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Downsizing and survivor reactions in Malaysia: modelling antecedents and outcomes of psychological contract violation

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This study provides an empirical test of a model of antecedents and consequences of psychological contract violation (PCV) caused by the experience of downsizing. A longitudinal survey method was used to collect data at two different points in time (a month after downsizing, and eight months later) from a sample of 281 survivors from a large Malaysian organization going through downsizing. Respondents were from the headquarters (HQ), factories and subsidiaries located across the country and were employed across hierarchical positions including managers, supervisors, technical, operating and administrative staff. A causal model is proposed and tested. The model proposes that the perception of justice and negative affectivity at time 1 (T1) predict PCV, which in turn predicts three attitudinal and behavioural outcomes of commitment, organizational citizenship behaviours (OCBs) and turnover intentions at time 2 (T2). Three variations of the model (fully-mediated, partially-mediated and unmediated) were tested with structural equation modelling. The results show that 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. The findings demonstrate the utility of psychological contract framework in explaining survivor reactions to downsizing.

Keywords: downsizing; negative affectivity; psychological contract

Introduction

The literature has established the importance of downsizing in contemporary employment relationships (Brockner, Weisenfeld, Reed, Grover and Martin 1993; Armstrong-Stassen 1998; Brennan and Skarlicki 2004; Sаïd, Le Louarn and Tremblay 2007). However, there has been increasing empirical evidence suggesting that downsizing is often not effective in achieving the intended benefits. The economic legitimacy of the strategy has been challenged, most recently by Sаïd et al. (2007) who found that the expected positive effects of workforce reductions on labour productivity did not materialize. The authors noted, however, that the nil-impact of workforce reductions on organizational performance whilst raising questions about the economic legitimacy of downsizing, also indirectly raises important questions about many behavioural assumptions in the downsizing literature: ...it is possible that the negative impact of major job cuts on survivors’ work behaviours were balanced by an improvement in organizational efficiency after personnel reductions... the increasing institutionalisation of workforce

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reductions … may have mitigated the expected negative behavioural affects of major job cuts’ (Saïd et al. 2007, p. 2089). They argued that future organizational research should address more directly the potential impact of a series of micro-level organizational contingencies.

Understanding how these contingencies impact survivor reactions to downsizing becomes all the more important given that downsizing has now become a global phenomenon affecting not only developed countries, but also the rest of the world (Armstrong-Stassen 1998; Campbell-Jamison, Worall and Cooper 2001; Brennan and Skarlicki 2004; Smith and Abdullah 2004; Lee and Peccei 2006). The recent global economic deterioration associated with the ‘credit crunch’ will likely lead to renewed adoption of downsizing as a strategy. The question is, should the accepted lessons drawn from the downsizing literature, generally established throughout the 1990s and based upon Western samples, still be taken for granted?

This study, using a sophisticated research design, reports on the use of downsizing in the Malaysian context in order to raise some important questions for global downsizing researchers. The study makes two significant contributions to the literature. First, it tests for a greater set and range of employment relationship variables than has previously been the case in downsizing research, examining potential interactions with each other, and how these variables when taken as a whole contribute to a better understanding of survivors’ reactions. In so doing it also adopts some important controls for personality (affectivity) that may render some previously taken-for-granted individual-level relationships spurious. Second, it gives attention to the micro-level processes through which downsizing influences important attitudes and behaviours by moving beyond a justice and fairness perspective and into a broader psychological contract framework. We argue that the dynamics of these processes need to be understood in order to provide international human resource management (IHRM) with an important understanding of how dynamics may differ from one cultural context to another. Note, however, that the cultural context does not form the focus of this study, but rather an examination of the micro-level processes that should enable future cross-cultural research on downsizing to be better framed. Can we build a generic model of human functioning (Sparrow 2006) that enables us to specify the individual-level dynamics at play, from which it becomes possible to hypothesize more generalizable or situation-specific responses to downsizing?

Why must IHRM researchers first better understand the micro-level processes involved in downsizing? Methodologically, there are continued calls for more longitudinal research on downsizing (Lee and Peccei 2006) and even the small number of longitudinal studies examining survivors’ reactions to downsizing (e.g., Davy, Kinicki and Scheck 1991; Armstrong-Stassen 1998, 2002; Allen, Freeman, Russell, Reizenstein and Rentz 2001; Kernan and Hanges 2002) have been criticized for not examining the issue in an integrative manner, i.e., bringing the theoretical antecedents and outcomes of downsizing reactions together into a single testable model (Morrison and Robinson 1997; Turnley and Feldman 1999a; Kernan and Hanges 2002; Lo and Ayree 2003). Such research is important since it helps us to understand how a range of employment relationship variables potentially interact with each other, and contribute to a better understanding of survivors’ reactions. Although researchers have documented the direct effect of downsizing on employee attitudes and behaviours, the micro-level processes through which downsizing influences those attitudes and behaviours have received relatively little attention.

Moreover, much research conducted at the individual level has, surprisingly, been driven by a narrow theoretical framework, with an over-reliance on organizational justice
frameworks (Sahdev 2003). Excepting some work from a socio-emotive perspective (Lee and Peccei 2006) the majority of research focuses on processes such as perceived justice (e.g., Brockner, Tyler and Cooper-Schneider 1992; Brockner et al. 1994), and equity theory (Brockner et al. 1986). Yet reviews of cross-cultural work on various forms of justice have concluded that different forms of justice can be linked to cultural factors (Morris and Leung 2000). We need to move beyond this theory to better understand the issue of survivors’ reactions to downsizing, especially if findings are to be generalized to different geographies.

Drawing on criticisms of downsizing research, this study employs a longitudinal study design, and uses an alternative theory to justice perceptions – psychological contract theory – as a framework to explain the attitudinal and behavioural outcomes of downsizing on survivors. It also incorporates the individual predisposition of negative affectivity that might legitimately be considered to play a role in explaining perceived injustice reactions to downsizing. This has been used frequently in other fields such as job satisfaction and stress research but has strangely been neglected in downsizing studies. We propose that perceptions of procedural justice and a disposition to negative affectivity may both result in psychological contract violation, which in turn affects survivors’ commitment, organizational citizenship behaviours and turnover intention.

