

Effects of Downsizing Strategies on Survivors' Organizational Commitment: The Case of Ethio Telecom

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Abstract

The study sought to analyze the effects of downsizing strategies on survivors' organizational commitment (affective, continuous, and normative) at Ethio Telecom. This study used descriptive and causal effect type of study. It focused on both qualitative and quantitative approaches for collection and analysis of data. This research made use of both primary and secondary sources of data. The researcher employed simple random sampling technique to select 362 respondents from each zone and headquarter offices. In this study, Structural Equation Modeling (SEM) was employed. As the findings depict that positive and significant effect of exogenous variables (organizational justice: procedural and distributive justice) with the standardized estimate for procedural justice on affective, continuous, and normative commitment effects were all significant but they are not that much strong ($\beta = 0.22, 0.18, 0.17$) while distributive justice had high effect on affective, continuous, and normative commitment 0.97, 0.99, 0.98 and respectively. Based on the above findings the researcher inferred that there was organizational procedural injustice in the time of downsizing at Ethio Telecom. Consequently, these perceptions affected adversely survivors' organizational commitment. As a result, survivors are neither emotionally attached nor have feeling of continuous commitment to the company. Hence, the researcher recommends that the strategists should do the following in order to make it effective: plan the process properly, study the overall scenario prior to the attempt, do human resource planning industriously, set clear selection criteria, make the process transparent, communicate timely, conduct behavioral trainings, align each unit activity with company's strategic objectives, and prepare victims for other jobs.

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1. Introduction

1.1 Background of the Study

Downsizing which is a deliberate organizational design to reduce the work force for the purpose of improving organizational performance has become a day-to-day vocabulary in many companies of the world. However, downsizing has severe consequences on the human resource of the organization. It affects the psychological contract between workers and management. It leads to stress and strain among members in the organization. In the face of increasing privatization and the existence of tough competition, downsizing has become a common management step in Ethiopia. In 2010, Ethio Telecom formerly known as Ethiopian Telecommunication Corporation (ETC) outsourced its management to France Telecom so as to improve its management system.

The new Ethio Telecom was born with the view of delivering high quality service, efficient work process with less cost by making the hierarchical organizational structure flat, avoiding barriers between departments, eliminating repeated work and empowering employees with the vision of being the world's best telecom service provider. These changes were brought about by the former Ethiopian Telecommunication Corporation (ETC)'s bureaucratic type of leadership with many hierarchical hurdles, ineffective management system, inability to tap the use of existing technology, and lacking customer-focused strategy leading to downsizing (<http://newbusinessethiopia.com>). These changes led to a reduction in the work force. From the 13,360 employees of the ETC it was downsized to 8,691 (Official Records of Ethio Telecom, December 2013). Usually, an employee in a state-owned enterprise like Ethio Telecom feels secured, believing that his or her job is secured till retirement and is pensionable. As

a result of such downsizing strategy, survivors may face the same unfavorable work related behavior alteration on employee's commitment like: increased stress levels, lowered morale, violation of psychological contract with the organization, lower levels of job involvement and commitment, fear of future layoffs, lack of trust in the management, demotivated and unproductive workforce, other employees that experienced the same downsizing process elsewhere. Thus, the researcher was attracted to study the effect of downsizing strategies on survivors' organizational commitment (affective, continuous and normative) at Ethio Telecom.

1.2 Objectives of the Study

The general objective of the study was to assess the effects of downsizing strategies on survivors' organizational commitment at Ethio Telecom. The specific objectives treated towards the achievements of the broader objectives have been:

- To identify downsizing strategies of Ethio Telecom that have been described in terms of procedural justice and distributive justice.
- To assess the level of perception of survivors on the organizational commitment in terms of: affective; continuous; and normative commitment.
- To analyze the effects of downsizing strategies on the level of organizational commitment of survivors.
- To examine the responses of Ethio Telecom employees regarding the downsizing strategies in relation to their organizational commitment.
- To recommend policies and staff development program based on the results of the study.

1.3 Hypotheses of the Study

In this study, the following hypotheses were tested.

H1: Procedural justice has significant effect on affective commitment.

H2: Distributive justice has significant effect on affective commitment.

H3: Procedural justice has significant effect on continuous commitment.

H4: Distributive justice has significant effect on continuous commitment.

H5: Procedural justice has significant effect on normative commitment.

H6: Distributive justice has significant effect on normative commitment.

2. Literature Review

2.1 Definitions and Concepts of Downsizing

Downsizing involves permanent and intentional reductions in the workforce (Freeman and Cameron, 1993). Cameron, Freeman, and Mishara (1991) found that the terminology used to describe downsizing strategies was by no means consensual among practicing managers. Because of the negative connotations associated with decline (i.e., no manager wants to implement a decline), downsizing activities are described by managers with an amazing array of alternative terms, such as compressing, consolidating, contracting, demising, dismantling, downshifting, rationalizing, reallocating, reassigning, rebalancing, redesigning, resizing, retrenching, redeploying, rightsizing, and streamlining. Organizational downsizing consists of a set of activities that are undertaken on the part of management, designed to improve organizational efficiency, productivity, and/or competitiveness. It represents a strategy that affects the size of the firm's workforce and its work processes.

Many researchers support the argument that downsizing policies improve the organizational productivity and profit. Downsizing contributes to better decision-making and the control of human resource so that the cost of expenditure can be cut short effectively (Cameron, 1994). It develops an ownership mentality among members and they shoulder forward an organization with more collaboration, fidelity, and accuracy.

2.2 Consequences of Downsizing

Virtually, downsizing has various challenges like short-term cost cutting may lead to negative psychological reactions that distract the long-term aim of increased competitiveness or it may affect the ‘mind-set shift’ and ‘culture change’ among employees, but if managed ineffectively, it may self-destruct by causing industrial unrest and/or lack of commitment to organisational goals. The puzzling problem is that the result of downsizing is not always what enterprises have predicted.

Cascio (2010) states the following specific effects: (1) *Employee Morale*-Employee motivation disruptions increase in political behaviors, anger, fear - which is likely to negatively affect quality of customer service. Furthermore, it results in violation of psychological contract, lowered work commitment, fewer random acts of “good will”. (2) *Workforce Quality*-Many senior employees leave due to application of early retirement incentives: result is loss of institutional memory. (3) *Decision Making*-When a company being downsized and release employees, your company misses out on the collective experience of the staff members that are let go. The company decision-making is affected, because the opinions and input of those departing employees will be missed (Dolan, S., Belout, A. and Balkin, D., 2000). (4) *Reputation*. Outsourcing business responsibilities is one of the

reasons why companies downsize. If a company is downsizing due to outsourcing, then disgruntled former employees can be a source of public relations issues for your company. They can damage your company's public reputation and that can lead to a drop in revenue (Cameron, K.S. 1994).

2.3 Common Mistakes in Strategic Downsizing

There are three common mistakes in downsizing: 1) Failure to be transparent with employees and to communicate openly and honestly. Employees want the truth, and they want to hear it from the CEO. Vague descriptions of future plan and when they might materialize will drive your very best people out of the door. 2) Failure to involve employees. Far too often, bosses see employees and their associated costs as the problem instead of seeing employees as important parts of the solution. If the objective is to cut costs, employees can be amazingly creative when their own jobs are at risk. 3) Failure to recognize that when the recession ends, the company—after going through a downsizing—may not have the numbers of people (with the right mix of skills) it will need to grow (Dolan, Belout, and Balkin, 2000).

2.4 Concepts of Organizational Commitment

The concept of organizational commitment has become a hot topic in the literature of industrial/organizational psychology and organizational behavior in the past decade. The concept of organizational commitment is associated with the extent of employees' attachment and dedication to work in order to achieve the organizational goal (Meyer et al, 1998). Shaw (2003) suggested three dimensions of organizational commitment: affective commitment, continuance commitment and normative commitment. The three-component model of commitment is important since all three forms of

commitment have different implications towards the likelihood of employees leaving an organization, performance and other work related behaviors. There are also different antecedents and consequences associated with each form of commitment. (a) *Affective Commitment*- Affective commitment refers to employee's wants to live for longer period of time in the organization (Meyer and Allen, 1991). It involves an individual's long-term feelings toward his or her work. Employees with strong affective commitment will remain in the organization because they want to; (b) *Continuous Commitment*- To remain working in the organization because of lack of opportunity and the cost associated within. Some of the potential cost of leaving the organization such as the threat of losing attractive benefits disrupts personal relationships and so on. (c) *Normative Commitment*- Normative commitment is an obligation to remain in the organization even if s/he would not want to.

