

THE INFLUENCE OF PERSONAL AND INSTITUTIONAL FACTORS ON THE  
RELATIONSHIP BETWEEN ORGANISATIONAL RESTRUCTURING  
AND EMPLOYEE QUIT DECISIONS IN COMMERCIAL BANKS  
IN KENYA

Wilson O. Odadi

This thesis submitted in fulfilment of the requirements for the award of the Degree of Doctor of  
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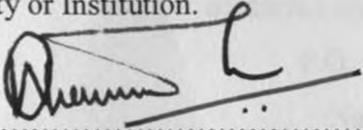
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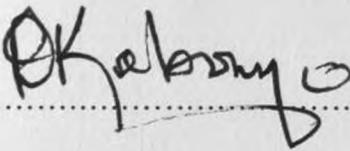
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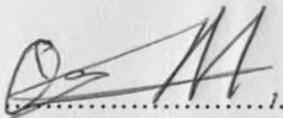
Signed.......... Date 23/11/2012

Prof. Peter O. K'Obonyo

Department of Business Administration

School of Business

University of Nairobi

Signed.......... Date 23/11/2012

Prof. Martin Ogutu

Department of Business Administration

School of Business

University of Nairobi

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P.O. Box 994-00100

Nairobi –Kenya

Cell.0722811592

## DEDICATION

This PhD Thesis is dedicated to my late father Bernard Abner Odadi Jeje, my mother Mama Elizabeth Mukoya Odadi and my late brother John Wayodi Odadi who, by the grace of God, have shaped my life to be what I am today.

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## ABSTRACT

This study was aimed at investigating the antecedents and predictors of employee quit decision process during organizational restructuring. This was done by examining the nature of relationships between Organizational restructuring, perceived unmet expectations, dissatisfaction and quit decisions. The literature review revealed that a number of studies have been conducted on the predictors and antecedents of employee quit decisions. However, these studies did not examine any integration between them. The objective of this study was to explore the integrated relationship amongst organizational restructuring, employee quit decisions, dissatisfaction and perceived unmet promises (psychological contract violation). The study further attempts to investigate the influence of change management interventions, cognitive interpretations, personal attributes and organizational characteristics on the relationships between organizational restructuring and employee quit decisions. A sample size of 375 was selected from a total population of 15,017 employees from commercial banks in Kenya. A structured questionnaire with Likert-type statements anchored on a five-point scale ranging from 'Not at all (1)' to 'To a great extent (5)' was used to collect data. The study employed Pearson's Product Moment Correlation, Partial correlations and Step-wise Regression for data manipulation and tests. The findings of this study indicate that Organizational restructuring, perceived psychological contract violation and employee dissatisfaction have significant positive relationships with quit decisions. The findings revealed that out of all the relationships examined in the study a very strong relationship was observed between employee dissatisfaction and quit decisions as well as the relationship between perceived psychological contract violation and employee dissatisfaction. A strong relationship was observed between organizational restructuring and perceived psychological contract violation, between perceived psychological contract violation and employee quit decisions, between organizational restructuring and employee quit decisions as well as between organizational restructuring and dissatisfaction. The findings also revealed that employee dissatisfaction and perceived unmet promises play a mediating role on the relationship between organizational restructuring and employee quit decisions. The results further show that change management interventions and cognitive interpretations have significant moderating influence the relationship between organizational restructuring and quit decisions. However,

personal attributes and organizational characteristics were found to have no significant influence on the relationship between organizational restructuring and quit decisions. Finally, the results show that during organizational restructuring, employees will respond differently based on their individual perceptions and interpretations of the effects of the restructuring. The study shows the alternative decision paths that can be adopted by employees during organizational restructuring and these have been discussed in detail under the findings section. The results of the study show that most of the respondents would pursue the following path: Org Restructuring → Perceived violation → Dissatisfaction → quit decisions.