Theoretical model

An important issue to consider is which variables should be seen as a more complete theoretical test of antecedents and outcomes? For Kozlowski, Chao, Smith and Hedlund (1993) any organizational outcomes (i.e., organizational performance) from downsizing will be mediated through the effects that downsizing has on the surviving employees. Under-performance might be attributed to employee perceptions that the psychological contracts between the organization and employees have been breached or violated.

A psychological contract (PC) is the perception of the contribution that an employee feels obliged to give to his or her employer, and the inducements that he or she believes the employer is obliged to give in return (Rousseau 1995). In a context where job security might be expected from an organization, the implementation of downsizing in itself is considered as a breach of PC between the organization (employer) and employees. The organization is perceived as not fulfilling the expected obligation (PC breach), and this cognitive evaluation may then lead to affective responses known as violation (Morrison and Robinson 1997), which in turn leads to negative attitudes and behaviours. Rousseau and Parks (1993) argue that it is unmet expectations that lie at the heart of violation of PC at the individual level (Rousseau and Park 1993).

We propose that perceived procedural justice predicts PCV, and PCV then in turn predicts OCB, commitment and turnover intention among survivors. Although we have noted that the role of perceptions of justice may be over-stated in the literature, they clearly do play an important role in predicting survivors’ responses to downsizing (Brockner and Greenberg 1990; Brockner et al. 1992; Kernan and Hanges 2002; Brennan and Skarlicki 2004). How organizations handle the procedures related to downsizing and how managers/supervisors treat employees before, during and after the downsizing is very important in predicting survivors’ attitudinal and behavioural responses and much depends upon how employees perceive management’s handling of the process. When expectations of fairness are not met, survivors perceive the organization as not fulfilling their obligation (Rousseau 1995). In effect, it is the perceived unfairness that leads to a negative affective reaction of PCV, which stems from their perception of not receiving what is expected from
the organization. This feeling of violation will next result in the negative attitudes and behaviours of survivors.

**Hypothesis 1**: Perceived justice will be negatively related to PCV.

However, such a generic relationship may be naïve. Kiefer (2005) has argued that research now needs to untangle emotions from perceptions, in part because several constructs in downsizing or psychological contract research are emotionally laden (such as feelings of insecurity, unfairness and resistance). Bringing an understanding of emotions into the study of downsizing also enables linkage to a range of cross-cultural constructs (Sparrow 2006). In reality feelings of injustice are separate to emotions. They are better seen as antecedents to negative emotions, with withdrawal intentions and perceptions of trust seen as outcomes mediated by felt emotions. Kiefer (2005) argued that future research should examine contextual and individual difference variables, such as trait affectivity; whilst Kahn, Schneider, Jenkins-Henkelman and Moyle (2006) caution that a lack of control for affectivity may render some previously taken-for-granted psychological relationships spurious.

This study addresses this important need in this regard, which is to understand the role played by personality traits that might explain the affectivity associated with downsizing. Personality predispositions should play a role in several of the outcome variables that we go on to examine in this study. We should expect that individuals with specific traits would exhibit similar reactions in the context of downsizing and might at least partially explain perceptions of justice that have emerged from research on psychological contract violation. They have been linked recently to: perceptions of contract breach and violation (Raja, Johns and Ntalianis 2004); moderation of the relationship between psychological contract breach and employee reactions to the breach and predictor of turnover intentions, organizational loyalty, job satisfaction, and job performance (Orvis, Dudley and Corlina 2008); playing a role in organizational citizenship behaviours (OCBs) (Cropanzano, James and Konovsky 1993); and in job satisfaction (Levin and Stokes 1989; Connolly and Viswesvaran 2000). It is surprising, then, that such predispositions have not been taken into account in research on responses to downsizing.

This we do, but first we must take a brief methodological detour. IHRM researchers may be unaware of two important debates within the psychology literature: which individual differences should be used; and how best should individual differences be treated in empirical study, i.e., as controls, antecedents or mediators? In relation to the first issue, this study uses the construct of negative affectivity (NA) to assess the impact of personality as an antecedent to subsequent downsizing behaviours. NA is seen to reflect the emotional core of personality (Kahn et al. 2006). It is defined as ‘a mood dispositional dimension reflecting pervasive individual differences in the experience of negative emotion and self-concept’ (Watson and Clark 1984, p. 483). Both theoretical reasoning and empirical study suggest that high levels of NA are linked with a cognitive bias through which people approach and interpret life experiences, an affective inclination and cognitive style that affects people’s experience and evaluation of their jobs and organizational behaviour. Affective events theory (Weiss and Cropanzano 1996) argues that emotional states mediate the relationship between perceptions and evaluations of the workplace and that states such as negative affectivity should moderate the relationship between work events and emotional reactions (such as psychological contract breach). NA may intensify or weaken emotional reactions such as violation, biasing the encoding of subsequent perceptions, such as intentions to leave. Empirical evidence for the importance of NA is also increasingly widespread (Turnley and Feldman 1999a; Spector, Zapf,
Chen and Frese 2000; Kahn et al. 2006; Bowling, Hendricks and Wagner 2008). In controlling for the effect of NA, Kahn et al. (2006) found that it predicted significant variance in perceptions of support, cynicism and efficacy. Bowling et al.’s (2008) meta-analysis suggests correlations of $-0.33$ to $-0.49$ between negative affectivity and reported job satisfaction.

This leaves the question of whether NA predisposes one to the perception of injustice, which then results in PCV, or whether it moderates the relationship between perceptions of injustice perception and PCV? In this study NA is treated as an antecedent variable. A number of researchers argue that NA should not be treated simply as a control variable, but rather as an antecedent, as it causes individuals to view their environment in a more negative manner (George 1992; Morrison and Robinson 1997; Spector et al. 2000).

We therefore hypothesise that a NA disposition predisposes survivors’ PCV. It acts as a self-fulfilling factor, influencing the individual affective state of PCV, rather than as a direct correlate of attitude and behaviours of survivors.

**Hypothesis 2:** Negative affectivity is positively related to PCV.

The next set of hypotheses relate to three important outcomes of OCB, commitment and turnover intentions. Violations of an individual psychological contract will result in a number of changes in the attitudes and behaviour of employees that are believed to have serious individual and organizational implications (Morrison and Robinson 1997). For example, PCVs affect employees’ beliefs regarding the reciprocal obligations in place between themselves and the organization (Robinson, Kraatz and Rousseau 1994). Following the violation, employees may feel less obligated to be committed (Guzzo, Noonan and Elron 1994; Robinson and Morrison 1995), less obligated to perform extra role behaviour (Parks and Kidder 1994; Robinson and Morrison 1995; Turnley and Feldman 1999a, 2000) and have a high intention to turnover (Guzzo et al. 1994). We would therefore hypothesise that employees are less likely to engage in OCB when they believe that their employer has not fulfilled the terms of the employment contract.