2.5 Concepts of Organizational Justice

The behaviors of employees toward justice became an area of study by the increasing importance of the concept of justice in the organizations (Greenberg, 1990). Organizational justice is among the major issues which are cared most by the employees. This is because the concept is related with the organizational output and variables such as organizational commitment, loyalty, motivation, job security, and productivity (Greenberg, 1990). Organizational justice was defined by Greenberg (1990) as a concept that expressed employees' perceptions about the extent to which they were treated fairly in organizations, and how such perceptions influenced organizational outcomes such as commitment and satisfaction.

Procedural Justice. Procedural justice is the perception of the processes which are used to determine the decisions. In short, it is about the perceptions of justice related with the decision making processes (Brockner, et al, 1995). Procedural justice means the equal practices of organizational issues such as avoidance of unfair decision, commitment to decisions, and knowledge/information sharing. It focuses on the process of decision making and depends on the perceptions of the fairness of the decision processes and the rate of impression from distribution decisions made by guides with true methods. In relation to this, Brockner et. al. (1994) explained that when the layoff decision is based on individual performance indicators, where low performers are the first to be let go and the highest performers are retained or some other objective reasons, survivors are more likely to perceive downsizing as predictable and less threatening. On the contrary, if the decision seen as ill-intentioned or done at random, the procedure and the outcome is less likely to be perceived as fair, and survivors are more likely to react negatively.

Distributive Justice. It refers to the perceived fairness of the amount of compensation that the laid off received or survivor's perception towards fairness of outcomes for dismissals (Klendauer, et al, 2009). On the other hand, Organ (1988) stated that distributive justice is an argument on status, seniority, production, effort, needs and determination of payment. Employees perceive and form perceptions on how they are treated in an organization. Similarly, prior study on distributive justice has been focused on how survivors perceive the outcomes provided to victims like adequacy of outplacement assistance, generous benefit and severance pay (Campbell, 2000). When employees believe the outcome of a decision is unfair, they may engage in counter productive work behavior. In other words, at times

employees perceive distributive injustice they affect adversely the organization in a way make the outcome/input ratio less from their perspective (Cohen and Spector, 2001).

2.6 Related Studies

According to Guthrie and Datta (2008), downsizing and mass layoffs are certainly not new phenomena triggered by the rise of the financial crisis, but these trends, which had started already in the 1980s and 1990s, were ongoing even in a time of labor market shortages. In the 21st century, it seems that organizational restructuring through downsizing is a popular solution in order to survive in a competitive market. Downsizing is conceptually distinct from organizational decline, because it aims at improvement of organizational efficiency, productivity, and competitiveness (Cameron et al, 1991). Downsizing is a deliberate organizational design to reduce the work force that is intended to improve organizational performance (Kozlowsky, et al., 1993). This means organizations employ downsizing with the assumption that the remaining employees (survivors) can be more productive in the future because organization hold the view that people who survived from downsizing (survivors) would be grateful and happy to have jobs and would, therefore, be more productive on their work (Clark and Koonce, 1995).

Consequently, organizations rely on survivors' effort to realize the expected improvement on organizational performance. Accordingly, Hammer and Champy (1993), reported that downsizing results in organizational goal achievement. They are of the opinion that through downsizing the corporation is able to cut costs and the remaining employees are empowered, liberated or unshackled from the bureaucracy. However, as

Nair (2008) reported, downsizing has adverse impact on survivors like: increased stress levels, lowered morale, violation of psychological contract with the organization, lower levels of job involvement and commitment, fear of future layoffs, lack of trust in the management, demotivated and unproductive workforce. This implies that relying on survivors' effort after implementation of downsizing as a means to improve organizational performance cannot be taken for granted. In contrast, Campbell et al. (2000) argues, downsizing helps to reduce the cost but such a reduction in cost may be offset by additional expenditure arising from negative consequences of downsizing.

2.7 Conceptual Framework of the Study

The relationship of the conceptual framework and its importance is described in figure 1.

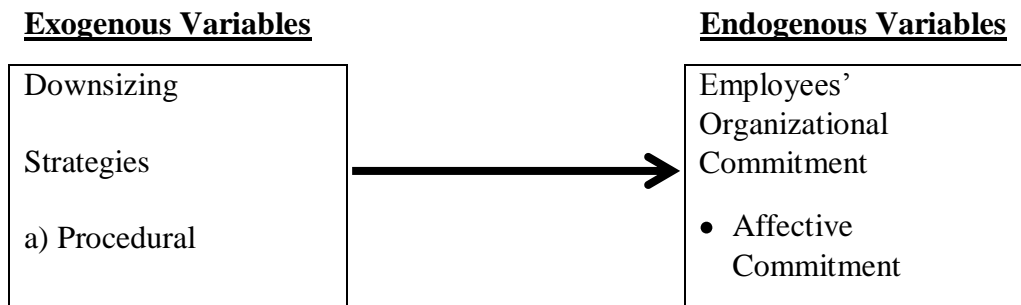


Figure 1: Conceptual Model of the Study

Figure 1 above shows the conceptual model of the study that focused on the effect of the organizational justice (procedural and distributive) to the organizational commitment (affective, continuous, and normative). As indicated in the above review of theoretical and empirical literatures, perception of survivors towards downsizing has an insightful effect on their

organizational commitment. Hence, as stated above, the general study objective is “assessing the effect of downsizing on survivors’ organizational commitment at Ethio Telecom” It mainly focuses on assessing the perceptions of survivors and implementers towards downsizing with the key dimension of procedural and distributive justice (exogenous variables) and its effect on survivors’ organizational commitment, specifically, affective, continuous and normative commitment (endogenous variables) at the study area. Therefore, the researcher believes that this conceptual framework has helped to assess the effect of downsizing strategy on organizational commitment.

Table 1
Summary of Empirical Review

S. No	Year	Author/s	Title	Findings
1	2012	Sobieralski and Nordstrom	An Examination of Employee Layoffs and Organizational Justice Perceptions	The study reveals that when senior employees are laid off, people perceive this action as violation of procedural justice. On the other hand, providing severance package leads to more positive distributive justice perceptions and minimizes adverse behavior and favors the organization in getting employees foremost commitment.
2	2011	Kurebwa,	Organizational Downsizing and Its Impact on Leavers and Survivors: The Case of the Reserve Bank of Zimbabwe	The impact of downsizing was looked at in terms of the attitudes and feelings that leavers and survivors had towards the downsizing process. Most leavers expressed the process as 'unfairly' implemented and indicated that there were no clear criteria used to eliminate them from the organization. Survivors are the greatest losers when compared to leavers because they have to endure disillusionment, frustration and generally have a perception of insecurity.
3	2010	Bujang and Sani	Downsizing Effects on Survivors	This paper focused on the evaluation and analysis of 50 recent studies (2000-2008) from literature search on the downsizing effects on survivors at the individual level, of the organization. The findings show that almost all 50 relevant studies of the downsizing practices have direct and indirect negative consequences on survivors emotionally and behaviorally.
4	2010	Arshada, and Sparrow,	Downsizing and Survivor Reactions in Malaysia: Modeling Antecedents and Outcomes of Psychological Contract Violation.	Concluded both the perception of justice and negative affectivity significantly predict PCV, and that there is a direct effect between PCV and commitment, an indirect effect between PCV and OCBs, and both direct and indirect effects between PCV and turnover intentions.

