THE ANALYSIS OF CORPORATE DOWNSIZING AND ITS IMPACT ON ORGANIZATIONAL COMMITMENT OF THE SURVIVORS



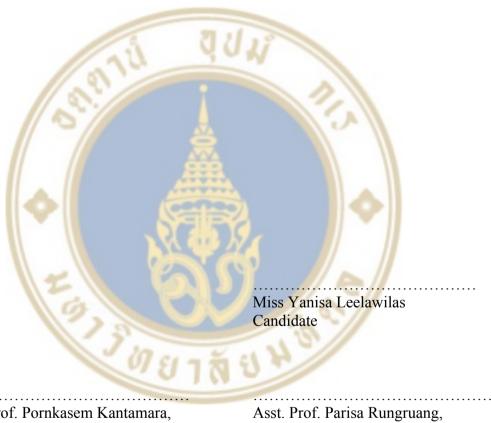
A THEMATIC PAPER SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF MANAGEMENT COLLEGE OF MANAGEMENT MAHIDOL UNIVERSITY 2015

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Thematic paper Entitled THE ANALYSIS OF CORPORATE DOWNSIZING AND ITS IMPACT ON ORGANIZATIONAL COMMITMENT OF THE SURVIVORS

was submitted to the College of Management, Mahidol University for the degree of Master of Management

on December 13, 2015



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ACKNOWLEDGEMENTS

I would like to thank my advisor, Asst. Prof. Dr. Pornkasem Kantamara for a great support, knowledge to accomplish this research. I am very appreciate and grateful for her devoted time, guidance, and encouragement. This research could not be success without her support.

I would like to my family especially my father for endless support during this process. Also, I would like to thank all my friends who always helped me and allowed me to express my tribulations while encouraging me.

Lastly, I would like to thank all respondents participated in this research. Each of you provided very sincere and meaningful information. This is really value able for my research and for my future career.



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THE ANALYSIS OF CORPORATE DOWNSIZING AND ITS IMPACT ON ORGANIZATIONAL COMMITMENT OF THE SURVIVORS.

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M.M. (GENERAL MANAGEMENT)

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ABSTRACT

Nowadays, many organizations are facing with challenges to maintain competitiveness. Downsizing is one of strategy to improve financial performance. On the other hand, it does have an impact on organizational commitment of employees who remain in the company or "survivors". Therefore, the objective of this study is to examine the impact of downsizing on organizational commitment of the survivors and explore the key factors that have an effect on the organizational commitment. The data is collected from employees of a company in Thailand that has just passed many downsizings by using explanatory sequential mixed method.

This research found out that downsizing had a significant impact on affective commitment and small impact on continuance commitment and normative commitment. This decline of commitment was contributed from several factors including, level of justice, job satisfaction, workload and stress, perceived organizational support (POS), job security, long-term career, opportunity to promote, trust, and hope. This study also suggested that job satisfaction, POS, workload and stress, role clarity, and justice were important keys of organizational commitment.

KEY WORDS: Restructuring / Downsizing / Organizational Commitment

33 pages

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CHAPTER I INTRODUCTION

Many organizations are now facing with challenges to be competitive market in a situation that technologies, economies, and trends are changing so fast. Such of these changes place a very high pressure for the companies to be able to survive in the market. Companies are very cost sensitive in order to maximize the profit. Overhead cost is one of the major components of cost in most of company (Malik, Ahmad, & Hussain, 2010). That is why having the right size of organization is one of key important to be able to compete with competitors. Furthermore, the productivity benchmarking internationally for both within company or with the competitors has become popular.

As a result, the company usually needs to adjust and restructure the organization by means of, reengineering, merger and acquisition, or outsourcing. With this restructure, we generally called it downsizing. Downsizing aims to help company in short term, the long term outcome is still in debate (Levitt, Wilson, & Gilligan, 2008). Of course, theoretically, it will help business in financial performance owing to cost cutting. However, it does have an impact on people who remain in the company or so-called "survivor". Survivors are the most important resources since they will contribute to future of the company. The negative effect on the survivor is called "Survivor Syndrome". It can be expressed in many outcomes such as job satisfaction, work pressure, work load, trust, loyalty, and attitude towards company. These effect reduces employee's commitment towards organization. Many researches reveal that many companies did not succeed in downsizing due to the failure to maintain high level of employee commitment toward organization (Lee & Corbett, 2006).

These points emphasize the importance of organizational commitment. Many researchers discovered a relationship of organizational commitment to the organizational performance such as turnover, absenteeism, job performance, and organizational citizenship behavior. (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002). Mostly, employees who have higher organizational commitment will contribute positively to the organization than less committed employees. Therefore, the success of the companies after downsizing highly depends on the level of organizational commitment of the survivors.

1.1 Problem Statement and Research Objectives

The company in the study has just been downsized in 2014 and it is still in process of further downsizing in the near future. There were several reasons for the company to implement downsizing strategy which were, declining in demand, sourcing manufacturing site change, re-structuring for better productivity and communication, and merger and acquisition. Though this strategy was a valid choice for a company to minimize cost, there was a negative effect to employees. After downsizing, the turnover rate and absenteeism were increased. Morale and job performance of employees were dropped. This could be a result of decrease in the level of organizational commitment.

Therefore, the objective of this study is to examine the level of organizational commitment of the survivors who has just passed the experiences of downsizing. Also, this will explore the key factors that have an effect on the organizational commitment and what the survivors see it important to improve their level of commitment towards organization.

