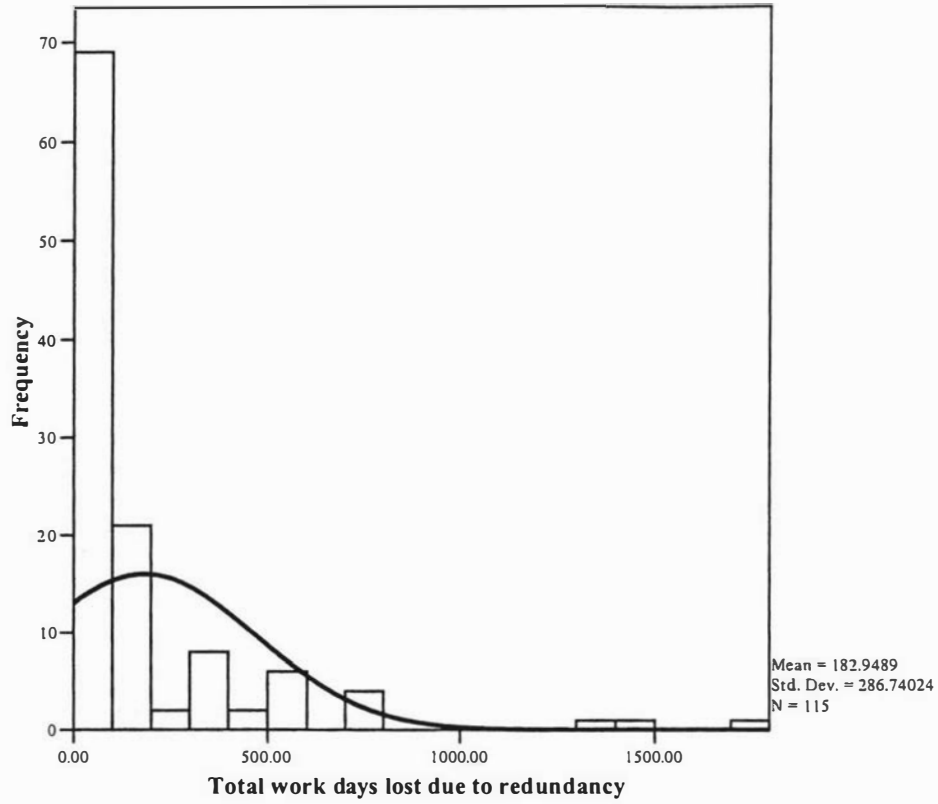
**Figure E4: Number of People Employed by Respondent's Current Employer**



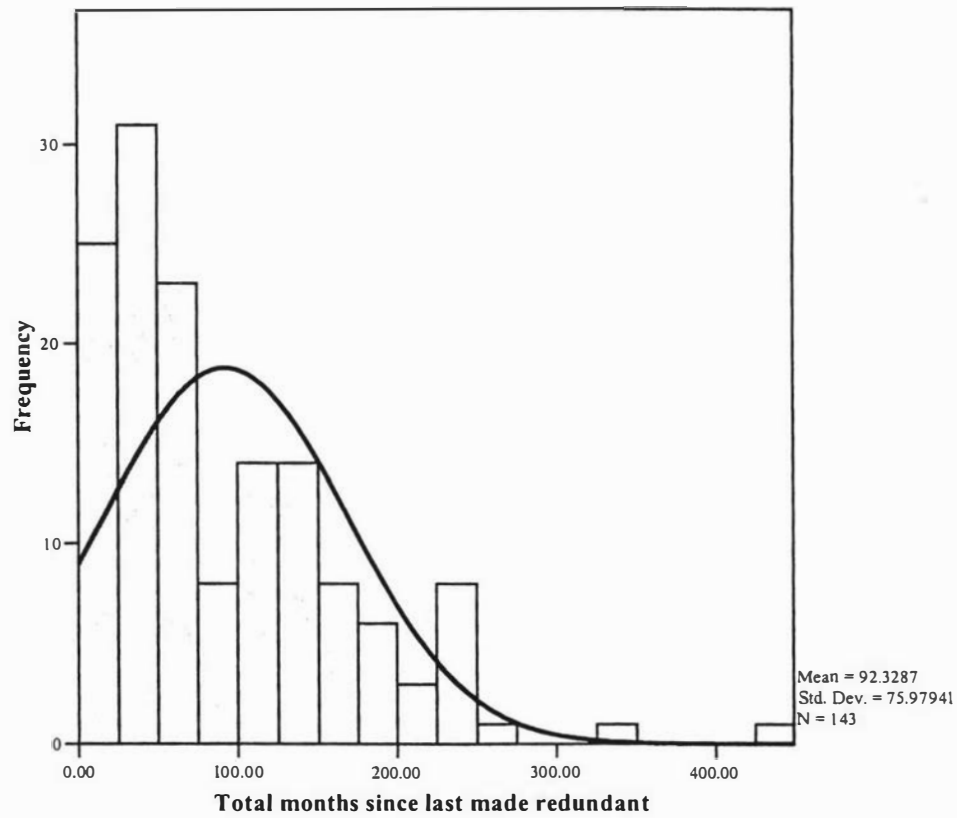
**Figure E5: Number of Downsizings Experienced**