S. No	Year	Author/s	Title	Findings
5	2009	Vermeulen et al.	Downsizing and the Survivor Syndrome: The South African Case	The study indicated that downsizing affected the survivors negatively whereby employee morale, staff commitment and motivation plummeted, while job dissatisfaction and concern about job security increased noticeably.
6	2008	Nair	Organizational Downsizing: A Study of Survivor Attitudes	The effect of downsizing on the psyche of 70 surviving employees in a multinational company was studied. The results indicated that the survivors had negative feelings about downsizing.
7	2006	Ugboro	Organizational Commitment, Job Redesign, Employee Empowerment and Intent to Quit Among Survivors of Restructuring and Downsizing	This study focused on middle level managers and employees in supervisory positions because survivors of this group are often called upon to assume expanded roles, functions and responsibilities in a post restructuring and downsizing environment. The results show statistically significant positive relationships between job redesign, empowerment and affective commitment.
8	2006	Lee and Corbett	The Impact of Downsizing on Employees' Affective Commitment.	The results show that the more severe the extent of downsizing, the lower employees' affective commitment to the organization. Moreover, downsizing has an impact on employees' affective commitment to the organization through several of the daily work experiences of employees both directly and indirectly.
9	2005	Clay and Paul,	Procedural Justice, Distributive Justice: How Experiences with Downsizing Condition Their Impact on Organizational Commitment	A study found that both procedural and distributive justice as significant predictors towards the organizational commitment. Unfairness in job layoff, unfair treatment of the layoffs, and perceived (procedural) justice, are of particular interest to supervisors since they will be faced with a work force at least partly staffed with survivors of downsizing.

S. No	Year	Author/s	Title	Findings
10	2003	Ugboro	Influence of Managerial Trust on Survivors' Perceptions of Job Insecurity and Organizational Commitment in a Post Restructuring and Downsizing Environment	The study found that downsizing increased the continuance organizational commitment component, but reduced affective organizational commitment and increased job insecurity.
11	2002	Meyer, et al.	Affective, Continuance and Normative Commitment to the Organization: A Meta-Analysis of Antecedents, Correlates, and Consequences'	The study concluded that there was a median correlation between the affective and the normative components, but a weak correlation between the affective and the continuance, and between the normative and continuance components.
12	1999	Leung and Chang	Organizational Downsizing: Psychological Impact on Surviving Managers in Hong Kong Asia Pacific	A research done on Hong Kong companies, which underwent on downsizing and its effect of perceived justice on two forms of commitment and job security, concludes that the perceived justice of the lay-off process was found to be positively related to the change in affective commitment and job security but negatively related to the change in continuance commitment.
13	1997	Spreitzer & Mishra	Survivor Responses to Downsizing: The Mitigating Effects of Trust and Empowerment.	Researchers argue that if the implementation of the downsizing is not focused on mitigating the decay of survivors' trust and empowerment typically incurred during downsizing, then downsizing activities are likely to impair competitive advantage rather than enhance it. The study reveals that trust and empowerment are often devastated during the process of implementing a downsizing.

S. No	Year	Author/s	Title	Findings
14	1994	Cameron	Strategies for Successful Organizational Downsizing'	A survey of 1005 firms shows that downsized firms between 1986 and 1991 found that only forty-six(46) percent actually reduced expenses, only thirty-two(32) percent actually increased profits, only twenty-two(22) percent actually increased productivity, and only seventeen(17) percent actually reduced bureaucracy, although each of these goals was intended.
15	1993	Kozlowski et al.	Organizational Downsizing: Strategies, Interventions, and Research Implications.	Downsizing is viewed as having an intense effect on the organization and the personnel including those who are terminated and those who survive. It states that survivors are adversely affected by downsizing strategies intended to improve organizational flexibility, increase employee responsibility, and streamline operations.
16	1993	Cascio	Downsizing: What do we know? What have we learned?	Downsizing may have unintended negative consequences for individuals and organizations. As a result, the following effects are observed: turnover intentions, coping strategies, supervisor support, co-worker support, optimism, job satisfaction, organizational morale, effectiveness of communication, and envy of those taking advantage of separation incentive programs.

3. Research Methods

3.1 Research Design

This study uses descriptive and causal relationship type of study. Furthermore, this study focuses on both qualitative and quantitative approaches for collection and analysis of data. As a result, the data collection also involves gathering both quantitative and qualitative information.

3.2 Population, Sample Size and Sampling Techniques

The population of this study consists of all the management staff and downsized survivors of Ethio Telecom. The sample size is considered as representative of the Ethio Telecom management staff and non-management employees. The researcher has used the sample size determination formula developed by Kothari (2004) (see below). Furthermore, this sample size is expected to be large enough to allow for precision, confidence and generalization of research finding.

Ethio Telecom has fifteen offices in the Headquarter (HQ) with six zonal areas in Addis Ababa, namely; Central, Eastern, Northern, Southern, South Western and Western zones, and eight regional areas all over Ethiopia. The study has focused on Headquarter and six Zone Offices in Addis Ababa. The total number of employees in Addis Ababa (i.e. HQ and all six zones) is 269 management staff and 6108 survivors i.e., a total of 6377, comprising 65.3% of total employees of Ethio Telecom in Ethiopia. As a result of sample size determination formula below, 16 respondents have been selected from management staff while 346 from non-management employees (survivor) out of the 6377 permanent employees (see table 2 below).

The researcher has employed the following steps to identify respondents for the purpose of quantitative data collection. First, the HQ and each of the Zone Offices are selected due to their involvement and their experiences on the downsizing implementation. Secondly, three Offices from the HQ using simple random sampling method and each Zone Office are selected. Lastly, each respondent is randomly selected from employees' list of each selected Office so as to give equal chance for all employees to participate in the survey. Since the respondents' clusters differ in their nature, it is prudent to draw sample respondents from each category separately. Hence, the researcher has employed the same formula but drew the sample proportionately from each cluster so as to get fair representation of both categories (management and non-management staff).

$$n = \frac{Z^2 \times P(1-P)N}{e^2 \times (N-1) + Z^2 \times P(1-P)}$$

Where: **n**: is desired sample size; **Z**: is the value of standard variation at 95% confidence interval ($Z=1.96$); **P**: is estimated proportion of employee (50%); **e**: is precision level (5%); and **N**: is target population.

$$\text{Therefore } n = \frac{1.96^2 \times 0.5 \times 0.5 \times 6377}{0.05^2 \times (6377-1) + 1.96^2 \times 0.5 \times 0.5} = \mathbf{362}$$

The detail is presented in table 2 below. Contract employees were excluded because their work nature does not fit the purpose of the study.

Table 2: Sample Frame and Sample Size

Addis Ababa Zonal Offices & HQ (Ethio Telecom)	Management staff		Non-management staff		Total sample frame	Total Sample
	Sample frame	Sample	Sample frame	Sample		
Central (CAAZ)	6	1	244	14	250	15
Eastern (EAAZ)	7	1	331	19	338	20
Northern (NAAZ)	7	1	322	18	329	19
Southern (SAAZ)	6	1	301	17	307	18
South Western (SWAAZ)	6	1	290	16	296	17
Western (WAAZ)	6	1	318	18	324	19
HQ (Corporate)	231	10	4302	244	4533	254
Total	269	16	6108	346	6377	362

Source: Official Records of Ethio Telecom, October 2013.

3.3 Data Gathering Procedure

Questionnaires for pilot testing were distributed to 16 non sample groups for clarity and reliability of the instruments before actual data collection tools were distributed and 12 of them responded. As a result, based on the feedback received, the questionnaire items were amended. Finally, the questionnaires were distributed through simple random sampling method for survivors and management staff, and were collected within the schedule (December 2013 – January 2014).

Based on outputs obtained from the large scale data computation of Cronbach's Alpha on SPSS version 20.0, the result shows that the total Cronbach's Alpha value is 0.832, which is commonly accepted and approaching higher score (Hair, et. al., 1998; and Nunally, 1978). It indicated that the measures were reliable and acceptable based on George and Mallery (2003), rule to address the research problem.