**Hypothesis 3:** PCV is negatively related to survivors’ OCB.

Meyer and Allen (1997) suggest that affective commitment is the most desirable form of commitment and the one that organizations are more likely to want to instil in their employees, as people committed due to emotional (affective) attachment are potentially more beneficial to the company than those committed due to perceived cost of leaving. Employees with strong affective commitment continue employment with the organization because they want to do so, whilst those whose primary link to the organization is based on continuance commitment, stay because they need to do so (Meyer and Allen 1991). Given this distinction, employees high in affective commitment should display unwillingness to leave the organization because they feel more comfortable in their relationship with it, or believe in the organization and its mission (Dunham, Grube and Castaneda 1994).

Again, surprisingly, only a few quantitative studies have actually investigated the relationship between downsizing experience and organizational commitment (Knudsen, Johnson, Martin and Roman 2003). Findings from qualitative studies indicate that survivors of downsizing report greater work stress as well as lower levels of organizational commitment (e.g., Kets de Vries and Balazs 1997), and even the few quantitative studies have focused on the direct relationship between a downsizing experience and levels of commitment, without examining why a downsizing experience might be related to low organizational commitment (Allen et al. 2001).
In order to better understand survivors’ reactions, we need to examine the intermediary linkage between downsizing experience and organizational commitment, instead of focusing on only the direct relationship between the variable and the experience of downsizing. Social exchange theory (Blau 1964) and the norm of reciprocity (Gouldner 1960) have most often been used to explain such a relationship between psychological contract breach and important attitudinal and behavioural reactions of employees (e.g., Rousseau 1995; Turnley, Bolino, Lester and Bloodgood 2004). Social exchange theory proposes that the parties in any given relationship want balance in the relationship (Blau 1964), while the norm of reciprocity posits that positive beneficial action directed at employees by the organization creates a motivation for employees to reciprocate in positive ways through their attitudes and/or behaviours (Gouldner 1960).

In the case of downsizing, organizations are seen as not fulfilling their obligation in terms of providing job security. Survivors are left with a feeling of violation. In order to balance the relationship and reciprocate the organization’s failure to fulfil the ongoing commitment, they are likely to reduce their level of commitment to the organization.

**Hypothesis 4:** PCV is negatively related to survivors’ organizational commitment.

Turnover intention refers to individuals’ own estimated probability that they will permanently leave the organization at some point in near future (Mowday, Porter and Steers 1982). Employee turnover can be problematic to organizations (Trevor, Gerhart and Boudreau 1997), especially in a downsizing context, where high rates of survivor turnover can lead to post-downsizing decreases in the productivity and performance of the organization (Brennan and Skarlicki 2004).

The present study examines intention to turnover rather than actual turnover as an outcome of downsizing. This is mainly because turnover intention is a behavioural intention that reveals an individual’s proclivity to leave, which is considered as the primary antecedent to actual behaviour (Hellman 1997). Research has consistently found support for two things: employees’ intention to leave the organization is directly related to actual employee turnover (e.g., Tett and Mayer 1993; Hom and Kinicki 2001) and that there is a positive relationship between psychological contract breach, violation and intention to leave (e.g., Robinson and Rousseau 1994; Guzzo et al. 1994; Turnley and Feldman 2000; Tekleab, Takeuchi and Taylor 2005).

**Hypothesis 5:** PCV is positively related to survivors’ turnover intention.

However, it is possible that in the context of downsizing, PCV either has a direct impact on turnover intentions, or that the relationship is mediated by the level of organizational commitment. The study therefore also examines the role of commitment as a mediator in the relationship between PCV and turnover intentions, and OCB.

In many models with multiple dependent variables, it is likely that the variables will be inter-correlated. While the objective of the present study is to examine the relationships between antecedents and the outcomes of PCV in the context of downsizing, the links between attitudinal and behavioural outcomes also need to be considered, both for theoretical and statistical modelling reasons. Theoretically, it is likely that certain outcome variables are related to each other, thus not to specify the path between them is to fail to reflect the actual situation. From a structural equation modelling perspective, not specifying a link that is theoretically justified between two highly correlated variables informs the modelling package that it should assume that there is no relationship between them. This mis-specification may result in a misfit between the hypothesized...
model and the data, and in biased parameter estimates (Hoyle 1995) and may lead to the rejection of an otherwise acceptable model.

Thus, paths have been placed between commitment and OCB, and between commitment and turnover intention. The model posits that, in addition to the direct effects of PCV on OCB, and turnover intention, PCV also indirectly affects the two outcome variables through commitment. To date, research has provided both theoretical and empirical support for the effects of commitment on those OCBs and turnover intention (e.g., Moorman, Nierhoff and Organ 1993; Allen and Meyer 1996; Wasti 2003).

Hypothesis 6: Organizational commitment mediates the relationship between PCV and OCB, and turnover intention.

Methodology

Organizational context

The study took place in a Malaysian company that holds a concession on manufacturing, distributing and importing a primary commodity. The company was previously owned by the government, and was privatised in 1996. It is a large organization with employees working in its headquarters, subsidiaries, production and distribution plants around the country. The company had been in existence for many years as a government agency and had traditionally offered very stable employment conditions until recently when it announced downsizing as a strategy to reduce cost and to increase performance. As the government still has some influence on the organization, the downsizing plan received wide coverage from the media in the country. Management stated there would be no ‘compulsory’ redundancies and that anyone leaving would do so voluntarily through the company Voluntary Separation Scheme (VSS). They claimed the scheme offered a better compensation package compared with that stated in the Employment Act. Other programmes such as a paid-leave option (12 months paid leave after which their services would be terminated), and an early retirement option were also offered, but only on a small scale.

Sample

The sample for the study is survivors from the organization, which was going through downsizing. The head of human resource development (HRD) provided the primary researcher with the list of 1003 survivors and their home addresses. These remaining employees were from the HQ, factories and subsidiaries located all over the country and were from various hierarchical positions including managers, supervisors, technical, operating, sales and administrative staff. To reduce the bias associated with a cross-sectional study, a longitudinal technique was used to collect the data: subjects were surveyed at two points in time 1 (T1) within a month after the downsizing, and in time 2 (T2) eight months later. The total number of the sample responding to both T1 and T2 were 281, representing a 28% sample.