**Figure E6: Number of Redundancies Experienced**



**Figure E7: Working Days Lost Due to Redundancy**



**Figure E8: Months Since Last Redundancy**

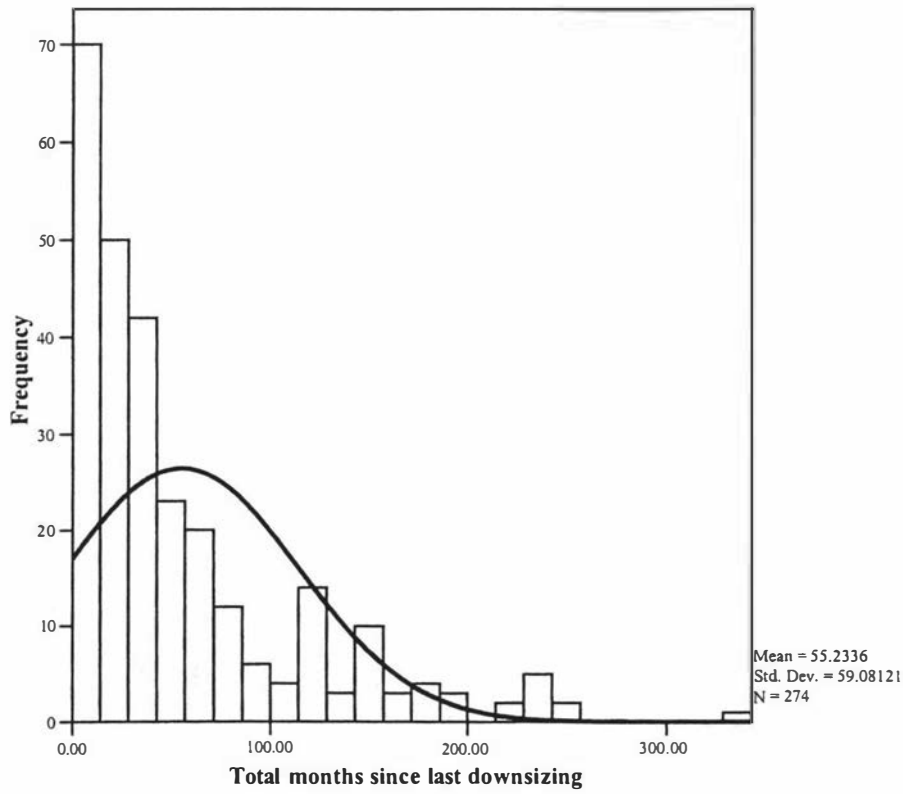