3.4 Data Processing and Statistical Treatment

The quantitative primary data collected from the identified respondents is encoded into SPSS software version 20.0. The data gathered is organized, tabulated, presented, analyzed and interpreted using Structural Equation Modeling (SEM).

3.5 Structural Equation Modeling (SEM) Assumptions

The Structural Equation Modeling or popularly known as SEM is a second generation statistical analysis technique developed for analyzing the inter-relationships among multiple variables in a model. The inter-relationships among variables could be expressed in a series of single and multiple regression equations. The Structural Equation Modeling technique employs the combination of quantitative data and the correlational or causal assumptions into the model. More specifically, SEM is a more powerful statistical technique to solve the following requirements: running the Confirmatory Factor Analysis (CFA); analyzing multiple regression models simultaneously; analyzing the path analysis with multiple dependents; and estimating the correlation and covariance in a model.

Boomsma (1983) suggests that the estimation of SEM by using maximum likelihood methods can be used only when the sample size is at least 200. Similarly, Hair et al. (1995) considered 200 to be ideal. The sample size of this study is 335, which is considered appropriate for using SEM.

In SEM, the hypothesized or causal relationships can be presented in the form of a path diagram. The SEM diagram in this study consists of the constructs as unobserved variables, measured variables (composite variables), measurement errors, and arrows representing relationships

between the variables. The single-headed arrows in the diagram represent linear dependencies indicating the extent to which one variable (construct) is dependent on another (causal paths or relationships). The absence of arrows linking variables implies that no direct relationship has been hypothesized. Furthermore, in the diagram, correlations or covariance between the variables are represented as double-headed arrows, as seen in the relationship between all exogenous and endogenous latent variables so as to analyze their covariance and correlation. This is where a relationship between the variables is assumed, but no causal path is hypothesized. Also included in the model is measurement error associated with the composite variables. Measurement error have been represented as (e) and enclosed in small circles.

3.6 Evaluating the Fit of the Model

In SEM, there are a series of goodness-of-fit indices, which identify whether the model fits the data or not. There are many indices provided by SEM, although there is no agreement among scholars as to which fit indices should be reported. For example, Anderson and Gerbing (1988) suggest that a researcher might assess how well the specified model accounts for data with one or more overall goodness-of-fit indices. Kline (1998) recommends at least four: such as Goodness-of-Fit (GFI), Normed Fit Index (NFI), or Comparative Fit Index (CFI), and non-normed fit index (NNFI).

In order to reflect diverse criteria and provide the best overall picture of the model fit, Jaccard and Wan (1996), Bollen and Long (1993), Hair et al. (1995), and Holmes-Smith (2006) recommend the use of at least three fit indices by including one in each of the categories of model fit: absolute; incremental; and parsimonious (discussed below). This study adopts those

measures most commonly used in marketing research to evaluate models in which the three categories are reflected.

Table 3: Summary of Goodness-of-Fit Indices

Name of the Index	Level of Acceptance	Comments
Absolute fit indices		
Chi-square (χ^2)	$P < 0.05$	This measure is sensitive to large sample sizes and less than .05 is considered acceptable
Goodness-of-Fit (GFI)	0.90 or greater	Value close to 0 indicates a poor fit, while value close to 1 indicates a perfect fit
Root Mean Square Error of Approximation (RMSEA)	Between .050 and .080	Value up to 1.0 is considered acceptable
Incremental fit indices		
Adjusted Goodness-of-Fit (AGFI) Tucker-Lewis Index (TLI) Normed Fit Index (NFI) Comparative Fit Index (CFI)	0.90 or greater	Value close to 0 indicates a poor fit, while value close to 1 indicates a perfect fit
Parsimonious fit indices		
Normed Chi-square (χ^2/df)	$1.0 \leq \chi^2/df \leq 5$	Lower limit is 1.0, upper limit is 3.0 or as high as 5

As outlined in table 3, the first category of absolute values includes chi-square (χ^2), GFI, and Root Mean Square Error of Approximation (RMSEA); the second category (incremental) includes Adjusted Goodness-of-Fit (AGFI), NFI, CFI, Tucker-Lewis Index (TLI); and the third category (parsimonious) includes χ^2/df . These are described in more detail below.

Absolute Fit Indices. The chi-square (χ^2) is considered the most fundamental measure of overall fit (Bollen, 1989). This is a test of whether the matrix of implied variance and covariance (Σ) is significantly different to the matrix of empirical sample variance and covariance (S). It is calculated to determine the discrepancy between Σ and S. If the probability (P) is greater than 0.05, this indicates that the discrepancy between Σ and S

is very small, meaning that the actual and predicted input matrices are not statistically different.

The second measure of absolute fit index used within this study is the Goodness-of-Fit Index (GFI) proposed by Jöreskog and Sörbom (1981). The GFI measure indicates the relative amount of variance and covariance together explained by the model (Byrne, 1989). The GFI value is calculated by comparing the discrepancy value for the model under test to the discrepancy value for a saturated version of the model which is counted as representing a 100% fit (or 1.0).

However, this measure is not adjusted for degrees of freedom (Hair et al., 1995; Holmes-Smith, 1996), ranging from 0 (indicating a poor fit) to 1 (indicating a perfect fit), where a recommended level of acceptance is 0.90 (Hair et al., 1995). The third measure of absolute fit index used is Root Mean Square Error of Approximation (RMSEA). This measure assists in correcting the tendency of chi-square to reject specified models. While Holmes-Smith et al. (2006) recommend that RMSEA should be less than .05; MacCallum and Browne (1993) suggest a value of up to 1.0 as reasonable. However, it has been found that a value ranging from 0.05 to 0.08 is commonly acceptable (Hair et al., 1995).

Incremental Fit Indices. The second category of indices includes incremental fit measures. These measures provide a comparison between the proposed model and the null model (“baseline or comparison standard used in incremental fit indices”). Adjusted Goodness-of-Fit Index (AGFI), for instance, is one of the incremental indices, which has been found important, and is adopted in this study. This is because it takes into account adjustment for degrees of freedom, which GFI from the absolute fit indices category

cannot do (Marsh et al., 1988; Hair et al., 1995; Holmes-Smith, 2006). In addition to AGFI, Normed Fit Index (NFI) is one of the most popular incremental measures (Bentler, 1980, Hair et al., 1995; Byrne, 2001). NFI reflects the proportion to which the researchers' model fit compared to the null model.

In order to overcome this shortcoming, Bentler (1990) has used it with the Comparative Fit Index (CFI). CFI compares the covariance matrix predicted by the model to the observed covariance matrix. Therefore, both of NFI and CFI are reported in this study. They range from 0 (poor fit) to 1 (perfect fit) having a commonly recommended level of .90 or greater (Hair et al., 1995). Another important incremental measure also used in this study is the Tucker-Lewis Index (TLI) (Tucker and Lewis, 1973). TLI is known as a non-normed fit index (NNFI) (Marsh et al., 1988; Hair et al., 1995). TLI combines a measure of parsimonious into a comparative index between the proposed or hypothesized and null models, resulting in values ranging from 0 (not fit at all) to 1 (perfect fit). Similar to NFI and CFI, the commonly recommended level is .90 or greater (Hair et al., 1995). It has been adopted in this study due to its ability to provide a nonbiased indication of model fit at all sample sizes (Finch and West, 1997).