1.2 Expected Benefits

This study will examine the employees who have just experienced downsizing and survived it. The findings will help support both organization and employees to have more understanding of the forces and consequences related to downsizing. The results of this study can also suggest organization in effectively implementing future downsizing processes, to maintain and enhance the organizational commitment of the survivors. This would ensure that downsizing would benefit for the company and employees in long term.

1.3 Scope of Study

Researches in the past were done with the quantitative method to study the relationship between organizational commitment and its factor during downsizing. However, there were a few studies exploring this with in-depth interview to understand the reason behind that.

The study focused on one of the manufacturing company in Thailand, which has just passed many downsizing starting from 2014 and is still in a process of downsizing for many reasons, reduction in demand, changing sourcing site, redesigning the structure, and mergers and acquisition. This study involved survivors both front-line level and management level perspective by using both questionnaire and interview. The questions were related to the organization commitment level and its factors.



CHAPTER II LITERATURE REVIEW

2.1 Organizational Commitment

2.1.1 Components of Organizational Commitment

According to Meyer and Allen (1997), organizational commitment consists of three dimensions including affective, continuance and normative commitments. These dimensions explain different ways of organizational commitment development and the effect of employees' behavior.

N. J. Allen and Meyer (1990) describe affective commitment as "the employee's emotional attachment to, identification with, and involvement in the organization". Employees who are affectively committed to organization are working because they want to (Meyer & Allen, 1991). It is a positive work related attitude towards the organization (Morrow, 1993). This can be strengthen if the actual experiences in the organization are matched with individual's expectations of the organization. (Storey, 1995). Regarding to N. J. Allen and Meyer (1990), affective commitment is influenced by factors such as job challenge, clarity of role and goal, receptiveness by management, relationship with peer, sense of justice equity, personal importance, feedback, participation, and dependability.

Continuance commitment was defined as "awareness of the costs associated with leaving the organization" Employees who has continuance commitment stay in an organization because they need to do so (N. J. Allen & Meyer, 1990). The strength of continuance commitment, is determined by the perceived costs of leaving the organization (Meyer & Allen, 1984). It is about profit gained of working in organization versus losses of leaving organization. Bhuian and Islam (1996) examine the relationship of continuance commitment with perceptions of satisfaction with pay, security and job in general. The result indicates that job security and job satisfaction in general significantly affect the level of continuance commitment. However, satisfaction with pay only affect continuance commitment when employees are only concerned with the pay. Conversely, Tao, Takagi, Ishida, and Masuda (1998) pointed out that negative organizational climate can increase continuance commitment because when employees think negatively about the company and want to quite, they might ask themselves why they need to stay. Then, they realize the need of staying.

Last, normative commitment is a feeling of obligation to stay with the organization. "Employees with normative commitment feel that they ought to remain with the organization" (Meyer & Allen, 1991). They believe it is the right thing to do so. This dimension can be called 'moral commitment'. Though many researches show that affective commitment and normative commitment have some overlapped and correlation (Gonzalez & Guillen, 2008), Jaros, Jermier, Koehler, and Sincich (1993) distinguish affective commitment and moral commitment. The affective commitment is based on an emotional bond while the moral commitment is based on a rational bond. Meyer and Herscovitch (2001) also underline that normative commitment is about a sense of moral duty.

Commitment can vary in strength. An individual can feel anything from somewhat committed to unconditionally committed. "The factors determining strength will vary depending on the mind-set involved, and might include the centrality of the shared values, magnitude of the costs that would be incurred, or strength of the need for reciprocity." (Meyer & Herscovitch, 2001)

2.1.2 Importance of Organizational Commitment

The organizational commitment is important for both employees and companies. From the company stand point, organizational commitment is very critical. It is discovered that there is a relationship of organizational commitment to the organizational member such as turnover, absenteeism, job performance, and organizational citizenship behavior. (Meyer et al., 2002). Employees who are organizationally committed can contribute positively to the organization than less committed employees. The organization whose members are highly committed tends to have higher productivity, higher performance, and lower level of absenteeism and tardiness. (Bateman & Strasser, 1984)

However, there are various studies point out that commitment to supervisor is more important than organizational commitment. Chen, Tsui, and Farh (2002) pointed out that in China, loyalty to supervisor has stronger effect on employee performance than the organizational commitment. Another paper also similarly found that organizational commitment significantly affected job performance through supervisor commitment. Since commitment to the supervisor had more strongly direct effect on job performance than overall organization commitment. (Vandenberghe, Bentein, & Stinglhamber, 2004) This might depend on the culture of each country and role. 1115

2.2 Downsizing

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According to Noer (2009), downsizing is a company's strategy to reduce number of workforce in order to increase performance and efficiency. It is driven by both environment factor and organization factor. There are many environmental factors such as economic downturn, demand decline (Cameron, Freeman, & Mishra, 1993) which company therefore want to reduce the labor cost. Advancement in technology can also improve the efficiency of work so that the company requires less labor (Budros, 1999).

Second, downsizing can also be triggered organizational influences, i.e., mergers and acquisitions. After M&A, employee downsizing is a vehicle to eliminate slack and realize operational synergies (O'Shaughnessy & Flanagan, 1998). Firm performance such as operating efficiency, sales performance, market share (Budros, 2000) usually leads to downsizing in order to drive competitiveness. Sandringham (2000) mentioned that downsizing can be in various forms such as early retirement, layoff, buy-out packages hiring freeze, or re-structuring. However, many studies point out that often the downsizing cannot improves the company result.