The results of this study have contributed to theory and theory development. It has brought about a better understanding of the predictors and antecedents of employee quit decisions by focusing on the 'how' of employee quit decisions, deviating from the past studies which focused on the 'why' of employee quit decisions thereby increasing the stock of theoretical and empirical knowledge in related fields. Besides, the results of the study provide reference material for future studies in related fields. However, the current study has a number of limitations. One change that would be beneficial is to conduct a longitudinal study using similar procedures over several years. A longer term study would allow researchers to determine the influence of personal and institutional factors on the strength of relationship between organizational restructuring and employee quit decisions would change over time. The study also focused only on white collar employees in commercial Banks in Kenya. Future studies should consider the inclusion of blue collar workers. A similar study should be conducted in other sectors such as manufacturing, mining and agriculture for purposes of comparison. The study also focused on employees who engaged in quit decisions voluntarily. Future studies should investigate the process the restructuring organizations should take while retrenching employees who become redundant due to restructuring process.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

Retention of key employees is increasingly becoming a real challenge today as employers begin to realize the value of people that make up their organizations. As recent as twenty years ago, employee loyalty was generally high, and few people would have considered leaving their job to go to work for a competitor. Today, all that has changed. These days it is the employee who takes responsibility for his or her career. If their current employer cannot offer a job as challenging, as motivating, as flexible or as well paid as they would like, then the quickest and most effective solution is to find an employer who can (Peppitt, 2004). In the Study entitled “The war for Talent” involving a survey of 6,000 executives, Chambers (1996) found that only 10% of respondents reported an ability to retain the large majority of their high performers. A 1998 study commissioned by Association of Executive Search Consultants interviewed 300 corporate leaders and found that respondents strongly believed that over the next decades, it will become much harder to both attract and retain key talent (Barner,2001).

##### 1.1.1 Organizational Restructuring

An organization structure refers to the pattern of relationship among positions and various functional areas as well as among members of the organization (Devanna et al, 1984). Organizational restructuring refers to changing or reorganising the structure of a company so that it can operate more efficiently and effectively (knowdell et al, 2006). Organizational restructuring brings about change and affect employees’ roles and responsibilities which may in turn be perceived as a threat to job security. A threat to job security is one of the factors that lead to perceived violation of psychological contract (Rousseau, 1995). Structural review and change is inevitable if an organization intends to improve the efficiency and expansion of its operations. No organization can thrive forever if it clings stubbornly to old structures, processes, and ‘never or always’ principles including the principle of never laying off employees (knowdell et al, 2006).

Globally, the structural changes have been experienced in all sectors whether in the private, public or in voluntary sectors. The private sector is that part of the economy which is run by private individuals or groups, usually as a means of enterprise for profit, and is not controlled by the state (Zhang, 2009). Examples of private enterprises in Kenya are Kenya Breweries Ltd, Unilever, Proctor and Gamble, General Motors, Crown Paints Ltd, Barclays Bank, Standard Chartered Bank etc. Restructuring has also been witnessed in the private sector and the above mentioned enterprises have undergone through restructuring in one form or the other.

The Public Sector, sometimes referred to as the state sector is a part of the state that deals with either the production, delivery and allocation of goods and services by and for the government or its citizens, whether national, regional or local/municipal. Public sector activities include delivering social security, administering urban planning and organizing national defenses. The organization of the public sector (public ownership) can take several forms, including direct administration funded through taxation where the delivering organization generally has no specific requirement to meet commercial success criteria, and production decisions are determined by government, publicly owned corporations including state-owned enterprises, which differ from direct administration in that they have greater commercial freedoms and are expected to operate according to commercial criteria, and production decisions are not generally taken by government, although goals may be set for them by government (Pollitt,1993). In Kenya the public sector includes all the ministries i.e. Agriculture, Education, Tourism, Livestock etc while state owned enterprises include Kenya Power and Lighting Company, Uchumi Super Market etc. These institutions have also been going through restructuring in form of reforms with the aim of making them efficient in providing services to the public.