4 Results and Discussion

4.1 Results of Effect Analysis on Organizational Commitment

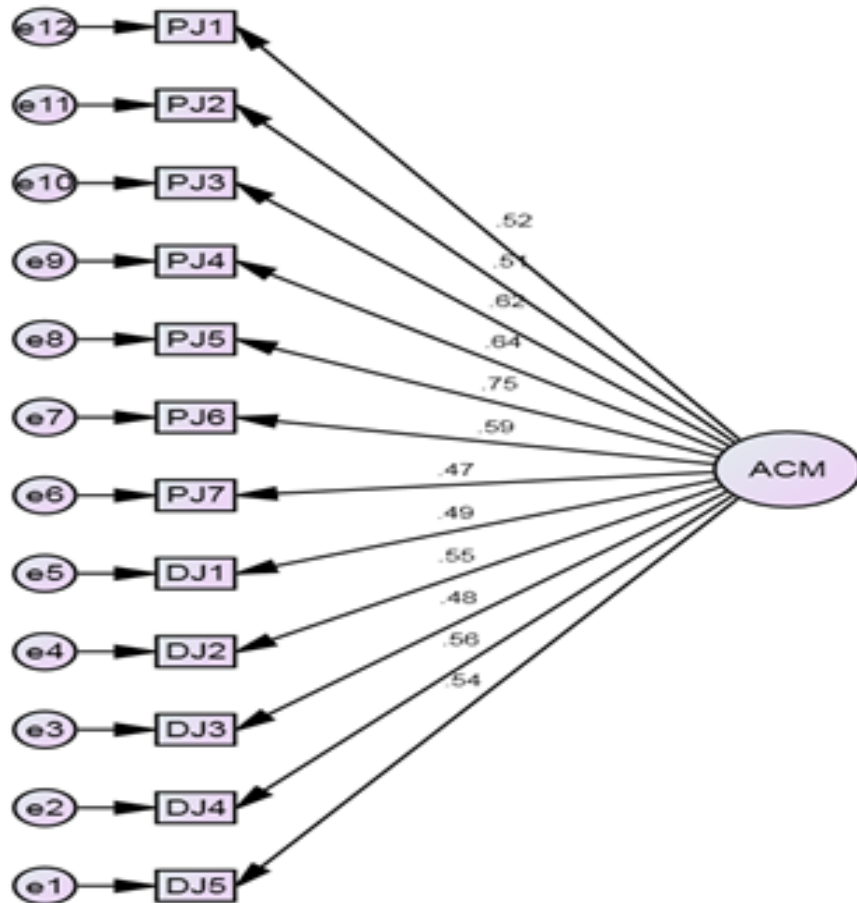
This section presents Structural Equation Modeling (SEM) results and discussion of each endogenous variable, including organizational commitment (affective, continuous, and normative).

Organizational Commitment

The link between fairness and organizational commitment within the downsizing context has often been studied (e.g. Amundson et al, 2004; Brockner, et al, 1992; Brockner, et al, 1995; Cascio& Wynn, 2004; Cohen & Spector, 2001; Datta, et al, 2010; Mishra & Spreitzer, 1998). These empirical studies have shown a high degree of variability in the strength of the relationship between fairness and organizational commitment. However, there is general agreement that downsizing results in reduced organizational commitment among survivors (Datta et al, 2010). This researcher has attempted to investigate the relationship and effect of organizational justice and organizational commitment in terms of affective, continuous, and normative commitment. The findings and discussions are presented as follows:

Affective Commitment. Results of the SEM analysis indicate that there is significant and positive relationship between the two exogenous variables (Procedural Justice and Distributive Justice) and the endogenous variable affective commitment.

The indices for goodness-of-fit demonstrate that this model fits the data adequately, eventhough chi-square was significant ($\chi^2 = 163.22$, $df = 54$, $P = .000$, $N = 335$). The GFI was .924, AGFI = .902, NFI = .904, CFI = .923, TLI = .939, RSMEA = .075, $\chi^2 / df = 3.1$. Figure 2 summarizes the results obtained for each hypothesized path.



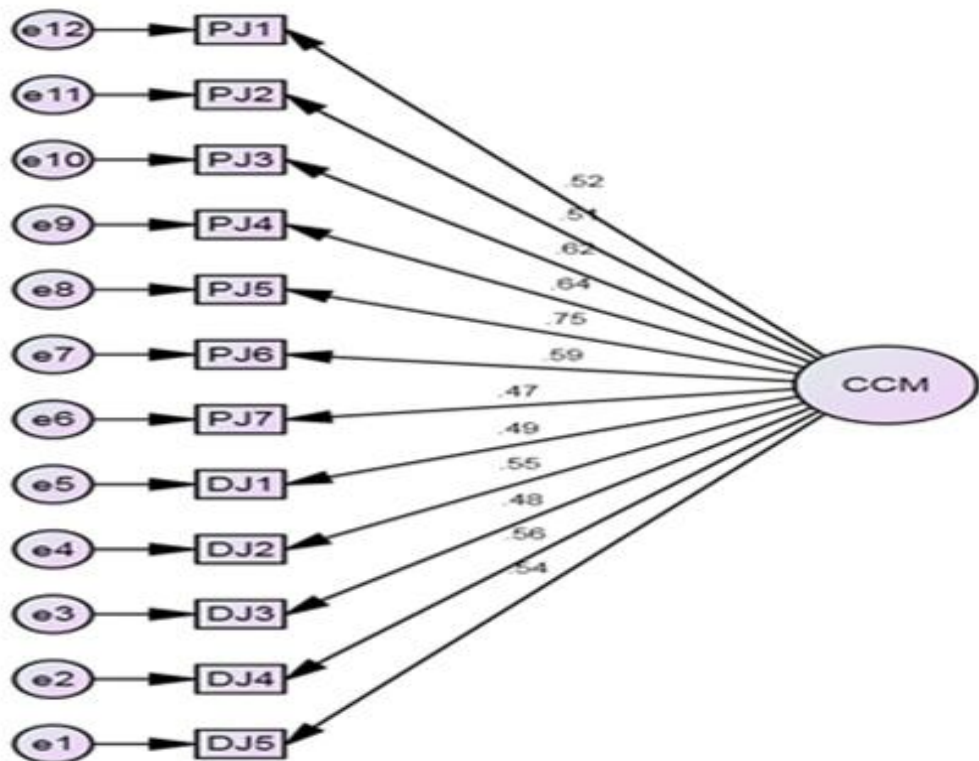
Chi-square = 163.22, df = 54, GFI = .924, AGFI = .902,
 NFI = .904, CFI = .923, TLI = .939, RSMEA = .075, $\chi^2/df = 3.1$

Figure 2. A CFA Structural Model of All Exogenous and Affective Commitment as Endogenous Constructs

Continuous Commitment. SEM analysis result strongly supports this conclusion. The result indicates that there is significant and positive relationship between the two exogenous variables (Procedural and Distributive Justices) and the endogenous variable Continuous Commitment. Specifically, the absence of procedural and distributive justice

practices at the time of downsizing strategy implementation at Ethio Telecom highly has affected the continuous commitment of survivors. It is therefore, rational to conclude that there is a little or no continuous commitment among the employees of Ethio Telecom and needless to say this is partly the result of the downsizing implementation effects.

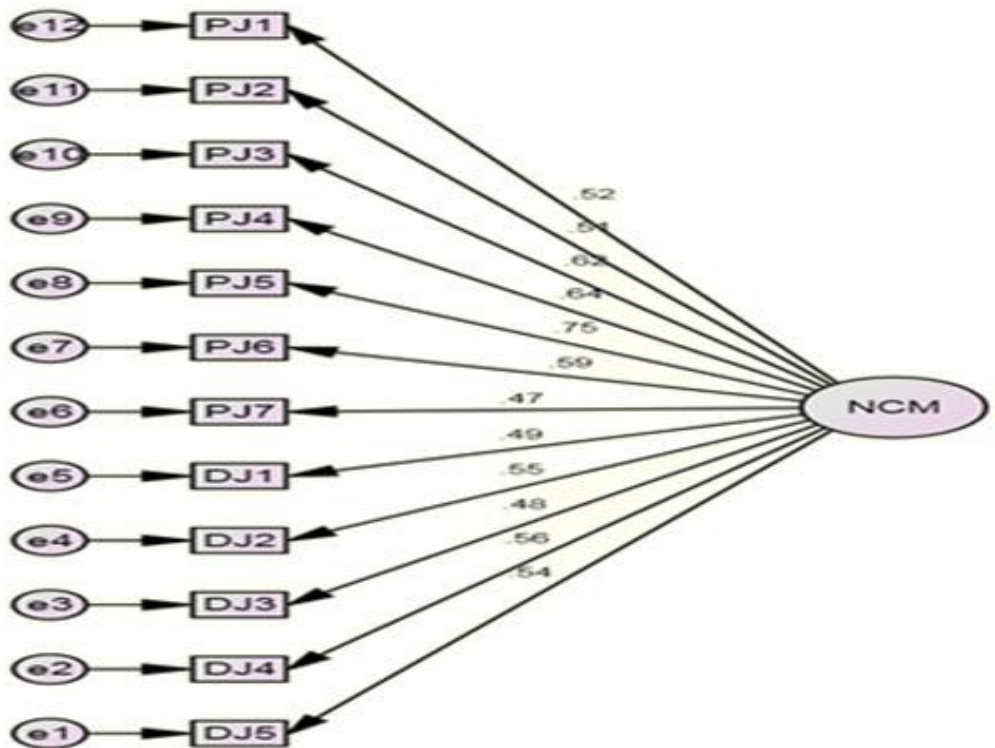
The indices for goodness-of-fit demonstrate that this model fits the data adequately, even though chi-square was significant ($\chi^2 = 163.22$, $df = 54$, $P = .000$, $N = 335$). The GFI was .924, AGFI = .902, NFI = .904, CFI = .923, TLI = .939, RSMEA = .075, $\chi^2 / df = 3.1$. Figure 4 summarizes the results obtained for each hypothesized path.