Figure E9: Months Since Last Downsizing

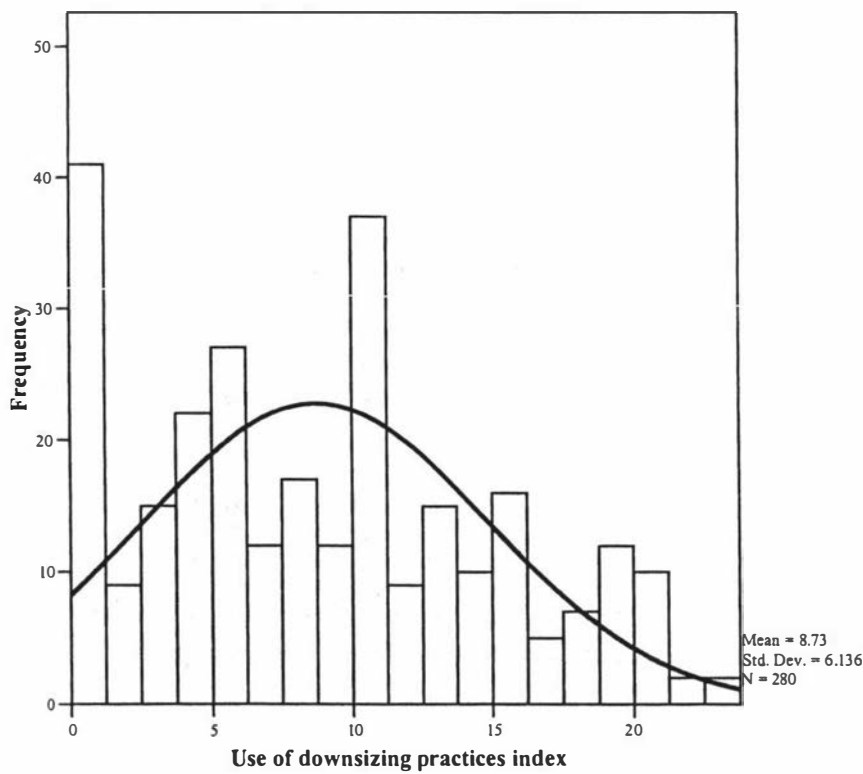
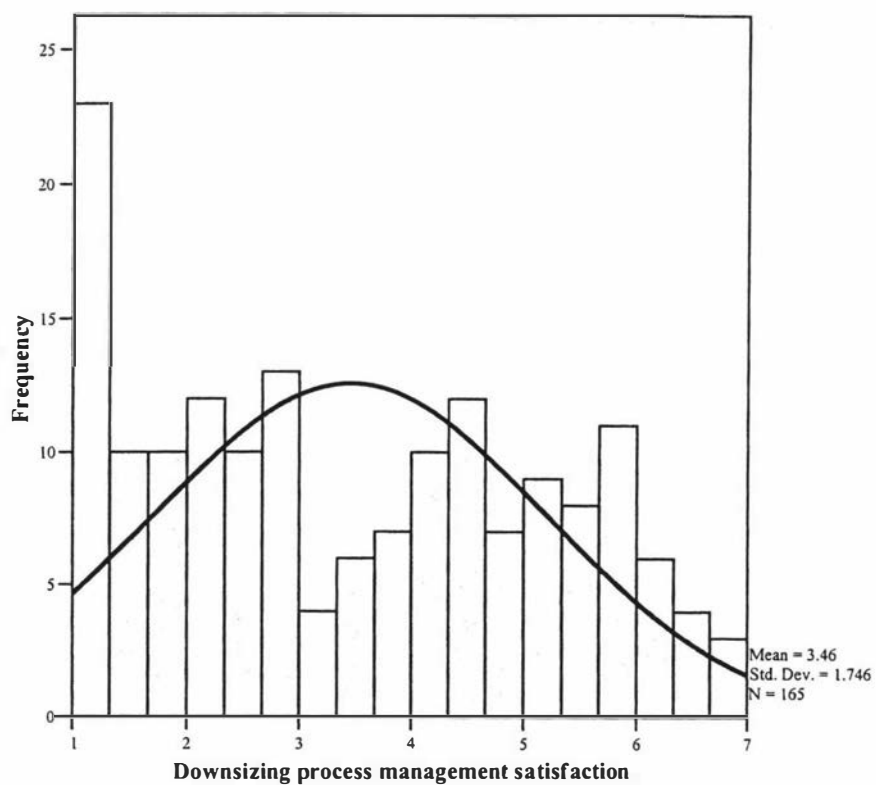
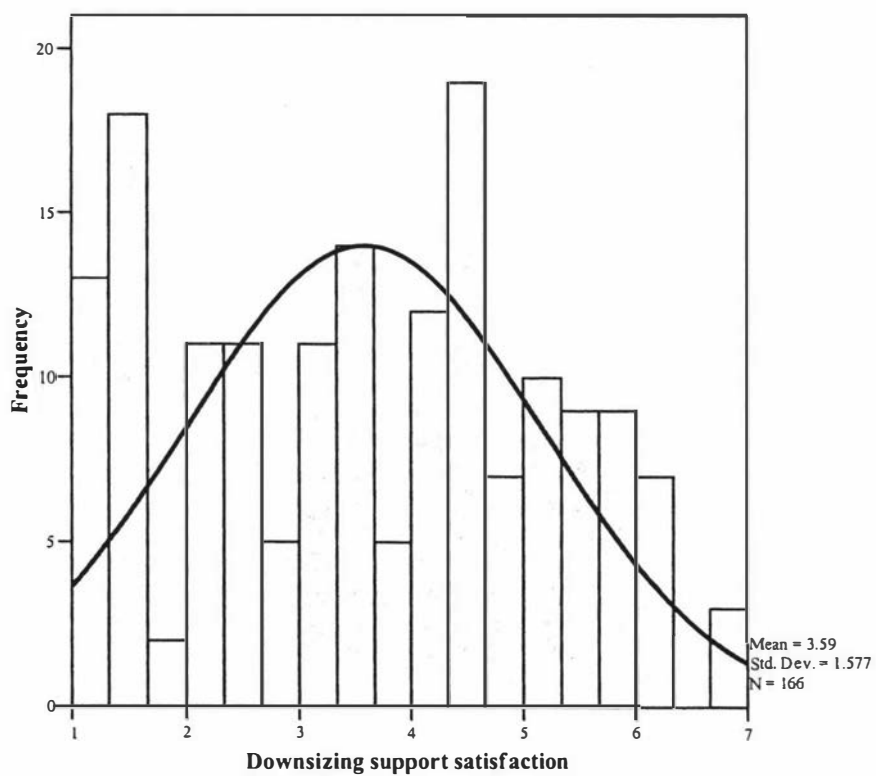