The third sector is Voluntary sector which comprises of non-governmental organizations (NGOs). An NGO is a legally constituted organization created by natural or legal persons that operates independently from any government and a term usually used by governments to refer to entities that have no government status. In cases in which NGOs are funded totally or partially by governments, the NGO maintains its non-governmental status by excluding government representatives from membership in the organization (Rodman, 1998). The term is usually applied only to organizations that pursue some wider social aim that has political aspects, but

that are not overtly political organizations such as political parties. Unlike the term "intergovernmental organization", the term "non-governmental organization" has no generally agreed legal definition. In many jurisdictions, these types of organization are called "civil society organizations" or referred to by other (Teegen and Vachani, 2004). Examples of international NGOs operating in Kenya are: Oxfam, World Vision, Save the Children Fund, Action Aid, Catholic Relief Services, Red Cross and CARE International. The Local NGOs include Undugu Society of Kenya (USK) and Maendeleo Ya Wanawake Organization (MYWO).

This study focuses on the Financial Sector within the Private Sector. The study specifically targets the commercial Banks in Kenya. The Financial sector particularly the Banking Industry, globally has not been immune to these forces and has undergone significant changes in recent years. The various internal and external changes are fundamentally transforming the nature of organizations (Cheng et al, 1998). Frequent introduction of change programmes, far from signaling to workers the idea of a managerial team with new ideas and respect for individuals, can produce the opposite reaction where managers are viewed as incompetent and disrespectful of the intellect of workers, even those in low-skilled jobs (Legge, 1998). It is believed that most organizational change programmes are focused on customers and business needs rather than on employee welfare and satisfaction (Mabey and Salaman, 1995).

A study conducted by Gallup in 2005 showed that there is a growing trend worldwide with regard to the number of mergers and acquisitions taking place every year among both large and small companies (Cascio, 1998). Restructuring, including downsizing, often leads to similar effects, that is, diminished loyalty from employees. In the wave of takeovers, mergers, downsizings, and layoffs, thousands of workers have discovered that years of service mean little to a struggling management or a new corporate parent. This leads to a rise in stress and a decrease in satisfaction, commitment, intentions to stay and perceptions of an organization's trustworthiness, honesty, and caring about its employees. The success of the organizational structural change depends on the ability of these organizations to retain their key staff that will be instrumental in implementing the intended change initiatives (Kotter, 1995).

Acquisition is the process of buying or purchasing one company or organisation by another company. The process of acquisition involves a merger. Conversion occurs when a company changes from one form to another. For example, when a partnership or sole proprietorship

business becomes a limited company or when a company's business is extended to incorporate a wider scope of operations. In the case of commercial banks, a conversion may take place when a finance house is converted into a fully fledged bank for example in Kenya; Equity Finance was converted to Equity Bank. Employee engagement is a critical measure of the connection between the employee and the organization. It is defined as the employee's emotional and intellectual involvement in contributing to the organization and its success (Barner, 2001). Merger is the process of combining two companies or organisations resulting in one company or organisation and rightsizing refer to the process in which an organisation reviews and establishes the right number of staff it should have based on the new structure. The number may be more or less than the original number prior to restructuring. Where the number of staff is to be reduced it is usually known as downsizing.

### **1.1.2 Perceived Unmet Promises (Violation of Psychological Contract)**

Applied to employee - employer relationship, psychological contract refers to unwritten employer and employee expectations of the employment relationship that is mutual obligations, values and aspirations that operate over and above the formal contract of employment (Michell, 1986). Although a breach of psychological contract can be committed by either the employer or the employee, psychological contract violation is usually viewed as an employee's perception of having been treated wrongly regarding the terms of an exchange agreement with an employer (Pavlou, 2002). Individuals who have experienced psychological contract breaches are more likely to leave an organization than those who have not. Perceived contract violation may cause an employee to consider quitting the organization (Clark et al, 1998). Employee expectations comprises of challenging work in line with abilities, job security equitable reward, work life balance, growth opportunities and so forth.