Chi-square = 163.22, $df = 54$, GFI = .924, AGFI = .902,
NFI = .904, CFI = .923, TLI = .939, RSMEA = .075, $\chi^2 / df = 3.1$

Figure 3. A CFA Structural Model of All Exogenous and Continuous Commitment as Endogenous Constructs

Normative Commitment.With a normative commitment, employees are expected to feel what their organization feels, act in a similar way their company does, and have sense of ownership to their employer. For this, employees will have sense of strong obligation to their organization; employees will remain loyal to their employer as long as they are working for it, and they will not feel happy to leave their current organization even if they get the chance to do so.



Chi-square = 163.22, df = 54, GFI = .924, AGFI = .902,
 NFI = .904, CFI = .923, TLI = .939, RSMEA = .075, $\chi^2/df = 3.1$

Figure 4. A CFA Structural Model of All Exogenous and Normative Commitment as Endogenous Constructs

The indices for goodness-of-fit demonstrate that this model fits the data adequately, even though chi-square was significant ($\chi^2 = 163.22$, $df = 54$, $P = .000$, $N = 335$). The GFI was .924, AGFI = .902, NFI = .904, CFI = .923, TLI = .939, RSMEA = .075, $\chi^2 / df = 3.1$. Figure 4 summarizes the results obtained for each hypothesized path.

4.2 Analysis and Results of Structural Equation Modeling

There are two approaches to perform Structural Equation Modeling (SEM): one-stage and two-stage. One-stage approach aims to process the analysis with simultaneous estimations of both structural and measurement models (called single-stage approach). The second, two-stage approach, aims to process the measurement model first and then fix this measurement model in the second stage when the structural model is estimated.

In this study, the two-stage approach recommended by Anderson and Gerbing (1982) was adopted to conduct the analysis for two reasons. First, it is widely accepted and used in attitudinal research (Hair et al., 1995), particularly in similar studies of organizational commitment (Pullman and Gross, 2004; Liang and Wang, 2005; Bove and Johnson, 2006). Second, the accurate representation of the reliability of the items of each construct is best conducted in two stages to avoid any interaction between the measurement and structural models (Hair et al., 1995). That is, analyzing the causal relationships in the structural model requires performing the measurement model first (these stages are further explained below), as the latter represents a condition that must be satisfied as a matter of logical necessity (Bagozzi, 1981; Anderson and Gerbing, 1982).

4.3 Stage One: Measurement Model for Organizational Commitment as Endogenous Variable

Affective Commitment. Although standardized parameter estimates were all significant ($P < 0.001$), results of the Confirmatory Factor Analysis (CFA) indicated that the initial measurement model needed to be respecified. The chi-square was significant ($\chi^2 = 430.681$, $df = 101$, $P = .000$, $N = 335$). The GFI was .851, AGFI = .799, RMSEA = .099, NFI = .779, CFI = .820, TLI = .0786, and $\chi^2 / df = 4.2$. However, CFA results also indicated that the inter-correlations among procedural justice, distributive justice, and affective commitment factors were around 0.50 (below 0.85) which did not demonstrate lack of discriminant validity.

However, given the fact that the organizational justice and affective commitment factors were moderately correlated and some of the above indices (i.e., χ^2 , GFI, AGFI, NFI, CFI, TLI) were not within the acceptable level, further detailed assessment (respecification) was conducted. As a result, discriminant validity was improved as follows. Examination of standardized residuals indicated that all residual values were within the threshold recommended by Hair et al. (1995) (less than 2.58). However, modification indices indicated that the indicators PJ5 (notice) and DJ (distributive justice) had unacceptably high value (11.78). After iteratively removing these redundant items, two additional items measuring organizational justice (PJ7 & DJ1) were found to be lacking in discriminant validity and were further removed. (see variables description from annex 1)

The purpose of repeating the filtering process was to remove as few items as possible, taking into account the need for deriving a more parsimonious model. In addition, draw covariance between organizational justice factors

(PJ1 & 2, PJ2 & 3, PJ5 & 6, and DJ2 & 3) priori to further analysis. The number of deleted items was relatively low compared with the total; their removal did not significantly change the content of the construct as it was conceptualized. This is because the remaining items for organizational justice had the highest initial loadings, and thus the meaning of the factors had been preserved by these items.

Following the process described above, CFA was performed again with the two removed redundant items. As goodness of fit indices were improved, the modified model (figure 2) showed a better fit to the data ($\chi^2 = 134.03$, $df = 69$, $P = .000$, $N = 335$). The GFI was .943, AGFI = .914, NFI = .923, CFI = .960, TLI = .948, RMSEA = .053, and $\chi^2/df = 1.94$. Even though the chi-square is still significant, these values suggest that this model fits the data adequately. As discussed before, it is commonly accepted that the chi-square estimate would potentially reject valid models in large sample size (Bagozzi and Yi, 1988) (see figure 2).

Continuous Commitment. The measurement model of continuous commitment was analyzed using six proposed items represented by the unobservable factor of continuous commitment subject to CFA analysis. Continuous commitment is considered as a reflective construct, because it is observed through a total weighted score across the six composite items. The analysis was conducted with continuous commitment being measured as a first-order construct. The continuous commitment as endogenous on one hand, procedural justice and distributive justice as exogenous variables on the other hand, were assessed individually as follows (figure 3). CFA results also showed that the chi-square was significant ($\chi^2 = 92.05$, $df = 59$, $P =$

0.004, $N = 335$). The GFI was .937, AGFI = .906, NFI = .901, CFI = .939, TLI = .921, RSMEA = .061, and $\chi^2/df = 2.26$ (see figure 11 – Appendix H).

These values suggest an adequate fit to the model, even though the chi-square was significant. As was discussed previously, the measurement model could be judged as providing an acceptable fit, even though the chi-square value is statistically significant, especially with a large sample (Anderson and Gerbing, 1988). The initial standardized estimations for the hypothesized model showed that all the parameters were highly significant ($P < 0.001$).

Normative Commitment. As presented in annex 1, four items (NC1-NC4) were used to measure the one-factor model of normative commitment. The results of CFA provided evidence for accepting this model. According to figure 4, the standardized parameters estimate shows that all indicators were statistically significant ($P < 0.001$) and loaded on the normative commitment variable.

CFA results also showed that the chi-square was significant ($\chi^2 = 92.05$, $df = 59$, $P = 0.004$, $N = 335$). The GFI was .957, AGFI = .933, NFI = .934, CFI = .975, TLI = .967, RSMEA = .041, and $\chi^2/df = 1.56$. These values suggest an adequate fit to the model, even though the chi-square was significant. As it was discussed previously, the measurement model could be judged as providing an acceptable fit even though the chi-square value is statistically significant, especially with a large sample (Anderson and Gerbing, 1988). The initial standardized estimations for the hypothesized model showed that all the parameters were highly significant ($P < 0.001$) (see figure 4).