Measures and scale refinement

The survey was conducted in the Malay language because it is the first language of the country and can be understood by all respondents coming from various backgrounds. In using survey instruments in a language that they were not originally written in,
it is important to ensure that the original meaning does not become distorted. This is usually dealt with through the process of back-translation. Thus, before subsequent administration, the English version of the survey was sent to a local academician who had qualifications and experience in teaching both English and management subjects in the university, and prior experience of doing translation work.

**Negative affectivity**

Measured originally using 21 items from negative affectivity scales (NASs) developed by Levin and Stokes (1989) as a self-report measure to assess the global disposition to negative affectivity. Respondents were asked to indicate the extent of their agreement (‘1 = strongly disagree’, to ‘6 = strongly agree’) with the statements such as ‘I often feel restless and jittery for no apparent reasons’. To assess the underlying structure of negative affectivity, items were submitted to an exploratory factor analysis, using the principle component method and varimax rotation, resulting in five factors representing 50% of the total variance being explained. In terms of variance explained, the first two factors better describe the negative affectivity construct than the others, representing 15.9% and 13.8% of total variance explained. The second factor is merely comprised of the positive worded items of the negative affectivity items, even when recoded into reverse scores. The first factor was used to represent the construct of negative affectivity in terms of the meaning and the decision was made to use the items to represent negative affectivity in any further analysis. Finally, an examination of MSA showed the value of .80, supporting that this test is an appropriate analysis to be used in this case. Both Cronbach’s alpha and SEM composite reliability for the construct were above .70 and test-retest reliability between T1 and T2 of the negative affectivity construct showed a significant correlation of .66 at p < 0.01.

**Perceived procedural justice**

Perceived organizational justice was assessed using eight items. These items have been used to measure two forms of justice – procedural and interactional justice – based on Moorman’s (1991) scale, which was adapted to the downsizing context. Items reflect the manner in which organizational procedures are carried out, i.e., interpersonal treatment received during the implementation of downsizing (such as ‘Managers/supervisors were concerned about employees’ welfare and rights during the implementation of downsizing’ or ‘The procedure used in choosing who to lay off was consistent’) and the extent to which fair procedures were present and used in the organization during the implementation of downsizing (such as ‘The procedure used in approving those who opted for the voluntary separation scheme (VSS) was consistent’). Five-point Likert scale ranging from ‘1 = not true at all’, through ‘3 = not sure’ to ‘5 = very true’ to represent their agreement with the statements. Procedural justice and interactional justice were however treated as a single construct. The items were subjected to CFA and although the two-factor model resulted in a good fitting model; however, the correlation was high (.91), and the variances were very nearly similar (procedural justice = .43, interactional justice = .46). The high correlation, together with non-significant difference in their variances suggested redundancy in the two factors. Based on these indications, and consistent with the findings from previous research, the interactional and procedural justice items were combined to represent a single factor of perceived organizational justice.
Psychological contract violation (PCV) describes feelings of anger, distress, injustice and mistrust that arise from the realization that one’s organization has failed to meet its obligations (Raja et al. 2004) whereas breach represents a perceived imbalance in the social exchange process where the employee does not receive the expected outcomes from the organization. Whether a breach is converted into the more emotive violation depends on the scale of the size and salience of the promise. Violation, however, is the main mechanism through which perceptions of contract breach are translated into outcomes such as organizational commitment and intentions to quit. Given that the existence of downsizing and redundancies is a rather significant breach, and also given the translating role of violation, in order to create the most parsimonious set of variables, measurement focused on the existence of violation rather than the (antecedent and not always triggering) breach of contract. To test for its dimensionality, items representing the scale were subjected to EFA with varimax rotation. Three factors representing 61.4% of the total variance explained were extracted from the analysis. Factor 1, with 39.8% of variance, described the negative emotion, while the other two factors merely represented positively worded negative emotion items which were initially included as control measures for the negative emotion items. These two factors were then omitted from further analysis since they did not really represent the construct, and their contributions in explaining the variance were much lower than Factor 1. An examination of MSA also showed a very good level of .93 suggesting that this test (EFA) is an appropriate analysis for use in this case. Therefore, the first factor was chosen as a measure of PCV construct in further analysis. To capture an individual’s PCV following a downsizing, eight items based on Morrison and Robinson’s (1997) definition of a violation being the negative emotion associated with the breach of PC were therefore used. Respondents were asked to indicate how strongly they experienced those emotions (‘betrayed’, ‘angry’, ‘resentful’, ‘shock’, ‘insecure’, ‘lose trust’, ‘unfair’ and ‘disappointed’) with regard to the downsizing implemented by their organization, using a five-point Likert scale ranging from ‘1 = none at all’, through ‘3 = moderate’, to ‘5 = very strong’. The assessment of PCV therefore does not measure general perceptions of an unfair system, but rather measures the emotional response experienced by employees in relation to the organization’s failure to fulfill its obligations to the employee through the conduct of its downsizing implementation.

OB
Measured originally using a 30-item scale adapted from the work of Podsakoff, Mackenzie, Moorman and Fetter (1990), Organ (1994), and Mackenzie, Podsakoff and Ahearn (1998) that contains five items for altruism behaviour, five for civic virtue, eight for conscientiousness, five for courtesy, and seven for sportsmanship behaviour. Respondents were asked the extent of their willingness to participate in the behaviours at that particular point in time compared to before the downsizing was implemented, using a five-point Likert scale ranging from ‘1 = a lot less than before’, through ‘3 = same as before’ to ‘5 = a lot more than before’. Examples of the items include ‘Willingness to do more to protect my company’s property’ (conscientiousness), ‘Willingness to fill in for others who are absent from work’ (altruism), ‘Willingness to attend important meetings that are not compulsory’ (civic virtue), ‘Willingness to tolerate inconveniences for the sake of the well-being of the company’ (sportsmanship), and ‘Make it a point to inform fellow workers of any obstacles that can delay the completion of a project they...
are working on’ (courtesy). CFA was conducted on the five dimensions of OCB simultaneously as a five-factor model. Closer examination revealed the problematic dimensions: conscientiousness was highly correlated with sportsmanship ($r = 1.06$), altruism ($r = .96$), civic virtue ($r = .85$), and courtesy ($r = .87$); and sportsmanship was highly correlated with altruism ($r = .98$), courtesy ($r = .92$), and civic virtue ($r = .86$). Based on this finding, conscientiousness and sportsmanship were deleted from further analysis, leaving the other three dimensions (altruism, courtesy and civic virtue) in the measurement model. For the purpose of hypotheses testing, OCB will be treated as a latent factor represented by three dimensions of extra-role behaviour. Items from each of altruism, courtesy, and civic virtue dimension were averaged, and were then used as three different indicators of the latent OCB construct. A common factor underlying these dimensions would, therefore, be a good way to represent this psychological state of the employees. This treatment of OCB is deemed appropriate since the hypotheses regarding OCB proposed in the study were at the construct level; the study did not hypothesise differential effects of OCB dimensions. An examination of the reliability indicates a high level of alpha coefficient (.90), composite reliability (.93) and variance extracted (.53). Test-retest demonstrated significant correlation of $= .47$ at $p < 0.01$, between the T1 and T2 survey.