Figure E10: Number of Downsizing Practices Used in Last Downsizing



**Figure E11: Satisfaction with the Downsizing Process**



**Figure E12: Satisfaction with Downsizing Support Provided**



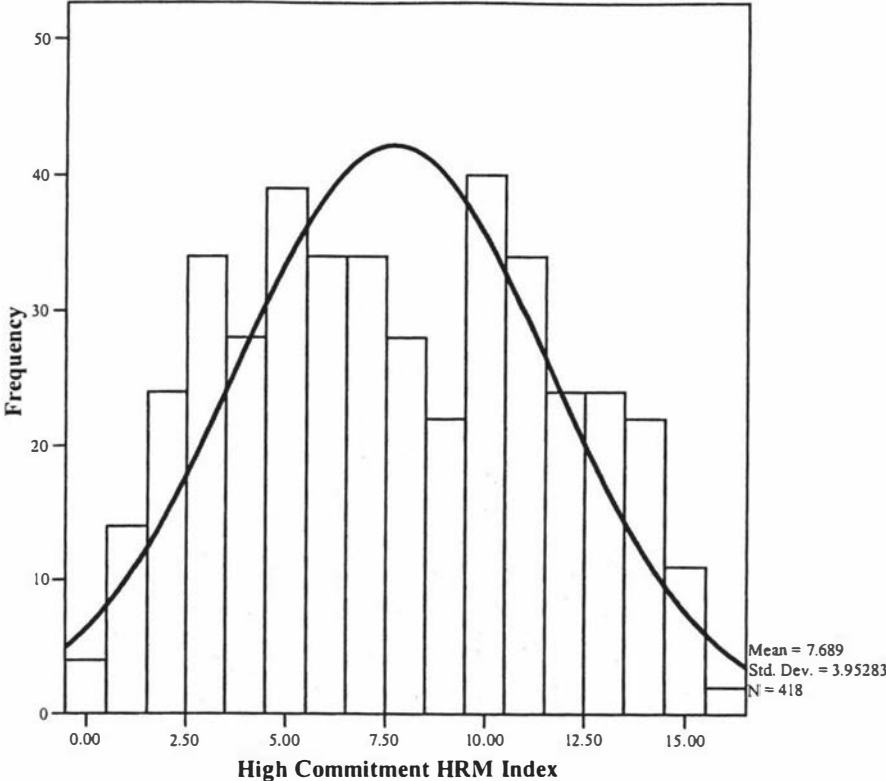


Figure E13: High Commitment HR Practices

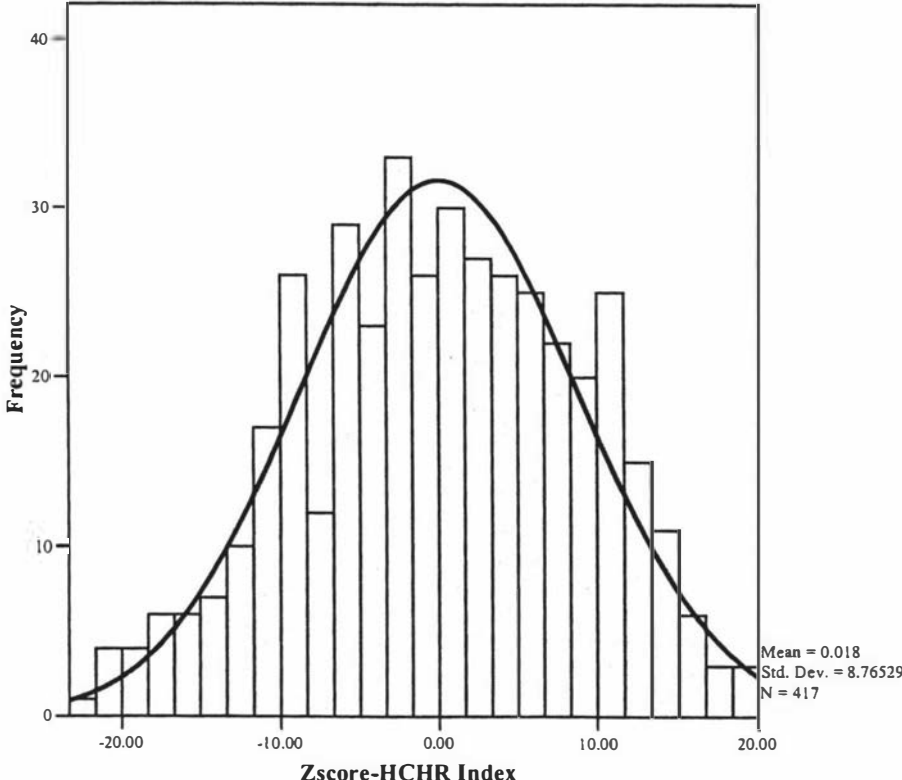
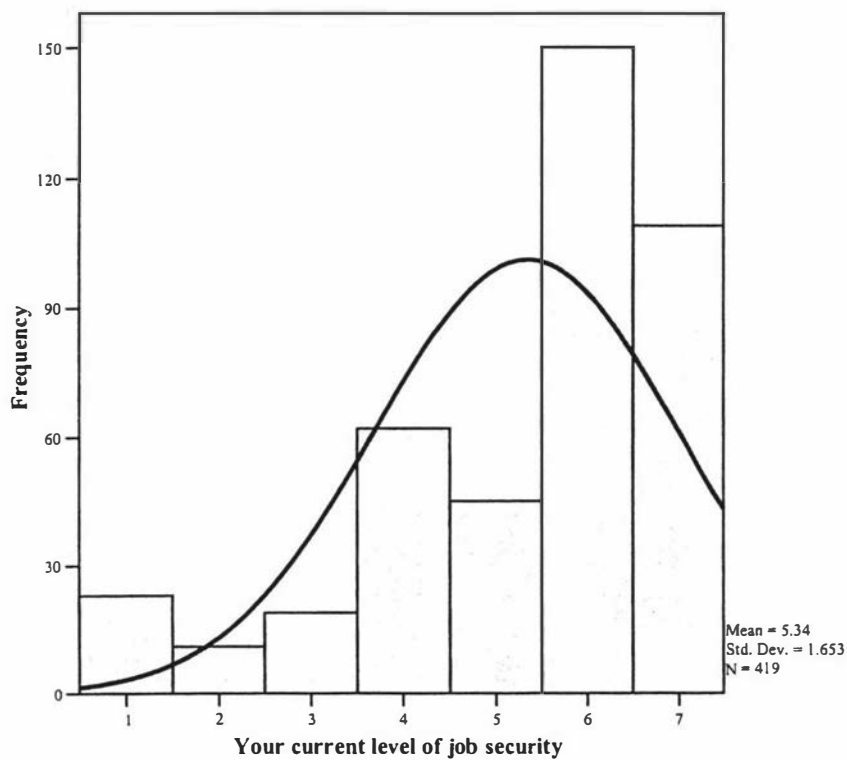
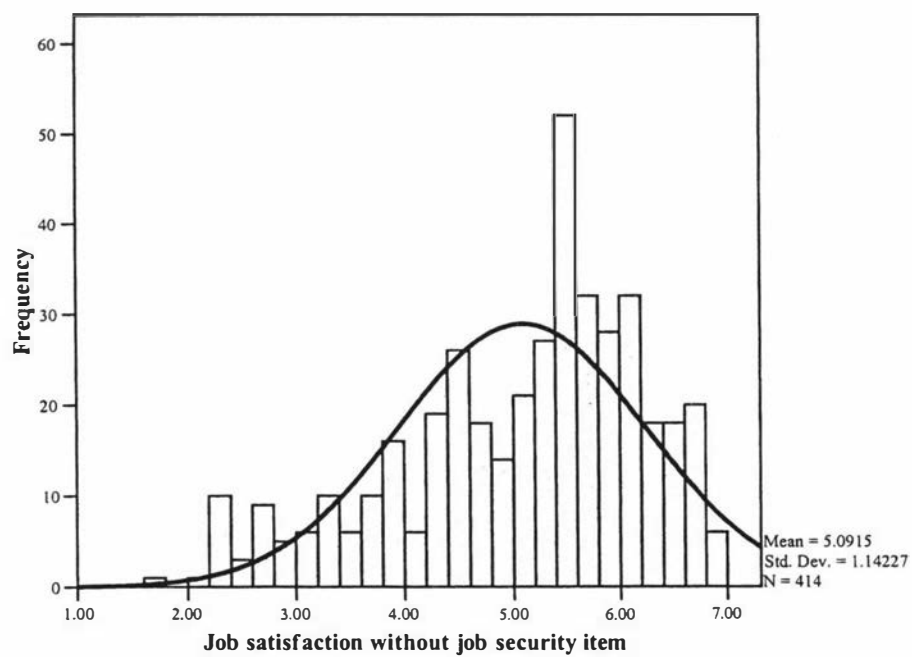