2.3 Impact of Downsizing on Organizational Commitment

Though there are many successful cases of downsizing which leads to company performance improvement, there are many companies failed to use this strategy. As a consequence, there are many researches focusing on negative impacts of downsizing. One of the important reason is because the downsizing does not only affect victims but also the remaining employees or survivors. This problem is called "Survivor syndromes" - "mixed bag of behaviors and emotions often exhibited by remaining employees following an organizational downsizing" (Doherty & Horsted, 1995). Brockner (1988) created the term survivor syndrome to bring the attention to the effects of downsizing on the surviving employees in an organization and found that the remaining employees would tend to experience high levels of stress, decreased levels of motivation, and decreased levels of organizational commitment. Some researches even characterized this impact on downsizing has on survivors as an illness (Appelbaum et al., 2003).

Armstrong-Stassen (2003) has noted that the quality of the remaining employees after downsizing will have a significant effect on the effectiveness of the organization. Moskal (1992) revealed that the survivors who are the future of the company are mostly being ignored before, during and after downsizing. They also have similar reaction and effect as the employees who are losing jobs. More interestingly, Key Devine, et. Al. (2003) found out that the victims who can find new alternative employment even perceive better level of job control, less stress than the survivors.

Levitt et al. (2008) interviewed four managers in large insurance company to determine employees' attitude after layoffs. The result shows that survivors no longer feel a sense of team or purpose, distrust the company, less job satisfaction, put less effort for company and operate at high stress level.

Another repercussion of downsizing is about a career aspiration for survivor. Normally, after restructuring, many positions are eliminated or changed. Sometimes, person who used to be sponsor the career enhancement to survivors are gone. This affects the opportunity for career advancement for the survivors. (Parks-Yancy, 2011) Worrall, Campbell, and Cooper (2000) found a significant impact of downsizing on loyalty, motivation, morale and sense of job security. Sixty percent of surviving managers' loyalty to organization has decreased after layoff which is also support finding from Robinson and Rousseau's (1994) that employee layoff can be seen as a "violation of the psychological contract" which decreased sense of obligation to employers and organizational loyalty.

There are a great deal of researches which investigate the wide range effects of downsizing on the survivors. This study focused on the impact of downsizing on organizational commitment.

Luthans and Sommer (1999) revealed that downsizing experience has result in change of organizational level attitudes such as satisfaction and commitment. Moreover, it is stated that level of commitment would differ in a manager and frontline employee.

Role clarity, role overload, satisfaction with top management, and job security are significantly related to organizational commitment and turnover intentions. It had an initially significant negative impact on work attitudes, however, it is varied over time. Also, there seems to be a different patterns of work attitudes. For example, satisfaction with top management increased across time, while job involvement decreased. (T. D. Allen, Freeman, Russell, Reizenstein, & Rentz, 2001)

Lee and Corbett (2006) showed that there is significant relationship between the severity of downsizing with the affective commitment of survivors to the organization. Downsizing affects employees' affective commitment to the organization in both direct and indirect ways. However, the indirect effect is stronger, which means that it is influenced more by the change of employees' perceived work experiences, such as promotional chances, interactional justice, job complexity, and openness to new ideas and change, after downsizing than by organizational downsizing itself. Therefore, it means that if downsizing can lead to improvement of work experiences, their affective commitment to the organization will be increased.

There is another literature that supports this by comparing between survivor and unaffected employees. It is explained why survivors are less committed than unaffected workers. The researched suggested that, survivors have passed the traumatic event which they had little control, therefore, they may need certain reassurances to bring back their commitment towards their organizations such as control, decision-making power, or job autonomy. (Knudsen, Aaron Johnson, Martin, & Roman, 2003)

Adair Erickson and Roloff (2008) stated that survivors' perceived organizational support (POS) was decreased after downsizing. Organizational commitment has a positively relation with to both POS and perceived supervisor support (PSS). Meanwhile, they see the organizational support more important than supervisor support. However, it is not that support from supervisors is unimportant. PSS can compensate for a lack of POS from management.

Another research explored the factors that significantly influence the continuance commitment of the survivors. It is indicated that "support to employee's personal health and family life", "pay and benefits" and "the nature of the work" affect significantly employees' continuance commitment. (Tsai, Wu, Yen, Ho, & Huang, 2005)

Clay-Warner, Hegtvedt, and Roman (2005) investigated how experiences of downsizing especially the fairness perception shape the employees' organizational commitment. This research focused on distributive justice and procedural justice. "Distributive justice refers to fairness in the distribution of a set of outcomes to a defined circle of recipients." (Adams 1965; Walster, Walster, and Berscheid 1978 as cites in Clay-Warner, Hegtvedt, & Roman, 2005). On the other hand, "procedural justice refers to fairness in the means by which distributions or decisions are made" (Hegtvedt and Markovsky 1995 as cited in Clay-Warner, Hegtvedt, & Roman, 2005). The result turns out that only distributive justice predicts organizational commitment among victims, while procedural justice can strongly predict organizational commitment among survivors and unaffected employees.

Ozag (2006) underlined a significant relationship between survivors' trust, hope, and normative commitment. Trust in management reduces perceptions of threat appraised by survivors. Hope also enhances survivors' sense that they have ability to cope with the restructuring. Therefore, the survivors who has trust and hope to company will have high normative commitment toward organization. Therefore, it is important to build trust and hope during restructuring.