**Affective commitment**

Measured originally with eight items from the affective commitment scale (ACS) developed by Allen and Meyer (1990). Examples of the items are ‘I would be very happy to spend the rest of my career with this organization’, ‘I really feel as if this organization’s problems are my own’, and ‘I do not feel emotionally attached to this organization’. Respondents were asked to indicate the extent of their agreement of the statements on a seven-point Likert scale ranging from ‘1 = strongly agree’, through ‘4 = neither agree or disagree’, to ‘7 strongly agree’. As separate items were developed to assess turnover intentions it was not felt necessary to measure the related construct of continuance commitment. Closer examination of the factor loadings shows a non-significant item and two items with a value lower than .40, suggesting the lack of convergence validity in the items. These three items were deleted and a re-estimated CFA model resulted in an adequate fitting model with $\chi^2(5) = 32.7$ at $p = 0.0$; GFI = .95; CFI = .91; TLI = .91 and RMSEA = .14. Both Cronbach’s alpha and SEM composite reliability were .75 and variance extracted was .38, suggesting a single five-item scale.

**Turnover intention**

Measured by using a four-item scale in which the items were adopted from various authors (i.e., Cammann, Fichman, Klesh and Jackins 1983; Kransz, Kolowsky, Shalom and Elyakim 1995; Chiu and Francesco 2003). The four items are: ‘I intend to leave the organization in the near future’, ‘In the last few months, I have seriously thought about looking for a new job’, ‘Presently, I am actively searching for another job’, and ‘I often think about quitting my job’. Respondents were asked to indicate the extent of their agreement with the statements using a five-point Likert scale ranging from ‘1 = very unlikely’ to ‘5 = very likely’. To assess its dimensionality, the scale was subjected to EFA with varimax rotation. A single factor representing 75.7% of total variance explained was extracted from the analysis; thus suggesting the unidimensionality of the scale. The scale was next subjected to CFA. It resulted in an adequate fitting model of $\chi^2(2) = 29.2$
Table 1. Means, standard deviations, alpha reliability and zero-order correlation (Time 1 Predictor vs. Time 2 Outcome Variables).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>S.D</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Negative Affectivity (Time 1)</td>
<td>2.90</td>
<td>0.78</td>
<td></td>
<td>.78</td>
<td></td>
<td></td>
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<td>2. Perceived Justice (Time 1)</td>
<td>3.05</td>
<td>0.71</td>
<td>-.19</td>
<td></td>
<td>.87</td>
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<tr>
<td>3. PCV (Time 2)</td>
<td>2.44</td>
<td>0.99</td>
<td>**.30</td>
<td>** -.48</td>
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<tr>
<td>4. Commitment (Time 2)</td>
<td>4.92</td>
<td>1.09</td>
<td>** -.26</td>
<td>**.33</td>
<td>** -.52</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Turnover Intention (Time 2)</td>
<td>2.26</td>
<td>0.88</td>
<td>**.23</td>
<td>** -.36</td>
<td>**.45</td>
<td>** -.54</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. OCB (Time 2)</td>
<td>3.28</td>
<td>0.69</td>
<td>** -.18</td>
<td>**.26</td>
<td>** -.46</td>
<td>**.61</td>
<td>** -.51</td>
<td>(.88)</td>
</tr>
</tbody>
</table>

Notes: * Significance at $p < .05$; ** Significance at $p < .01$; Figure in brackets represent alpha reliability coefficient.
at $p = 0.05$; GFI = .95; CFI = .96; TLI = .89 and RMSEA = .22. Even though the chi-square statistic was significant, most of the other measures of fit show a recommended level of indices, thus indicating an adequate fitting of the measurement model. All the four items loaded significantly to the factor with standardized loadings ranging from .73 to .88, indicating that the scale had convergence validity. The reliability was within the recommended level with both Cronbach’s alpha and SEM composite reliability of .89, and variance extracted of .66.

**Control variables**

Several additional demographic variables including gender, age, tenure and position were controlled for in the full model SEM analyses to reduce the possibility of spurious relationships based on unmeasured variables, using the commonly recommended approach of allowing these variables to covary with each other and with other independent variables; and to cause all of the dependent variables (Lambert 2000).

**Results**

SEM with AMOS 5.0 program (Arbuckle 1999) was used to test the model. Missing data was replaced with EM approach (Schafer and Graham 2002). An examination of the data indicates support for normal distribution of the data. Table 1 shows the descriptive statistics (mean and standard deviation), reliabilities and zero order correlations between the variables examined in the study.

**Measurement model**

Following Anderson and Gerbing’s (1988) two-step procedure, the measurement model was assessed independently and before the structural model. Prior to conducting the assessment, and since the recommended ratio of sample size to parameter did not achieve the recommended level (Bentler 1995) a partial disaggregation approach (i.e., items were randomly combined by averaging to create three or four indicators per factor) was employed as a more parsimonious estimation strategy (Bagozzi and Heatherton 1994). The result of CFA (see Table 2) indicates a well fitting measurement model of $\chi^2 (84) = 97.4$, at $p < 0.05$; GFI = .96; CFI = .99; TLI = .99 and RMSEA = .02. All factors significantly loaded to their intended factors, and the comparison between the hypothesized six-factor model and other alternative models also demonstrated support for the hypothesized model.