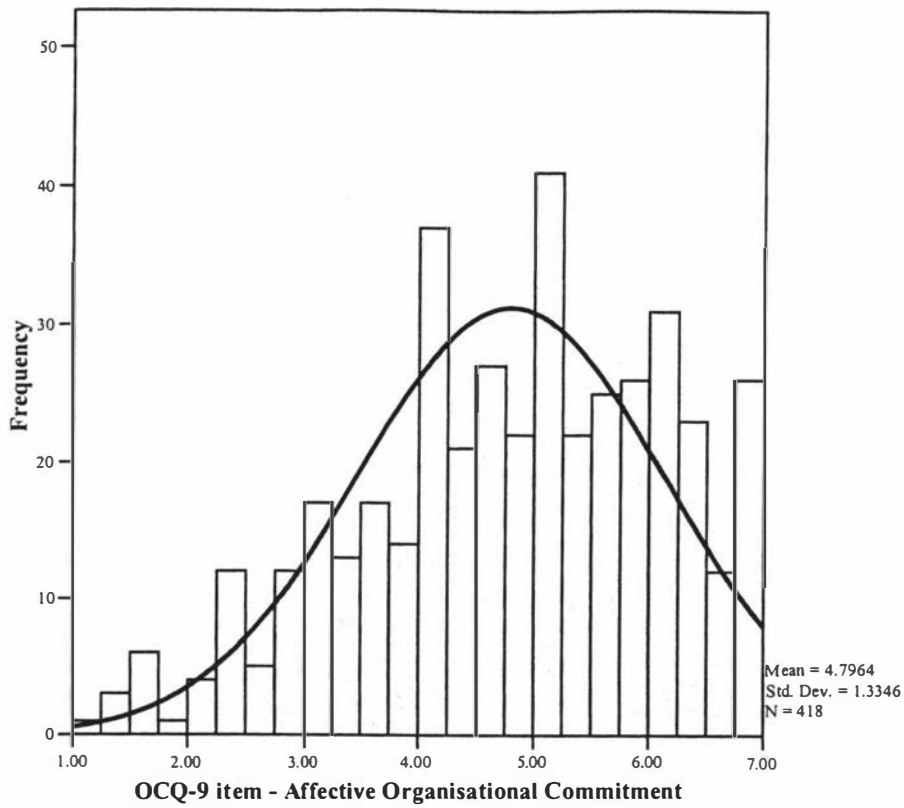
Figure E14: Z-Scores of High Commitment HR Practices



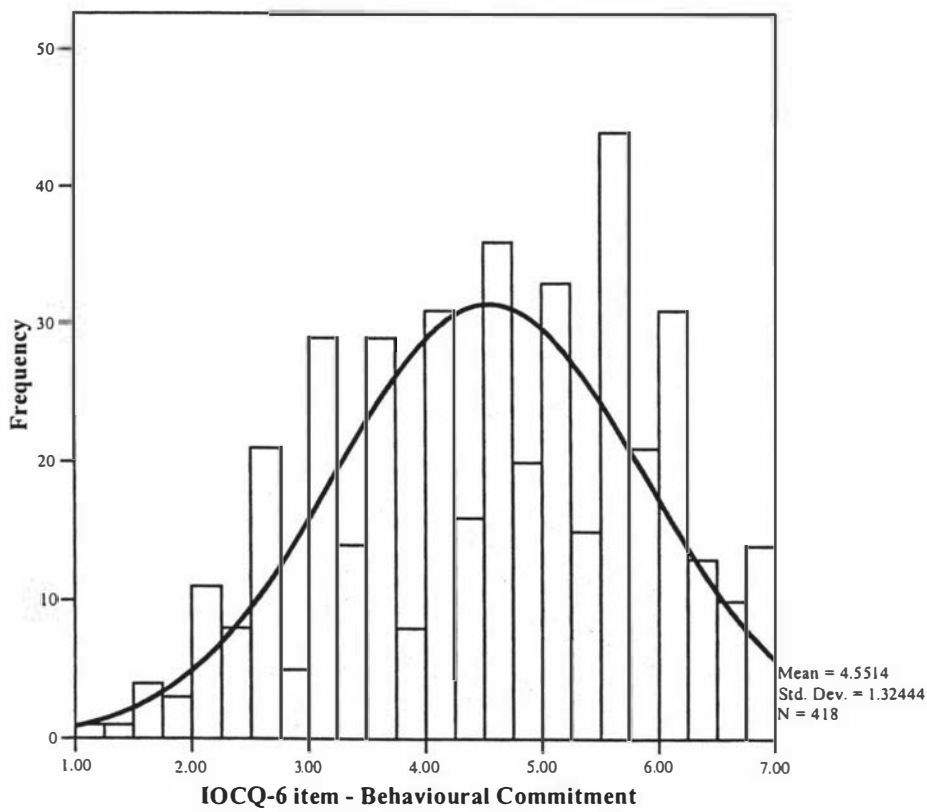
**Figure E15: Job Security Satisfaction**