2.4 Research Framework

In summary, many researches pointed out the importance of organizational commitment to the company and employees. The organizational commitment can be influenced by several factors, i.e., job satisfaction, perceived organizational support, trust, etc. These factors can be impacted from downsizing activity. Figure 2.1 draws a framework linked from antecedents of each component of organizational commitment which could be influenced by company downsizing.



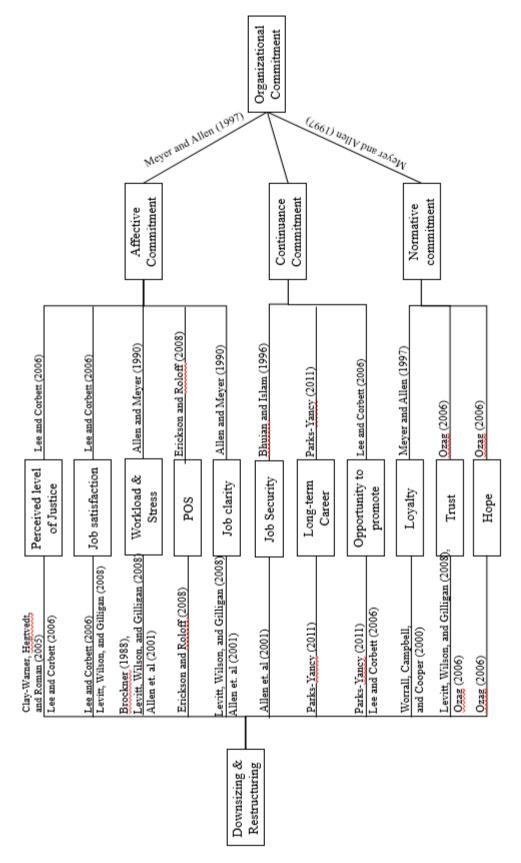


Figure 2.1 Conceptual Framework

CHAPTER III RESEARCH METHODOLOGY

This chapter describes how this research is conducted. It includes the company, sampling, and methodology for data collection and analysis.

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3.1 Company Background

The company in the study is an international manufacturing company which serves the product to many countries in a region. There was a downsizing in 2014 and still continuously happened. There were 700 employees in the company. The total number of employees who has been laid off was around 70 people and there are still more in a future.

3.2 Research Design

This research was conducted by using mixed method design. It was an integration of qualitative and quantitative data and analysis (Creswell, 2013). The quantitative method was used in order to collect data structurally with large population. In this study, it was used to examine the magnitude and level of importance for each factor in the first phase. After that, the qualitative design was used to collect more in-depth information from the participants. This was open-ended questions and helped to comprehensively understand the reason behind the result from the first phase.

This method was called 'Explanatory sequential mixed method' which became very popular recently. It is considered to be explanatory sequential because the qualitative study was conducted after quantitative study to explain the result. (Creswell, 2013)

3.3 Population and Sampling

The research was conducted in a manufacturing company in several departments which had just passed the downsizing and restructuring. A total of 42 employees including both management and non-management level were participated in for survey. Five participants from those who did the survey were selected to be interviewed.

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3.4 Data Collection

The data was collected by using both quantitative method and qualitative method. For quantitative method, the questionnaires distributed by hand to ask respondents to give a score on each question. The questions were developed based on the framework as Figure 2.1. The questionnaire consisted of two main parts, impact of downsizing on factors that influence organizational commitment, and key factors which will help increase the organizational commitment. In the first part, survey questions were asked disorderly. There were 24 questions as shown in Table 3.1, 12 questions were about organizational commitment and 12 questions were used to investigate its determinants. The organizational commitment related questions were adapted from organizational commitment question (OCQ) from N. J. Allen and Meyer (1990). The respondents rated a score with 1-5 point from strongly disagree to strongly agree. This was to compare the level of organizational commitment and its factors between prior to downsizing and post-downsizing. This would give a clear picture of impact of the downsizing. In the second part, the survivors rated a score from 1-5 based on the importance of these factors.

Table 3.1 Survey questions

Affective Commitment	I would be very happy to spend the rest of my career with this organization.
	I enjoy discussing my organization with people outside it.
	I really feel as if this organization's problems are my own.
Continuance	I feel 'emotionally attached' to this organization and this organization has a great deal of personal meaning for me. I am afraid of what might happen if I quit my job.
commitment	It would be very hard for me to leave my organization right now, even if I wanted to.
	One of the major reasons I continue to work for this organization is that leaving would require considerable personal sacrifice — another organization may not match the overall benefits I have here.
Normative Commitment	I work here because I 'need' to but not I 'want' to. I think that people these days move from company to company too often.
I I G	If I got another offer for a better job elsewhere I would not feel it was right to leave my organization
13	I believe that a person must always be loyal to his or her organization.
	I work here because it is the right thing to do.
Perceived level of justice	My company has right justice and fairness.
Job satisfaction	Overall, I think I am satisfied with my job.
Workload and stress	I feel too stress and too much pressure with my job. I have enough time to get the job done.
Perceived organizational	My employer is concerned with taking care of
support	employees' needs well beyond their paychecks.
Job clarity	I clearly understand my role & responsibility.
Job security	I think this company can provide my job security and I
	can work in this company for long term.
Long term career	I think this company can fit my long term career plan.
Opportunity to promote	I believe I have the opportunity to promote in this
	company.
Loyalty	I am loyal to the company
Trust	I trust my manager and my company.