<table>
<thead>
<tr>
<th>Model</th>
<th>$\chi^2$</th>
<th>d.f.</th>
<th>GFI</th>
<th>CFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>6-factor model</td>
<td>97.4</td>
<td>84</td>
<td>.96</td>
<td>.99</td>
<td>.99</td>
<td>.02</td>
</tr>
<tr>
<td>5-factor model</td>
<td>173.0</td>
<td>90</td>
<td>.92</td>
<td>.96</td>
<td>.95</td>
<td>.06</td>
</tr>
<tr>
<td>3-factor model</td>
<td>390.3</td>
<td>95</td>
<td>.84</td>
<td>.88</td>
<td>.85</td>
<td>.11</td>
</tr>
<tr>
<td>2-factor model</td>
<td>1026</td>
<td>102</td>
<td>.64</td>
<td>.63</td>
<td>.57</td>
<td>.18</td>
</tr>
<tr>
<td>1-factor model</td>
<td>1201.7</td>
<td>105</td>
<td>.63</td>
<td>.56</td>
<td>.50</td>
<td>.19</td>
</tr>
</tbody>
</table>

Note: In the 6-factor model, all the constructs are treated as six independent factors. In the 5-factor model, commitment and OCB items were loaded on one factor. In the 4-factor model, commitment and OCB items were loaded on one factor, and NA and PCV items were loaded on one factor. In the 3-factor model, justice and NA items were loaded on one factor, and PCV, OCB, commitment and turnover intention items were loaded on one factor. In the 1-factor model, all items were loaded on a single factor.
Structural model

Using the procedures recommended by Baron and Kenny (1986), and Kelloway (1995) for testing mediation, the proposed fully-mediated model is tested against the partially mediated and non-mediated model (see Figure 1 as a summary of the alternative models with regard to the antecedent–PCV–outcome relationship).

To restate, the alternative models tested are that PCV fully mediates the impact of antecedent justice and negative affectivity on the outcomes of commitment, OCB and turnover intentions (we have also hypothesised that within the outcome variables commitment mediates the impact of PCV on OCBs and turnover intentions). If supported,
a full mediation model would show the importance of the antecedents i.e., that survivors with high negative affectivity and low perceived justice report higher PCV than their counterparts, and that there are then no direct impacts of justice and negative affectivity on the outcome variables. For organizations, the management of PCV becomes a crucial intervention, but this can be achieved by concentrating on the antecedent variables. In the partially mediated model, in addition to acting as PCV antecedents, justice perceptions and negative affectivity also have spillover effects on the outcome variables. Organizational interventions would then need to address PCV but also the separate effects that the antecedent variables have on outcomes. In the non-mediated model, justice perceptions and negative affectivity might influence perceptions of PCV, but their direct impact on outcomes of commitment, OCB and turnover intentions is not mediated by PCV. This latter model is implicit in much of the justice-negative downsizing behaviour literature.

The findings in Table 3 suggest the appropriateness of the fully mediated model. The chi-square differences test results indicate a non-significant improvement of fit of the partially-mediated model ($\Delta \chi^2 = 10.5, p > .01$). On the other hand, the partially mediated model was a significant improvement on the non-mediated model ($\Delta \chi^2 = 47.5, p < .01$). An examination of standardised coefficients in the partially-mediated model reveals the insignificant direct paths from NA and perceived justice to all the outcome variables. Deleting these insignificant paths in essence creates Model 1 or the fully mediated model.

However, another set of mediated relationships must also be examined. So far, the hypothesized fully mediated model suggests the subsequent mediating role of commitment. To confirm the finding, chi-square differences tests were performed by comparing the partially-mediated model with the fully mediated model, and the non-mediated model. The findings in Table 4 indicate the appropriateness of the hypothesized partially mediated model.

To summarize, the findings from SEM suggest that the hypothesized model was a satisfactory fit to the sample data with $\chi^2 (82) = 103.4$ at $p = 0.06$; GFI = 0.95; CFI = 0.99; TLI = 0.99; RMSEA = .03 (see Figure 2). H1 and H2 were supported: negative affectivity has a significant positive effect on the PCV (standardized coefficient = .23), perceived procedural justice has a significant negative effect on the PCV (standardized coefficient = -.47). Together, both negative affectivity and perceived justice explain 33% of the variance in the PCV. Except for H4 (a direct effect of PCV on OCB), the rest of the hypotheses were also supported: PCV is a significant predictor of commitment and turnover intention. Those with high PCV report less commitment (standardized coefficient = -.60) and high turnover intention (standardized coefficient = .19). Commitment is significantly related to OCB and turnover intention.

### Table 3. Comparison of the alternative models.

<table>
<thead>
<tr>
<th>Model</th>
<th>$\chi^2$</th>
<th>d.f.</th>
<th>$\Delta \chi^2$</th>
<th>GFI</th>
<th>CFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 1 (hypothesized full mediation)</td>
<td>103.4</td>
<td>82</td>
<td></td>
<td>.95</td>
<td>.99</td>
<td>.99</td>
<td>.03</td>
</tr>
<tr>
<td>Model 2 (partial mediation)</td>
<td>92.9</td>
<td>76</td>
<td>10.5</td>
<td>.96</td>
<td>.99</td>
<td>.99</td>
<td>.03</td>
</tr>
<tr>
<td>Differences (Model 1 - Model 2)</td>
<td>47.5*</td>
<td></td>
<td></td>
<td>.94</td>
<td>.97</td>
<td>.98</td>
<td>.05</td>
</tr>
</tbody>
</table>

Notes: *Significant at $p < .01$. The significant level of chi-square differences test is set at $p < .01$ (for 1 d.f., $\chi^2$ corresponds to 6.63) in order to be more confident that any modification to the hypothesized model is less likely to be an artefact of the sample used in the study.
with standardized coefficient .75 and -.51 respectively. In terms of the variances explained in the outcome variables, the predictor variables explain 36% of the variance in commitment, 56% in OCB and 41% in turnover intention.

### Discussion

We have argued, with empirical support, that in order to better understand the more complex relationships associated with downsizing, it is important to incorporate a wider range of outcome variables in one model so that we can understand how they interact with each other. At one level the findings here support what the extant literature has long suggested: justice perceptions have a significant role in predicting PCV. How organizations handle the procedures related to downsizing and how managers/supervisors treat employees before, during and after the downsizing is very important in predicting

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**Figure 2. Structural model- model-fit indices and standardized coefficients for the proposed relationships.**

Notes: * Significance at $p < .05$; ** Significance at $p < .01$. 