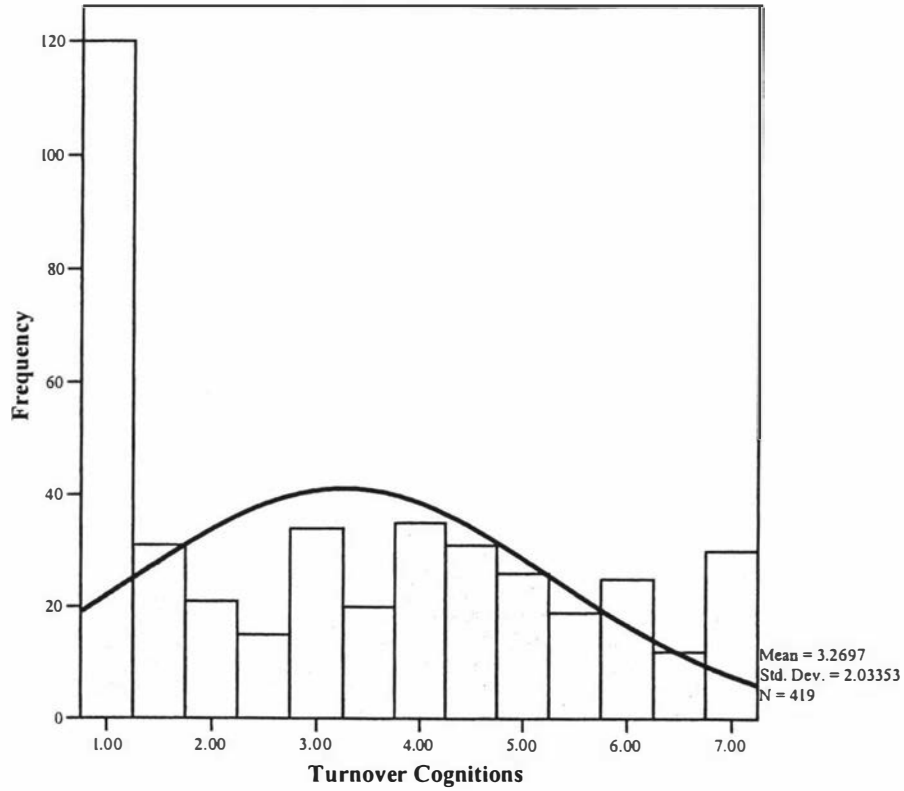
**Figure E16: Respondent Job Satisfaction**



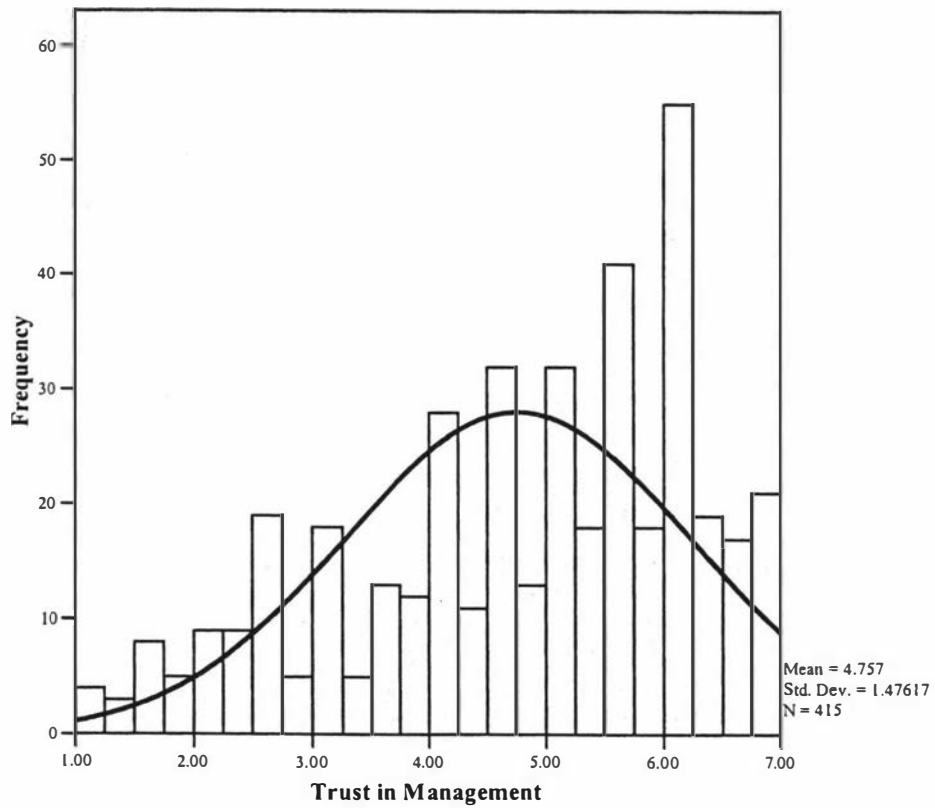
**Figure E17: Affective Organisational Commitment**