Psychological contract are beliefs, values, expectations and aspirations of employer and employee including beliefs about implicit promises and obligations, the extent to which these are perceived to be met or violated and the extent of trust within the relationship. These expectations are not necessarily made explicit. It can be regarded as the implicit deal between employers and employees. It implies fairness and good faith. Psychological contract can continually be renegotiated, changing with an individual's and an organization's expectations, and in shifting economic and social contexts. It is not static, but dynamic and shifting. Because it is based on

individual perceptions, individuals in the same organization or job may perceive different psychological contracts, which will, in turn, influence the ways in which they perceive organizational events (e.g. redundancies or developing or modifying a flexi time system (Lewis and Smithson, 2007)).

Employee expectations may include; expectations of tenure (job security), career progression, and entitlement to work-life benefits, flexible working arrangements and reward for contribution made. Job tenure refers to the expectation that the employee will work in the organizations as long as he/she wants to. The employee also expects that the employer or the organization will provide career growth support and promotion opportunities. Work-life benefits include benefits such as medical and retirement benefits. Work-Life balance refers to the drive to achieve a sense of fulfillment in balancing work and life responsibilities (Crim and Seijts, 2006). Work life benefits and balance can be a key factor in establishing a positive psychological contract but this will depend on the level of mutual trust (Deci and Ryan, 2000). Lewis and Smithson (2007) looked at the impact of work-life issues on the psychological contract for younger employees.

Examples of such perceived violations include feeling of no job security, inability to perform new roles, increased workload leading to no work life balance, threat to interpersonal relationships due to changes in reporting lines, boss or subordinates, personality and cultural clashes, disturbed or uncertain career prospects, ambiguous reporting systems and unclear roles, loss of or reduced power, status and prestige, unfavorable terms and conditions of service, loss of organizational or personal identity, unfavorable changes in policies and practices (Lewis and Smithson, 2007).

### **1.1.3 Employee Dissatisfaction**

Employee dissatisfaction arises from non achievement or realization by an employee that his or her expectations will not be met by the organization. In this context employee dissatisfaction is not necessarily the opposite of satisfaction. Job satisfaction implies enthusiasm and happiness with one's work. The Harvard Professional Group sees job satisfaction as the key radiant that leads to recognition, income, promotion, and the achievement of other goals that lead to a general feeling of fulfillment (Hulme, 2006). Creating job satisfaction therefore entails ensuring that workers are challenged and then rewarded for being successful. Organizations that aspire to

creating a work environment that enhances job satisfaction need to incorporate the following: flexible work arrangements, possibly including telecommuting ,training and other professional growth opportunities ,interesting work that offers variety and challenge and allows the worker opportunities to "put his or her signature" on the finished product ,opportunities to use one's talents and to be creative, opportunities to take responsibility and direct one's own work, a stable, secure work environment that includes job security/continuity ,flexible benefits such as child-care and exercise facilities, up-to-date technology ,competitive salary and opportunities for promotion (Konrad,2006).

Other factors that enhance job satisfaction are: increasing the number of skills that individuals use while performing work, enabling people to perform a job from start to finish, providing work that has a direct impact on the organization or its stakeholders, increasing the degree of decision making, and the freedom to choose how and when work is done and increasing the amount of recognition for doing a job well, communicating the results of people's work. Job enrichment addresses these factors by enhancing the job's core dimensions and increasing people's sense of fulfillment. So, in essence, job satisfaction is a product of the events and conditions that people experience on their jobs (Peppitt, 2004). If a person's work is interesting, pay is fair, promotional opportunities are good, supervisor is supportive, and coworkers are friendly, then it is likely that an employee will be satisfied with his or her job. Put in another way, if the pleasures associated with one's job outweigh the pains, there will be some level of job satisfaction (Kerlinger, 1986). Employee dissatisfaction is the forerunner to a number of problems that can be quite serious to businesses. These include employee turnover and the potential for financial abuse, such as theft, check fraud and embezzlement.