Stage Two: Structural Model

Once all constructs in the measurement model (stage one) were validated and satisfactory fit achieved (Anderson and Gerbing, 1988; Hair et al., 1995; Kline, 2005; Homles-Smith et al., 2006), a structural model can then be tested and presented as a second and main stage of the analysis. The structural model has been defined as “the portion of the model that specifies how the latent variables are related to each other” (Arbuckle, 2005, p.90).

The structural model aims to specify which latent constructs directly or indirectly influence the values of other latent constructs in the model (Byrne, 1989). Hence, the purpose of the structural model in this study is to test the underlying effect in order to answer the research questions outlined in part one. In the proposed theoretical model discussed in part two, the underlying constructs were classified into two classes, including exogenous constructs (procedural justice and distributive justice) and endogenous constructs (affective commitment, continuous commitment, and normative commitment). Because the assumptions underlying structural equation modeling were met, the coefficient parameter estimates were examined along with the overall model fit indices to test the effect. Parameter estimates are fundamental to SEM analysis because they are used to generate the estimated population covariance matrix for the model (Tabachnick and Fidell, 2001).

Coefficients' values are obtained by dividing the variance estimate by its Standard Error (S.E). That is, when the Critical Ratio (C.R.) is greater than 1.96 for a regression weight (or standardized estimates); the parameter is statistically significant at the 0.05 levels. As table 8 below, for example, the first hypothesized path between procedural justice and affective

commitment indicates, a CR of 3.557, which exceed the value of 1.96 required for statistical significance. That means the regression weight of procedural justice in the prediction of affective commitment at the $P < 0.05$ level is significantly different from zero (Estimate = 0.225). Thus, the evaluation of the structural model of this study is discussed below.

Structural Model of All Exogenous and Organizational Commitment as Endogenous Constructs (The Hypothesized Model)

The analyses of the hypothesized structural model were conducted by testing the hypothesized model, which specified the six casual relationships (PJ on AC, CC, and NC as well as DJ on AC, CC, and NC) in table 8.

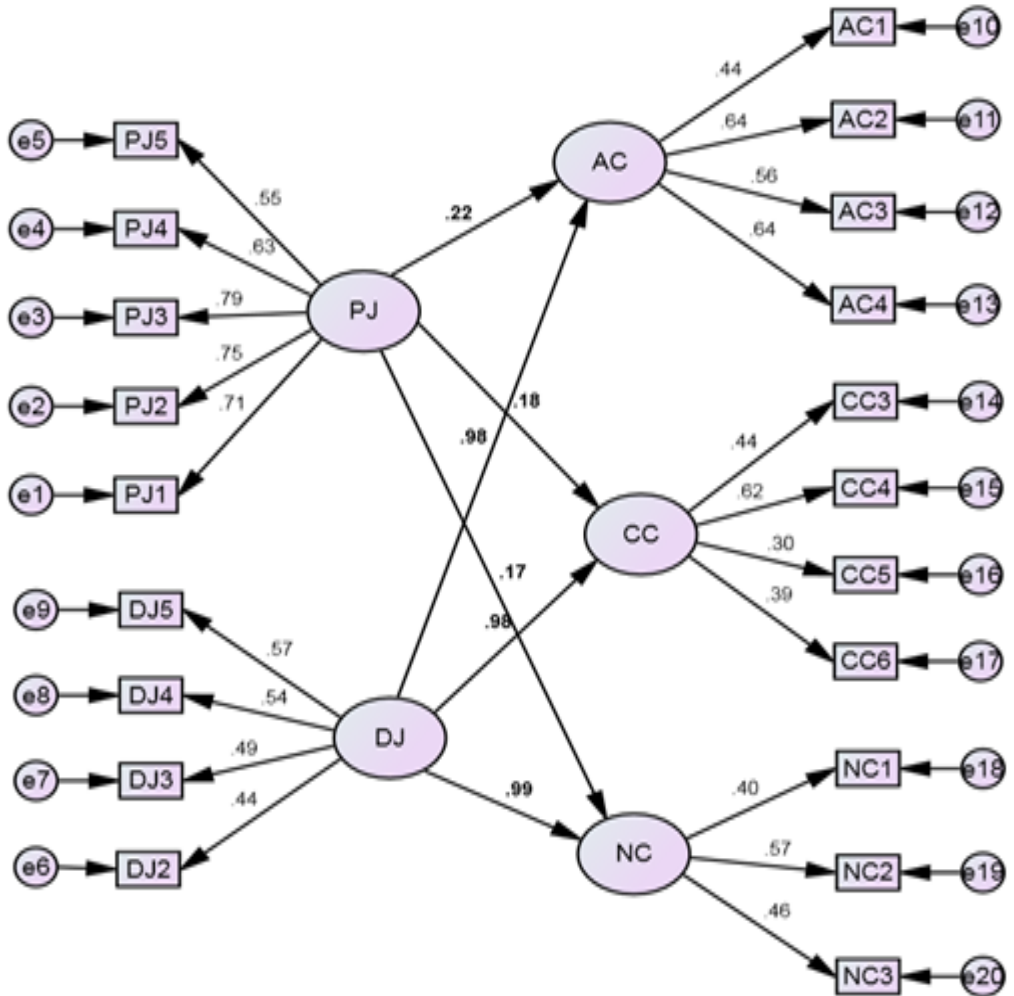
Table 8: Underlined Hypotheses

Hypothesis Content	Effects to be tested*
H1: Procedural justice has significant effect on affective commitment. H2: Distributive justice has significant effect on affective commitment. H3: Procedural justice has significant effect on continuous commitment.	PJ → AC; PJ → CC; PJ → NC
H4: Distributive justice has significant effect on continuous commitment. H5: Procedural justice has significant effect on normative commitment. H6: Distributive justice has significant effect on normative commitment.	DJ → AC; DJ → CC; DJ → NC

* PJ = Procedural Justice; DJ = Distributive Justice; AC = Affective Commitment; CC = Continuous Commitment; NC = Normative Commitment.

In the path diagram presented in figure 5, exogenous constructs - procedural and distributive justice - have no single headed arrow pointing toward them. Endogenous constructs (affective commitment; continuous commitment; normative commitment) have one single-headed arrow leading to them. Straight arrows (or single-headed arrow) indicate causal relationships or paths. The error terms (e) represent random error due to measurement of the constructs they indicate. In testing the hypothesized model, results presented in table 9 indicate that the causal effect of both Procedural Justice (PJ) and Distributive Justice (DJ) on AC, CC, and NC were statistically significant

and in the hypothesized direction. Lee et al. (2009) concluded that organizational justice a positive impact on employees' commitment.



Chi-square = 699.22, df = 189, GFI = .923, AGFI = .917,
 NFI = .914, CFI = .920, TLI = .928, RSMEA = .081, $\chi^2/df = 3.2$

Bold face standardized parameters indicate significant path between constructs

Figure 5. A CFA Structural Model of All Exogenous and Organizational Commitment as Endogenous Constructs

The standardized estimate (β) for these effects were all significant but some were not strong ($\beta = 0.22, 0.18, 0.17, 0.98, 0.98$ and 0.99 , respectively).

Thus, one can infer distributive justice has stronger effect on organizational commitment than that of procedural justice. The indices for goodness-of-fit demonstrate that this model fits the data adequately, even though chi-square was significant ($\chi^2 = 699.22$, $df = 189$, $P = .000$, $N = 335$). The GFI was .923, AGFI = .917, NFI = .914, CFI = .920, TLI = .928, RSMEA = .081, $\chi^2/df = 3.2$. Figure 5 summarizes the results obtained for each hypothesized path.