Норе	I hope that my company will deliver result in the right
	direction.

After that, qualitative method, in depth interview, was used to understand and interpret the result. In this part, the open ended questions were asked. For example, "What do you think about the level of justice and fairness of company after downsizing?" "Do you feel you do things for company because you want to do? Does this feeling change after downsizing? Why? The interview was conducted by a call due to limitation of a location. The recorder was used to assist in note taking.

3.5 Data Analysis

After collecting the information from survey, a statistical analysis was used to describe the impact of downsizing on the organizational commitment and its factors. This helped quantify the magnitude and significance of change after downsizing. Likewise, the importance of the determinants defined in a framework was evaluated by a descriptive analysis by ranking the average score for each factor.

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The data from interview was used subsequently to analysis by using narrative analysis and initial coding in order to explain the result from survey parts. This focused on the story of survivors' experiences. The process started from collecting raw data from interview and organizing select the data, and interpreting. (Riessman, 2005)

CHAPTER IV FINDINGS AND DISCUSSION

The data collected from both survey and in-depth interview were gathered and discussed in this chapter. The demographic and profile for the participants were shown in this chapter. The discussion focused on the impact of downsizing on the organizational commitment and its determinants.

4.1 Demographic of Respondents

Table 4.1 shows the diversity of respondents in this research. There were 83.3% of male and 16.6% of female which was the nature of the company that has more males as technician. More than half were in the age of 26-35. Only 4 people were less than 25 years old. Year of service were quite vary from new hire up to more than 15 year. Meanwhile, 81% of participants were non-manager level.

Demographic	of Participants	#	Percentage
Gender	Male	35	83.3%
	Female	7	16.7%
Age (years)	< 25	4	9.5%
	26-35	23	54.8%
	36-45	15	35.7%
Year of service	< 3	3	7.1%
(years)	3-5	9	21.4%
	6-10	7	16.7%
	11-15	15	35.7%
	> 15	8	19.0%
Level	Non-manager	34	81.0%
	Manager	8	19.0%

Table 4.1 Demographic of respondents who participated in survey

4.2 Impact of Downsizing on Organizational commitment

The objective of this research is to investigate the impact of downsizing on the organizational commitment and its determinants as a case of one company in Thailand. The results is in line with previous researches. Table 4.2 shows the descriptive statistical analysis. The downsizing has significant impact on the affective commitment, but minor impact on continuance commitment and normative commitment.

Impact on each factor	Before After Downsizing Downsizing		Change	:	2 means Test		
	Avg	S	Avg	S	Δ	%	p-value
Affective Commitment	4.03		3.6		-0.44	-10.9	p variate
I would be very happy to spend the rest of my career with this organization.	3.85	1.09	3.22	1.01	-0.63	-16.5	***0.004
I enjoy discussing my organization with people outside it.	4.29	0.67	3.76	0.96	-0.52	-12.2	***0.002
I really feel as if this organization's problems are my own	3.83	0.91	3.74	0.96	-0.10	-2.5	0.330
I feel 'emotionally attached' to this organization and this organization has a great deal of personal meaning for me.	4.17	0.82	3.67	1.18	-0.50	-12.0	**0.014
Continuance commitment	3.52		3.36		-0.16	-4.6	
I am afraid of what might happen if I quit my job.	3.48	1.25	3.24	1.30	-0.24	-6.8	0.196
It would be very hard for me to leave my organization right now, even if I wanted to.	3.60	1.29	3.52	1.29	-0.07	-2.0	0.389
One of the major reasons I continue to work for this organization is that leaving would require considerable personal sacrifice — another organization may not match the overall benefits I have here.	4.12	0.83	3.67	1.07	-0.45	-11.0	**0.017
I work here because I 'need' to but not I 'want' to.	2.88	1.21	3.00	1.23	0.12	4.1	0.327
Normative Commitment	3.79		3.61		-0.18	-4.7	
I think that people these days move from company to company too often.	3.83	1.06	3.76	1.08	-0.07	-1.9	0.383
If I got another offer for a better job elsewhere I would not feel it was right to leave my organization	3.48	1.21	3.14	1.39	-0.33	-9.6	0.118
I believe that a person must always be loyal to his or her organization.	3.93	0.89	3.76	1.08	-0.17	-4.2	0.217
I work here because it is the right thing to do.	3.90	0.82	3.76	0.91	-0.14	-3.7	0.231

Table 4.2 Descriptive statistic of three dimension of organizational commitment

Most determinants of organizational commitment as shown in Table 4.3 had significant change after downsizing. Meanwhile, there were only two factors that did not have significant effect, such as role clarity and loyalty. These impact magnitudes were discussed in detail with qualitative analysis.