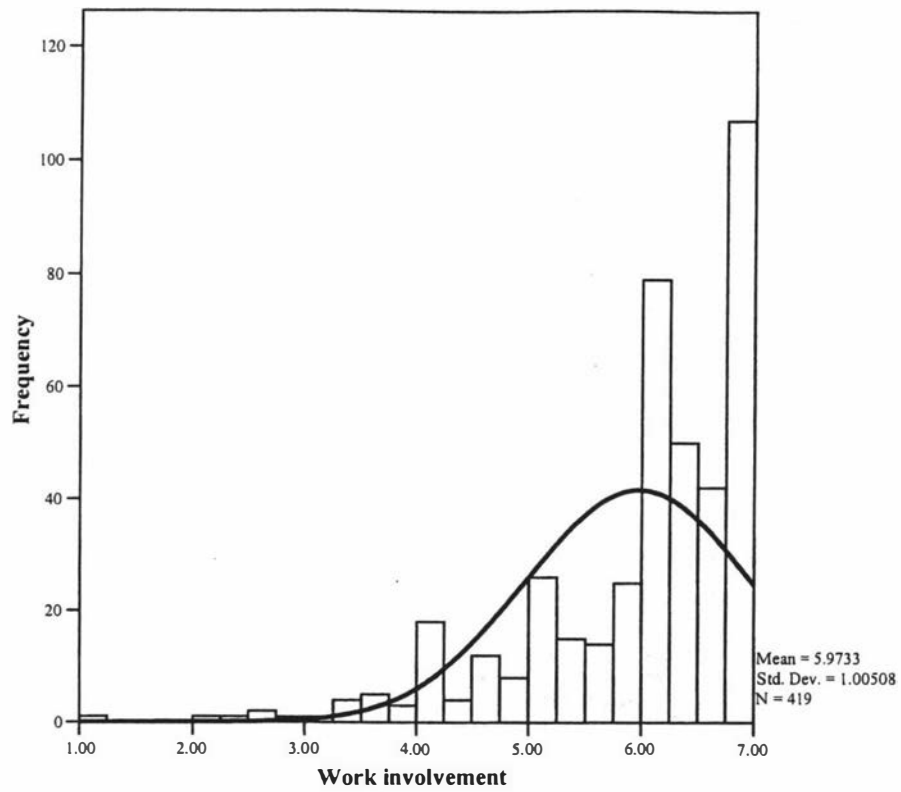
**Figure E18: Behavioural Organisational Commitment (Intent to Remain)**



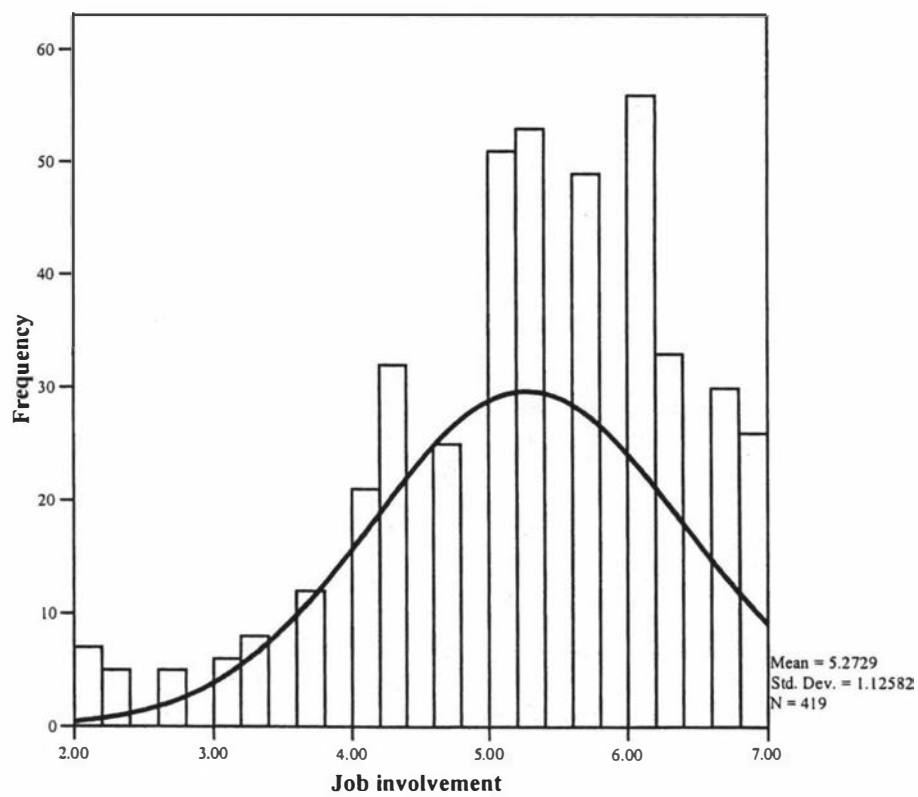
**Figure E19: Turnover Cognitions (Intent to Leave)**