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**Table 4. Comparison of the alternative models: commitment as a mediator.**

<table>
<thead>
<tr>
<th>Model</th>
<th>$\chi^2$</th>
<th>d.f.</th>
<th>$\Delta \chi^2$</th>
<th>GFI</th>
<th>CFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 1 (full mediation)</td>
<td>111.0</td>
<td>83</td>
<td></td>
<td>.95</td>
<td>.99</td>
<td>.99</td>
<td>.04</td>
</tr>
<tr>
<td>Model 2 (hypothesized partial mediation)</td>
<td>100.1</td>
<td>81</td>
<td>10.9*</td>
<td>.96</td>
<td>.99</td>
<td>.99</td>
<td>.03</td>
</tr>
<tr>
<td>Differences (Model 1 – Model 2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model 3 (non-mediation)</td>
<td>83</td>
<td>89.8*</td>
<td></td>
<td>.92</td>
<td>.96</td>
<td>.95</td>
<td>.07</td>
</tr>
<tr>
<td>Differences (Model 3 – Model 2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: *Significant at $p < .01$. The significant level of chi-square differences test is set at $p < .01$ (for 1 d.f., $\chi^2$ corresponds to 6.63) in order to be more confident that any modification to the hypothesized model is less likely to be an artefact of the sample used in the study.
survivors’ attitudinal and behavioural responses. Survivors expect a fair procedure and fair treatment from the organization. When this expectation of fairness is not met, they perceive the organization as not fulfilling their obligation.

In this section we discuss the conclusions that should be drawn from our analysis of micro-level processes associated with reactions to downsizing. An important question to ask of course, is that where our interpretations differ from previous research, this might reflect subtle cross-cultural differences in the mechanics of reactions to downsizing, or it might be reflective of the complex methodology that we have adopted here. Linkage of the micro-level processes explained here to multi-level constructs such as cultural values is, we believe, an important future IHRM research agenda. However, can we reveal the useful micro-level processes that are in play?

The study shows that the mechanism through which perceived justice impacts outcomes (such as intention to turnover, low organizational commitment, and low willingness to participate in OCB) is through the negative affective reaction known as PCV. The first important finding – that PCV acts as a mediator – addresses the psychological process through which our hypothesized model operates. In this study we used Morrison and Robinson’s (1997) definition of a violation being the negative emotion associated with the breach of PC and measured this by asking respondents to indicate emotions such as betrayal, anger, resentment, shock, insecurity, loss of trust and disappointment with regard to the downsizing implemented by their organization. In her conceptualization of the psychological contract, Rousseau (1989) emphasises that violations are the central mechanism linking the psychological contract to important outcomes. It is the infringement of the psychological contract, rather than just the perception of fair or unfair treatment or one’s personality disposition, that negatively affects the attitudes and behaviours of employees. Rousseau (1995) argues that psychological contracts arise when individuals infer promises that lead to subsequent beliefs about the existence of reciprocal obligations, typically between individual employees and their employer. These promissory beliefs act as the foundation of employment relationships and work arrangements. However, changes in the workplace, work practice and employment relations have significantly altered the nature of the psychological contract; a result is then an increase in the incidence of the contract violation (Morrison and Robinson 1997). Downsizing violates the psychological contract by removing job security from the employment relationship (Casio 1993; Kets de Vries and Balazs 1997). This said, given that there are correlations between fairness and personality, and the two outcomes of turnover intention and OCBs, it is possible that it is feelings of anger due to issues of fairness, and not just psychological contract violation, that act as possible mediators.

The second important finding concerns the effect of negative affectivity disposition on the outcome variables, which is also explained via PCV. In a situation (downsizing) where there is much ambiguity and insecurity, those survivors with a high negative affectivity trait may tend to focus on the negative aspects of downsizing compared to those with low negative affectivity and are consequently more prone to experience the negative affective reactions of PCV, with this feeling of violation, in turn, translated into lower commitment, lower OCB and higher turnover intention. The study shows that personality disposition is indeed very important. We should beware of assuming that employees’ feelings of PCV in downsizing processes are explained merely by perceptions of justice, since they depend on personality disposition to a degree. While situational factors have been consistently proven to be major determinants of current affective states, our findings indicate that the personality traits of negative affectivity also exhibit significance as a primary antecedent of affective states. It would be interesting to re-evaluate many of the previous downsizing
studies that have demonstrated justice-negative outcome findings in the light of possible individual predispositions and the mediating variable of PCV perceptions, but it is noteworthy that such an individual predisposition does not have any spillover effects on the outcome variables of commitment, OCB or turnover intention.

The third important finding concerns the relationship between PCV and OCB. When the effects of the predictor variables on each of the outcomes (commitment, OCB and turnover intention) were assessed separately (i.e., correlational analysis), a significant relationship was found between PCV and OCB. The existence of correlations between PCV and work outcomes might work against our conclusion about the mediating role of commitment, but we would argue that the correlational relationship becomes insignificant when all the outcome variables were assessed together in one SEM model. Instead, the only significant relationship is the indirect one via commitment. This is contrary to previous psychological contract research that has indicated significant direct effects (e.g., Parks and Kidder 1994; Robinson and Morrison 1995) but consistent with some previous studies of other antecedents of OCB (e.g., Moorman et al. 1993; MacKenzie, Podsakoff and Ahearne 1998). The findings suggest that in the case of downsizing, violation of psychological contract in itself does not significantly affect OCB, but it does reduce the level of commitment, and it is this low commitment, in turn, that results in employees reducing their willingness to participate in extra-role behaviours. If organizations can find ways of intervening and influencing commitment levels in a downsizing process, again, negative consequences associated with poor OCBs might be avoided.

There is a number of plausible explanations for why PCV was strongly related to commitment and turnover intention, but not to OCB. Turnley and Feldman’s (1999a) justification of the insignificance of voice and neglect as a response to contract violation may be adopted as one explanation for this finding. In a downsizing context, survivors reciprocate the violation of psychological contract through a number of responses. However, their responses are determined by the consequences of the responses; for example, the negative consequences associated with the intention to turnover and lower level of commitment are lower compared with those of a decrease in citizenship behaviour, since in most of the cases co-workers and supervisors are unlikely to know that an employee is trying to leave the organization. Similarly, an employee’s emotional attachment would not be under scrutiny by organizational members. However, responding to violation by exhibiting less citizenship behaviour may be more risky, since these behaviours occur at work and would be more likely to be noticed by members of the organization, including supervisors and co-workers (Turnley and Feldman 1998, 1999a). In times of high job insecurity, employees may be less inclined to display negative behavioural outcomes of PCV due to fear of the repercussion which may include the possibility of not getting the promotion or being laid off in future downsizing.