Table 9: Effects of Downsizing Strategy on the Level of Organizational Commitment of Survivors

Variables	Standardized estimate (β)	C.R. (t)	P	Supported
Procedural Justice → Affective Commitment	.225	3.557	***	Yes
Distributive Justice → Affective Commitment	.983	5.746	***	Yes
Procedural Justice → Continuous Commitment	.186	2.572	.010	Yes
Distributive Justice → Continuous Commitment	.985	5.488	***	Yes
Procedural Justice → Normative Commitment	.173	2.269	.023	Yes
Distributive Justice → Normative Commitment	.974	5.817	***	Yes

5 Conclusion and Recommendation

5.1 Conclusions

Based on the findings of the study, the following conclusions are drawn:

1. Although the drive of downsizing at Ethio Telecom is more of institutional as it was used to implement organizational transformation to achieve efficiency and effectiveness, due to lack of transparency, proper communication, and clear criteria as well as inconsistent and non-participatory decision, survivors are under syndrome with threat of future job insecurity. As a result, one can conclude that there was procedural injustice during the implementation period; in turn, it has negatively affected survivors' affective commitment. Hence,

procedural justice has positive and significant effect on affective commitment. Therefore, the null hypothesis stating that procedural justice has no significant effect on affective commitment is rejected.

2. The result of this study unambiguously shows that survivors' lack of commitment is associated with the distributive injustice that the organization did on the layoffs. They are neither emotionally attached nor do they have feeling of continuous commitment to the company. Therefore, distributive justice has positive and significant effect on affective commitment. Hence, the null hypothesis stating that distributive justice has no significant effect on affective commitment is rejected.
3. The findings of this study confirm that there are certain problems in the implementation of downsizing in Ethio Telecom. Organizational injustice during downsizing as basic determinant factor has adversative effect on survivors' organizational commitment that can hamper the organization's objective attainment. Consequently, survivors' continuous commitment and feeling of job security are adversely affected. Negative reactions of the downsizing process take the form of lower commitment to the organization and survivors tend to feel insecure thereby increased propensity to leave the organization would follow. Thus, procedural justice has positive and significant effect on continuous commitment. Therefore, the null hypothesis stating that procedural justice has no significant effect on continuous commitment is rejected.
4. Distributive justice has positive effect on survivors' organizational continuous commitment that has been manifested by lowered morale and productivity, depression and lethargy. As a result, one can

conclude that distributive justice has positive and significant effect on normative commitment. Hence, the null hypothesis stating that distributive justice has no significant effect on continuous commitment is rejected.

5. Surviving managers have been found to display various types of psychological responses including detachment, hostility, depression, increased stress associated with having to personally handle the laying off of previous colleagues and subordinates. Therefore, procedural justice has positive and significant effect on normative commitment. Consequently, the null hypothesis stating that procedural justice has no significant effect on normative commitment is rejected.
6. Survivors are adversely affected by downsizing strategies which were intended to improve organizational flexibility, increase employee responsibility, and streamline operations. It implies that there was positive and significant effect of distributive justice on normative commitment. Therefore, the null hypothesis stating that distributive justice has no significant effect on normative commitment is rejected.

5.2 Recommendations

The researcher forwards the following recommendations for the organization, policy makers and further research regarding the implementations of downsizing and its effects based on the research questions, analysis made, summary of major findings and conclusion drawn.

1. Ethio Telecom should set clear selection criteria, make the process transparent, communicate timely, collect data ahead and confirmed by each employee, create change climate, and involve a neutral body in the selection process. Moreover, employees participation in decision making processes make them more committed, encouraged, and they

feel their value and significance within the organization. Hence, the researcher recommends the management to participate employees adequately in decision making that has much concern on their work life.

2. Downsizing is one of the management strategies to make organizations efficient and effective but is not the only one. Hence, first of all, Ethio Telecom should search for other possible strategies that have less negative consequence on victims and in turn on survivors before downsizing. However, if downsizing is a must, it can be the best alternative for Ethio Telecom - when the need arise in the future - in order to respond to the communication demand of the country with the following considerations: plan the process properly, study the overall scenario prior to the attempt, do HRP industriously, conduct behavioral trainings so that the management staff can handle emotional responses of both victims and survivors, and prepare victims for other job.
3. The management should work on organizational climate to make it more attractive and enhancing continuous commitment, enhancing organizational trust, work on organizational interface, develop model leaders, time bound activity so that the company can move forward, handle HR-issues carefully, develop action orientation, develop feedback mechanism that work actively, retain some old management staff, build mutual trust between management and employees, management and union as well as union and employee. The researcher further recommends that periodic and systematic employee-attitude assessments can enable the management to ascertain the impact of

employees' actions on the day-to-day operations of the company and workforce morale.

4. In order for downsizing to succeed, it is necessary to understand the human aspects of change. Moreover, the company should support and build the capacity of the victims since a large number of victims have lower level education and less exposure to other industries. Such support can have multiple effects on both survivors and victims. Consequently, it stabilizes the separated employees, which in turn, has positive effect on survivors morale and commitment.
5. Although it is a good stride to institutionalize a company for victims to assist them in offering a job, Ethio Telecom should have to act timely so that separated employees can minimize negative psychological feelings like being antagonistic and hostile with depressive reactions and low self-esteem triggered by the trauma of being 'rejected'. Victims should be treated with respect and dignity, handling properly their emotional response, explaining why they are reduced. As the study result proves there is lowering of morale, losing trust and becoming less energetic. The researcher believes that the company should make satisfaction survey or effect analysis concerning downsizing so as to gauge the level as well as identify the factors that can help to understand the situation and take corrective action as it has been done by this research.
6. This study revealed that survivors are facing unusual workload and feel in secured with their current positions. Hence, the company should conduct further studies to analyze the jobs so as to redefine the job description and to reduce the fatigues and frustration. Thus, post downsizing, the management should do the following to refocus the energy: communicate clearly, align each unit and individual activity

with company's strategic objectives, share the duty of the company among survivors, conduct close follow up and identify the gap, autonomy to the level of responsibility.

Further Research

In further research it should be determined whether findings from this study would be confirmed in other companies in the country. Research on larger sample size and longitudinal study would allow generalizing the findings to the whole population of employees in the industry and the change in behavior as the time goes. Furthermore, this study has focused on organizational justice and commitments which are limited factors compared to the remaining influential factors like leadership style, stress, turnover intention, and labor-management relation. Hence, other researchers can extend the scope of the study to include these and other similar factors. In addition, this study has examined the effect of independent/exogenous variables on dependent/endogenous variables but not between one dependent/endogenous variable on another as well as not their reflective effect on performance. Therefore, further research can address this effect.

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Annex 1. Description of Variables

<u>Exogenous Variables</u>	<u>Endogenous Variables</u>
PJ1-Process was transparent	AC1-This organization has a great deal of personal meaning for me.
PJ2-Decisions were being made in unbiased manner	AC2-I would not leave my organization right now because I have a sense of obligation to the people in it.
PJ3-The criteria were fair and applied consistently	AC3-This organization deserves my loyalty.
PJ4-Employees or their representatives were adequately involved	AC4-I feel like part of the family at my organization.
PJ5-Employees received adequate advance notice	CC1-Right now, staying with my organization is a matter of necessity as much as desire.
PJ6-Employees were allowed to appeal	CC2-If I had not already put so much of myself into this organization, I might consider working elsewhere.
PJ7-Employees were treated with respect and dignity	CC-3Even if it were to my advantage, I do not feel it would be right to leave my organization now.
DJ1-Downsizing is a necessary evil	CC4-I would be very happy to spend the rest of my career with this organization.
DJ2-Separated employees were being taken care	CC5-Being laid-off affects the social status of the person. Therefore, I am happy for being employed and I will stay in Ethio Telecom.
DJ3-Adequate assistance offered in finding new jobs	CC6-Assume that you have been laid off by your organization. You would like to rejoin the same organization in future, if you are offered a job.
DJ4-Adequate severance pay offering	NC1-The burden of the downsizing is being shared by all members of the organization.
DJ5-Has been done the best to ease the exit-matter	NC2-I would feel guilty if I left my organization now.
	NC3-Downsizing is processed at Ethio Telecom so as to result as the most effective way to improve company's efficiency.
	NC4-It would be very hard for me to leave my organization right now, even if I wanted to.
	NC5-I understand this organization enough to be able to control things that affect me.