Determinants of commitment	Before Downsizing		After Downsizing		Change		2 means test	
	Avg	S	Avg	S	Δ	%	p-value	
Affective Commitment								
Perceived level of justice My company has right justice and fairness.	3.90	0.77	3.37	0.99	-0.54	-13.8	***0.004	
Job satisfaction Overall, I think I am satisfied with my job.	4.20	0.69	3.85	0.86	-0.35	-8.3	**0.022	
Workload and stress - I feel too stress and too much pressure with my job. (Reverse) - I have enough time to get the job done.	4.05	0.81	3.63	0.98	-0.43	-10.5	**0.018	
POS My employer is concerned with taking care of employees' needs well beyond their paychecks.	3.86	0.72	3.55	1.04	-0.31	-8.0	*0.058	
Role clarity I clearly understand my role & responsibility.	4.24	0.70	4.17	0.80	-0.07	-1.7	0.335	
Continuance commitment								
Job security I think this company can provide my job security and I can work in this company for long term.	4.29	0.96	3.07	1.17	-1.22	-28.4	***0.000	
Long term career I think this company can fit my long term career plan.	3.90	1.10	3.21	1.20	-0.69	-17.7	***0.004	
Opportunity to promote I believe I have the opportunity to promote in this company.	3.69	1.14	3.07	1.18	-0.62	-16.8	***0.008	
Normative commitment								
Loyalty I am loyal to the company.	4.07	0.84	4.02	0.87	-0.05	-1.2	0.395	
Trust I trust my manager and my company.	3.95	0.85	3.67	0.87	-0.29	-7.2	*0.070	
Hope I hope that my company will deliver result in the right	4.12	0.80	3.67	1.00	-0.45	-11.0	**0.013	

Table 4.3 Descriptive statistic of determinants of organizational commitment

direction.				

In depth analysis was conducted to explain the result of this impact. This discussion divided into 3 parts by dimensions of organizational commitment.

4.2.1 Affective Commitment

The result of affective commitment was significantly strong. There were four questions adapted from OCQ (N. J. Allen & Meyer, 1990) to measure affective commitment. Three out of four questions indicated that the change in affective commitment was strong. The average score for affective commitment was decreased by 0.45 or 11%. This result was in line with the previous researches (Lee & Corbett, 2006) that downsizing and affective commitment has a significant relationship in both direct and direct ways. It means that the survivors' willing to do job in this company was decreased. Many respondents mentioned that, previously they felt like they did the job because they really wanted to do and they wanted to do best for the company because the company was like their home. However, after passing through the process of downsizing, they felt like the passion to do for the company was dropped.

There were many reasons causing drop in organizational commitment. This research investigated the factors that could be affected from downsizing and had a consequence on affective commitment. These factors are perceived level of justice, job satisfaction, workload and stress, perceived organizational support, job clarity.

The result from a survey showed that five out of six factors were significantly impacted with 10 percent confident interval. Only the role clarity hasn't changed after downsizing which is not in line with some previous researches (T. D. Allen et al., 2001). Since the role clarity after downsizing depends on how well the organization designed and communicated the new structure to the employees. As one respondent mentioned,

"...the leadership has been working so hard to design new structure which could be most effective for the company."

Other respondents said their roles just remained the same. The company just laid off some extra people due to reducing in demand. This could be a reason why the job clarity did not get impact from corporate downsizing. Meanwhile, the other five factors were significantly impacted by the downsizing. The result from the survey showed that perceived level of justice was shifted the most, following by workload & stress, job satisfaction, perceived organizational support.

Perceived level of justice was changed from 3.9 to 3.37 or 13.8% changed. Previous researchers studied the level of justice by divided into distributive justice and procedural justice and found out that procedural justice shaped affective commitment (Clay-Warner et al., 2005). The survivors participated in interview also mentioned about the clarity of procedure or method to choose the person who would stay in a company. One respondent said,

"Even though, I am the person who survived from downsizing, I felt somewhat guilty for colleagues who were laid off. I did not know what the process manager used to make a decision. Sometimes, I felt somebody deserved to stay more."

Some participants felt okay for some procedures. For example, the downsizing method of the first round downsizing in 2014 was voluntary early retired. The company offered the separation package to the employees who wanted to leave company. By this method, they thought it was win-win situation for both company and employees. However, this method was used only once. After that, it was a company who decided.

Apart from the procedural justice, the non-manager participants mentioned about the outcome or distributive justice. They suspected that the company treated manager better. Most of the managers haven't been laid off. Even their roles were eliminated, the company tried to find new role for the manager. This did not happen in non-manager level.

Level of workload & stress was changed by 10.5%. All respondents indicated the same voice that after downsizing, they had more work which led to more stress,

"I understand that the productivity is important. When the demand volume went down, company always think about reducing people. In fact, the volume of work may not go down too. Anyway, I'm still able to manage my stress." "One's capacity is limited, I cannot accomplish work within a day. My work is almost double from previously."

"I used to have work life balance and happy to work in this company but now I need to reconsider it."

"Sometimes, I feel that some victims have a better life than people who still in a company. Situation is tough and it is very high pressure."

This finding is consistent with previous researches (T. D. Allen et al., 2001; Brockner, 1988; Levitt et al., 2008) that mostly after downsizing the workload and stress will be more and it has strong effect to the affective commitment.

Job satisfaction was another determinants of affective commitment which has got big impact from downsizing. Level of job satisfaction was changed by 0.35 or 8.3%. Job satisfaction describes how people feel about their job whether they like or dislike their jobs. There are many factors which can influence job satisfaction. During the interview, respondents mentioned about many factors which decrease their satisfaction.

"I feel a little less satisfied in current job. It may be because of more workload and pressure."

"We used to be big department and enjoyable department. But right now, my close friends are not here. In the past, even the work was tough, I have friends' support. They can make me laugh in that situation"

"The overall satisfaction is still fine but I just have no idea what my future will look like"

From statements above, it can be seen that job satisfaction is multidimensional. It depends on many factors such as social relationship, workload, work environment, job security, etc.