Another reason for the demonstration of an insignificant direct effect may be attributed to the research method and model examined in the study. Most of the research examining the effect of PCV on OCB (e.g., Parks and Kidder 1994; Robinson and Morrison 1995; Turnley and Feldman 1999b) has not examined both commitment and OCB simultaneously as outcome variables within one model, thus ignoring the relationship between these two constructs. Yet, in many models with multiple dependent variables, it is likely that the variables will be inter-correlated.

The fourth important finding concerns the existence of both significant direct and indirect relationships between PCV and turnover intention. The direct linkage may be explained using contract theory, whereby the contract provides assurance that if each does his or her part, the relationship will be mutually beneficial. In the case of downsizing,
where violation occurs, the bond may be broken, causing the employee to lose faith in the benefits of staying in the relationship (Robinson and Rousseau 1994). The indirect effect of PCV on intention to turnover through commitment is consistent with previous literature on affective commitment, which has consistently been shown to be negatively related to turnover intention (e.g., Tett and Meyer 1993; Allen and Meyer 1996). Individuals with high commitment tend to evaluate their environment more favourably and are better able to cope with changes and ambiguity than those with low commitment (Chiu and Francesco 2003). Those employees with high affective commitment may choose to stay in the organization because they believe in the organization and its mission (Dunham et al. 1994). In the case of downsizing for example, those survivors with high affective commitment may view the restructuring in a positive way and believe in the rationale behind the strategy implemented by the organization, and thus are less likely to want to leave.

Implications for practice

The findings have a number of implications for practice. First, consistent with previous research, it suggests a significant effect of perception of justice on survivors’ reactions to downsizing. Employees’ perceptions of procedural fairness reduce the likelihood of PCV, which in turn, result in them being more committed, more willing to contribute to extra role behaviour, and the less likely to think about leaving the organization. Based on the analysis of the longitudinal data collected from the respondents (T1 vs. T2), the study suggests that employee evaluation or perception of fairness is not only important in influencing their immediate response, but also in predicting their longer-term reactions to downsizing. Thus, the lesson to be learnt by organizations from this specific finding is the importance of creating a climate of fairness during the immediate implementation of downsizing. Second, managers need to understand that negative reactions to downsizing are not just simply a function of situational factors, but also reflect more broadly-enduring individual differences in personality of the employees. With this knowledge in mind, managers should invest in programmes aimed at reducing the negative effect of downsizing on survivors, specifically tailored according to individuals’ differences. The knowledge of employees’ personality or individual differences may be used to help managers in dealing with downsizing, especially in an environment in which many other aspects of the employment relationship have become individualized. Finally, since the findings suggest the important of PCV, for those organizations going through downsizing, they should work to lessen the most severe reactions to PCV by carefully and honestly explaining any external forces, which cause them to renege on the promise (i.e., job security). On top of that, during times of changing employment relationships, when mutually understood obligations cannot be delivered, downsized organizations should perhaps seek to renegotiate the psychological contract and establish new terms that reflect the new work conditions. This renegotiation of terms is necessary to avoid the perception of contract breach, and consequently the negative responses, associated with affective reaction of PCV.

Limitations and future research

As always, the findings and the implications of this study must be considered in light of its limitations. First, we collected the data from a single source with self-report survey measures raising possible common method variance concerns, whereby the observed relationship may have been artificially inflated due to respondents’ tendencies to respond in a consistent manner. However, a meta-analytic study on the percept–percept inflation
suggests that while this problem continues to be cited, the magnitude of the inflation of the relationships may be over-estimated (Crampton and Wagner III 1994). In addition, the longitudinal design of the present study should reduce the likelihood of this bias. Another potential limitation is the issue of non-response bias, whereby those who remain in the study may be unreflective of the total population. The sample however was reflective of the total population in terms of demographic characteristics and the achieved sample size is high compared with previous studies of downsizing.

Given the suggested advances and contributions to the field, we would like to suggest that future research on downsizing should adopt a more rigorous approach, particularly in terms of the methodology used and the underlying model being investigated. Longitudinal data, for example, enables us to confirm the stability of the findings, which in turn brings more confidence that the observed relationship may not be associated with respondents’ tendencies to respond in a consistent manner, and allows us to examine the effect of antecedent variables on the outcomes over time. The knowledge of both immediate and longer-term reactions of survivors is very important for theory as well as practice, in order that better description and prescription on how to manage a restructuring process can be developed.

Finally, in relation to the significant roles of negative affectivity, and the psychological contract framework suggested by the study, we would recommend that, in addition to replicating the present study so as to confirm the findings in other national settings, future research clearly should place more emphasis on exploring the roles of other personality and individual predispositions (such as value orientations) in understanding the effects of downsizing on employees. It might be questioned whether negative affectivity is best seen as a moderator of PCV rather than a predictor of it. Individual personality (in this study measured through negative affectivity) might change or moderate the relationship between unfair procedures and psychological contract violation. Individuals high on negative affectivity might be more likely to report unfairness as a violation of psychological contract and hence be more heavily affected by it. Moreover, value orientations, be they measured at a national level or with regard to other important aspects of the employment relationship, might have some bearing on the role of the antecedents tested in this analysis.

In terms of future research, we believe that IHRM researchers should now be alert to the need to understand the extent to which such predispositions might act not only as antecedent variables, but also as potential mediators in their own right, whereby personality factors might predispose individuals to perceptions of unfairness, will become important to understand. We should bear in mind that whilst this study has demonstrated a generic and likely generalisable relationship between a range of employment relationship variables and behavioural outcomes associated with downsizing, by helping us understand some of the micro-processes involved in reactions to downsizing, it has also signalled some important ways in which understanding of cross-cultural differences in antecedents such as personality and values might in future, via their link to cultural factors, be tested. Given the re-emergence of downsizing on a global scale, IHRM researchers have the opportunity to advance our understanding of global HR phenomena as enacted in different contexts.

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