**Figure E20: Trust in Management**



**Figure E21: Work Involvement**



**Figure E22: Job Involvement**

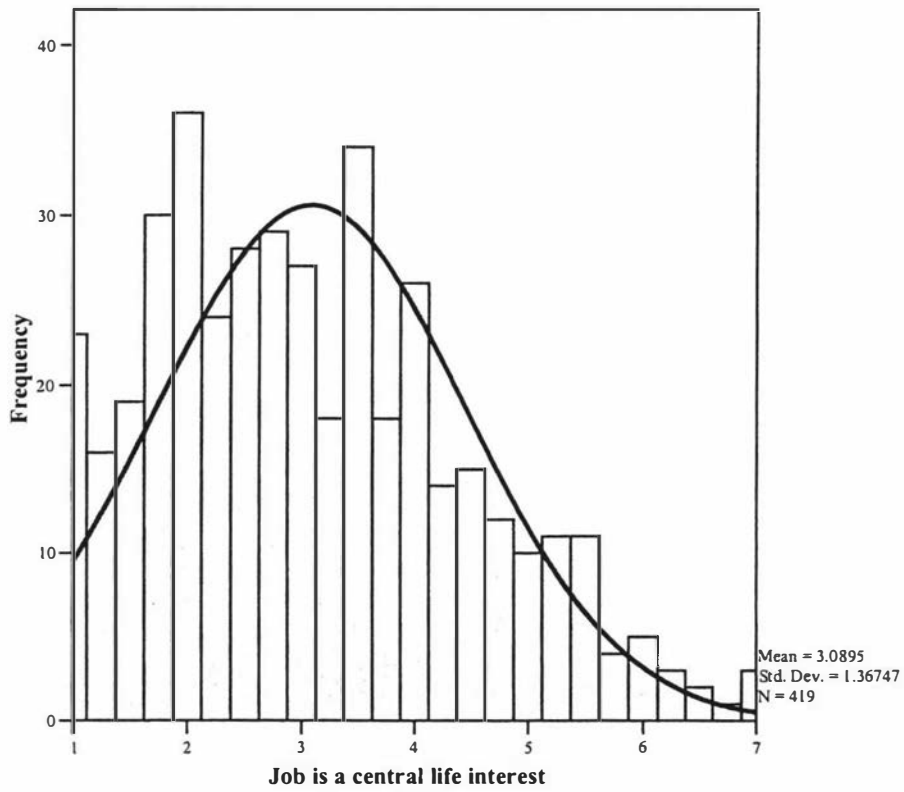


Figure E23: Job As a Central Life Interest

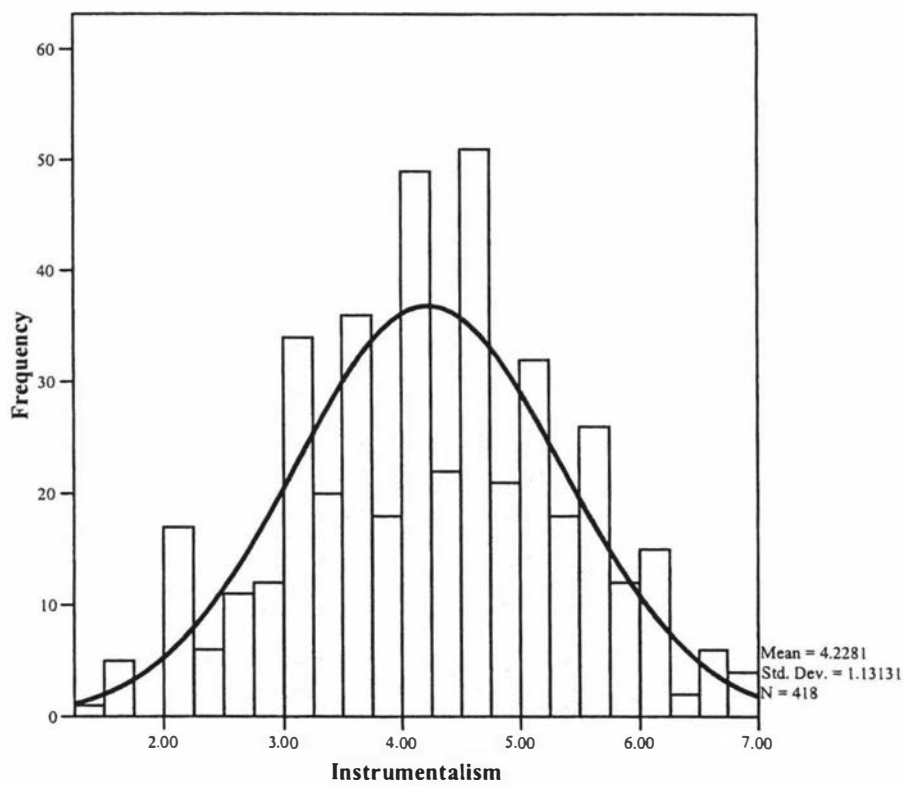


Figure E24: Instrumentalism

## **Appendix F: Regulatory Declarations**



# Massey University

COLLEGE OF BUSINESS  
Kuapapa Whai Pakihi

DEPARTMENT OF MANAGEMENT  
AND INTERNATIONAL BUSINESS -  
ALBANY CAMPUS  
Private Bag 102 904  
North Shore Mail Centre  
Auckland  
New Zealand  
T 64 9 441 8115  
F 64 9 441 8109  
[www.massey.ac.nz](http://www.massey.ac.nz)

## SUPERVISOR'S DECLARATION

This is to certify that the research carried out for the Doctoral Thesis entitled "*The Relationship between Organisational Downsizing and Work Attitudes*" was done by *Keith A. Macky* in the *Department of Management and International Business*, Massey University, Albany, New Zealand. The thesis material has not been used in part or in whole for other qualification, and I confirm that the candidate has pursued the courses of study in accordance with the requirements of the Massey University regulations.

Supervisor's Name: Kerr Inkson

Signature:

A handwritten signature in black ink, appearing to read "Kerr Inkson".

Date:

3 / 6 / 04



**CERTIFICATE OF REGULATORY COMPLIANCE**

This is to certify that

- (a) the research carried out in the Doctoral Thesis entitled  
*"The Relationship between Organisational Downsizing and Work Attitudes"* in the  
*Department of Management and International Business* at Massey University,  
New Zealand is the original work of the candidate, except as indicated by  
appropriate attribution in the text and/or in the acknowledgement;
- (b) the text, excluding appendices/annexes, does not exceed 100,000 words;
- (c) all the ethical requirements applicable to this study have been compiled with  
as required by Massey University, other organisations and/or committees which  
had a particular association with this study, and relevant legislation.

Please insert Ethical Authorisation code(s) here if applicable n/a

**Candidate's Name:** Keith A. Macky

**Signature:**



**Date:**

21 / 6 / 2004

**Supervisor's Name:** Kerr Inkson

**Signature:**



**Date:**

3 / 6 / 04.

**CANDIDATE'S DECLARATION**

This is to certify that the research carried out for my Doctoral Thesis entitled "*The Relationship between Organisational Downsizing and Work Attitudes*" in the *Department of Management and International Business*, Massey University, Albany, New Zealand is my own work and that the thesis material has not been used in part or in whole for other qualification.

**Candidate's Name:** Keith Macky

**Signature:**



**Date:**

21/06/2004