Perceived organizational support (POS) was changed by 8.0%. POS is employees' general belief that their organization values their contribution and cares about their well-being. (Rhoades & Eisenberger, 2002). The finding indicated that employees perceived that employer was less concerned about them. Similar to the job satisfaction, POS is multidimensional. Respondents talked about many factors they felt it related to POS. "I think now the company think about the profit more than employees. Otherwise, they will not layoff my friend"

"There should be better way to manage situation than layoff the employees"

Some respondents showed good attitudes towards organization.

"I understand that company needs to do this to survive. I see effort of leadership team to balance between company's goal and employees' goal."

"I think during the transition period, company put a lot of effort to maintain organizational morale such as in touch activity. I have seen many laid off friends still commit to company's goal towards the end."

4.2.2 Continuance Commitment

While the study showed strong impact of downsizing on affective commitment, it had only small effect on continuance commitment. The average score of continuance commitment was changed by 0.16 or 4.6%. Only one statement in questionnaire showed significant change which is "One of the major reasons I continue to work for this organization is that leaving would require considerable personal sacrifice — another organization may not match the overall benefits I have here." The other three statements were not statistically different. Therefore, we could say that employees see company slightly less value for them than before.

Some respondents indicated that the company still had good benefits and compensations. However, they were not quite sure about if the company would reduce the benefit in the future. On the other hand, some respondents mentioned about the overtime payment which they previously had a lot during business upsize. It has been cut a lot after business was not going well. These factor might not be impacted directly from downsizing. In fact, downsizing and cut in those benefits were consequences of business downturn. As such, these tangible factors, like compensation, salary, and OT, were not in our research framework. Instead, this research focused on job security, promotion, and career path. All factors had a big change after downsizing which was a little surprise since continuance commitment was just slightly changed. Although there are several studies supporting that job security, promotion, and career are correlated to continuance commitment. (Bhuian & Islam, 1996; Lee & Corbett, 2006; Parks-Yancy,

2011) when employees thought about this, they might think about tangible one such as compensation or welfares, rather than the intangible one. It referred to awareness of cost when leaving the organization (Meyer & Allen, 1991).

Job security, unsurprisingly, was decreased dramatically by 1.22 or 28.4% after downsizing. The employees felt unsecured about their job. This outcome was consistent with previous research that employees normally felt less secured after downsizing. (T. D. Allen et al., 2001)

"Previously, I think that I am belong to one of the most secured company. With the situations which just happened, it changed my mind. Even though today I am still here, I don't know if I will be next victims."

"There were 3 times of layoff within 2 years. I think it is abnormality. I am quite afraid of losing the job since I am too old for finding new one."

Long term career path score was also dropped by 17.7% or 0.69. The employees felt that the company might not be able to provide them long term career path which matched with their objectives. Almost all respondents mentioned that many interesting positions were eliminated which is exactly the same rationale provided by Parks-Yancy (2011).

"I don't know if I will have other roles to do in this company. Every role seems to be fit and tight. When someone resigned, company did not even fill that position."

"Many interesting role that was in my career path is no longer in the plant. The company transferred those job to other countries."

However, there were some employees which seemed to benefit from the restructuring. Instead of working in Thailand, they had a chance to work internationally and see it more beneficial.

"I had never thought about working abroad, but the company offered me and here I have more opportunities"

Therefore, it is obvious that survivors who stayed at the same location thought that their career opportunity was less than before. However, there were also some survivors that can get benefit from the restructuring.

Opportunity to get promoted was another factor which was impacted from downsizing. The score dropped by 0.62 or 16.8%. It was a similar reason

as the career opportunities. Since the company cut down many positions, the opportunity to promote would be less.

"The competition among peers seem to be higher since we have so limited position. If I want to get promoted, I need to be very outstanding. The standard and criteria for promotion seems to be higher. I don't think I can get it"

"Many people left the company because they cannot get promoted. It seems that company is freezing promotion especially from level 3 to level 4.

"Company always thinks about cost. Promotion means higher salary. That is why the company will promote fewer people than before."

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4.2.3 Normative Commitment

There was just a small decline of normative commitment after downsizing with average 0.18 points or 4.7%. However, none of the questions showed statistical difference between before downsizing and post-downsizing. It is concluded that the normative commitment only declined insignificantly after downsizing. Normative commitment is attached to the employees through internalization of company goals, values, and missions (Gonzalez & Guillen, 2008). One of the respondents who had high service level mentioned that, he felt that he belonged to this company. The company was a part of success of his life. Therefore, if company faced difficult situation, he strongly felt that he needed to support company. Meanwhile some other new-to-company employees, felt that it was a right of employees to choose company. It was not surprised that nowadays people change company quite frequently. If they had a better opportunity, they should go. Therefore, from the interview, it is obvious that length of service level had impact on the normative commitment. That is why the range of normative commitment was quite high.

This research investigated the impact of downsizing on loyalty, trust, and hope, which could influence level of normative commitment. While normative commitment showed insignificantly change, trust and hope level towards the organization were declined after downsizing. Only the loyalty to the company remained the same.

Level of hope towards organization was changed by 0.45 scores or 11%. It reflects that the employees had less hope that the company would have bright future.

Many respondents underlined that it was because there were too many layoffs. If it was only one time, they would still believe in the future of company.

"It was four consecutive years that our company had not been growing. We used to think about growing double digit every year."

"I used to believe, it was usual business cycle but when there were so many rounds of downsizing. I feel it was not normal anymore."

"Leadership team always told us that we are in the right direction and business is going to turnaround soon. But for now I haven't seen that light yet"

Trust in company was moderately changed by 0.29 or 7.2% after restructuring. After exploring by in-depth interview. All indicated that transparent of communication was the most important that could affect level of trust. This is in accord with Zeffane, Tipu, and Ryan (2011) study which underlined importance of effective communication as it related to trust and organizational commitment. Trust and commitment do not just happen. They are maintained and improved through effective communication.

"My manager kept telling that there wouldn't be layoff. But later on it happened. I am not sure if I can trust my manager's words from now"

Another respondents mentioned about the voluntary early retirement.

"Company claimed that it was a voluntary. I saw some managers approached and tried to force low performers to apply for it"

"We need consistency in communication. I am ok if my manager tell us that our situation is not going well. We are willing to help."

Loyalty remained the same after downsizing which contradicted with some previous studies which found out that survivors' loyalty has decreased after layoff since it's seen as violation of the psychological contract (Worrall et al., 2000).

"My loyalty to company is still the same. Sometimes, when I saw my friends went to competitors. I don't feel somewhat disappointed. I don't know why"

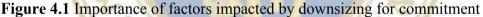
Another interviewees mentioned that "I don't think I have such a sense of loyalty for the company. I think I just do my best to deserve company's pay."

Therefore, it could be explained that, there might be two reasons that level of loyalty was not changed after downsizing. First, it lasted long or some just did not feel that sense since the beginning.

4.3 Influence of Factors on Organizational Commitment

This section discussed what the survivors see it important to improve their level of commitment towards organization. Antecedents of organizational commitment components in this research framework were rated by important scale from 0 (not important) to 5 (Very important). The result was shown in Figure 4.1.





Surprisingly, job satisfaction, POS, workload and stress, role clarity, and level of justice was among top five priority. All of these factors are the antecedents for affective commitment in this research framework. Thus, it could be interpreted that the affective commitment was the strongest dimension that would make employees more commit to the company. On the other hand, promotional opportunity and career path seems to be the lowest priority for the employees in this company. This findings has correlated to the score of survey before downsizing. These two factors were among the lowest score. It means that employees might not think they have a good career path and a chance to promote in this company since before downsizing.

CHAPTER V CONCLUSION AND RECOMMENDATIONS

5.1 Practical Implications

The finding of this research shows that there was a significant impact on affective commitment and small impact on continuance commitment and normative commitment. This criticality of this finding is that, compared to other two commitments, the affective commitment more strongly translates to behaviors like job performance, turnover, and absenteeism (Gonzalez & Guillen, 2008). This implies that, this downsizing would affect employees' behaviors and led to company's performance. This study also ranked importance of organizational commitment factors. It revealed that employees see job satisfaction, perceived organizational support, workload and stress, role clarity, and level of justice as the most important factors. All of these are the determinants of affective commitment. This can suggest the company to prioritize what to do with the survivors to make them more committed to organization. Therefore, company should focus on how to enhance affective commitment by taking action on these factors, for example, eliminate some unnecessary tasks, or conduct team building.

This research examined several factors that could be impacted negatively from downsizing. However, the findings also show some positive outcomes from downsizing. While other factors had got moderate to strong impact, role clarity and loyalty were not changed. Role clarity was slightly improved in some departments after downsizing because after restructuring, new role and responsibility for each position were newly defined. This role clarity doesn't only impact on commitment but it also impacts to business result. When employees doesn't clear about their job, they cannot carry out the best for that job. It also revealed that once the loyalty was internalized, it would be difficult to change. Yet it still depends on how well company manage the process. Even though the rest of the factors from the quantitative part were negatively impacted, there were also some positive attitudes from interview. For example, some groups of employees had more chances for career path after restructuring. They valued the effort of leadership to support the organization. They were more aware of sense of urgency and wanted to help the company to pass the tough situation. These examples were good circumstances after downsizing that if the company took this momentum to build further, it could create more positive result.

Another important finding is that communication with transparency and consistency was important key that could affect the organizational commitment in various perspectives, such as level of justice, job satisfaction, trust, and hope. Therefore, company should communicate transparently about the process along downsizing and business situation after downsizing.

5.2 Limitation of the Study & Recommendations for Future Research

There were some limitations in this study. First, this study only focused on one company. The analysis is only dependent on only one company. Each company may have different procedure for downsizing and it can result in different impact on survivors. Therefore, the result of study is not generalized into broader area. Therefore, it would suggest that future research may study several companies in order to generalize the finding.

Second, even though this research combined both quantitative method and qualitative method to understand both in broad and deep perspective. The number of participants was still small. Number of participations in survey was only 42 people and most of them were non-manager level. Number of interviewees was only 5 people which therefore cannot explore all perspective from the employees. Hence, it would be better to have higher number of samples in order to make analysis more reliable.

Lastly, this research just referred the relationship between organizational commitment components and determinants from previous researches. It may not have a real relationship within this company context. Furthermore, framework was simplified to be simple relationship. In fact, some factors may impact more than one components of organizational commitment. It might suggest that quantitative method

with correlation analysis should be further analyzed in order to understand more of relationship between organizational commitment and its factor.



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