It is vital for the management of any company to recognize the signs of employee dissatisfaction before difficulties have the chance to manifest. Employees almost always send signals of their discontent. The clear and obvious signs of employee dissatisfaction include: excessive tardiness and absenteeism, lack of enthusiasm indicated by reducing working hours, decreased quality and quantity of work, complaints by employees against a particular individual within the company, complaints by an individual employee regarding (salary, benefits, working hours, working conditions, etc.) , increased e-mail usage during work time, displays of anger, frequent arguments with associates or team members or other inappropriate activity (Mowday et al,

1982). The relationship between perceived psychological contract violation and employee dissatisfaction can further be influenced by magnitude and implications of violation, employment relationship, attribution judgments and fairness judgments i.e. procedural justice, distributive justice and interactional justice. Procedural justice refers to the extent to which the management is able to outline a clear procedure and process for change. Distributive justice refers to fairness applied in sharing or apportioning of accruing benefits that may result from the change process. Interactional justice refers to the extent of communication and employee involvement, employee/organization attributes and employee expectations. Communication is a critical aspect of change management mechanism useful for successful transition (Kotter, 1995).

Communication and employee involvement would include clarity of change objectives, clarity of benefits to the employee, clarity of process, procedures, timing of change, role clarity etc. Communication and employee involvement have an influence on the employees' perception with regard to violation of psychological contract (knowdell et al, 2006). This means that by ensuring effective communication and employee involvement in the change process, there will be less or no perceived violation of psychological contract. Effective communication and employee involvement therefore play an 'intervening' role in the relationship between the proposed organizational structural changes and perceived violation of the psychological contract.

#### **1.1.4 Employee Quit Decisions**

Employee quit decision is a careful evaluation by the employee as to whether to continue working for the organization or leave it altogether (Conway & Guest, 1997). An employee faced with quit decisions evaluates the consequences of either quitting or continuing to work for the organization. Studies conducted on this subject found that one of the key factors influencing employee quit decisions is perceived violation of psychological contract. Quit decisions are also influenced by the employee personal attributes such as engagement and commitment level, loyalty, past experience, age, career level and length of service (Robinson and Rousseau, 1994; Conway and Guest, 1997). These factors can moderate the employee quit decision and therefore are called moderators. According to Barner (2001), an employee's expectations are less on financial fronts, but more towards how he or she is treated and how he/she is valued. Much of this depends directly on the immediate supervisor. If an organization is losing good people,

search for reasons must include their immediate supervisor. More than any other significant reasons, they are often the reason people stay and thrive in an organization."People leave managers not companies" (Kaye, 1999).

Analyses by Cascio (1998) and Kaye (1999) reveal that the employees leave because they have been pulled away by "more pay" or "better opportunity." Yet, more than 80 percent of employees leave because of the "push" factors related to poor management practices or toxic cultures that drove them out. If an employee feels sidelined or not getting due respect/returns, discord is unavoidable (Konrad, 2006). There are different types of quitters: impulsive quitters, comparison quitters, preplanned quitters and conditional quitters. Impulsive quitters resign on the spot (as a result of sharp negative emotions) without any advance planning. Comparison quitters, in contrast, rationally evaluate alternative jobs and are relatively free of strong negative emotions toward their former employers. Preplanned quitters plan in advance to quit at specific time in the future for example upon reaching age 60. This type is least avoidable and therefore least preventable by management. Conditional quitters hold the view "I will quit as soon as I get another job offer that meets certain conditions" (Cascio, 1998). Employee exits can also be classified as voluntary or involuntary exits. Voluntary exits are a decision made by the employee to leave the job. Such a decision is commonly known as "resignation", "quitting", "leaving", or "giving notice".

An employee may voluntarily quit the organization due to several reasons some of which are: personal dissatisfaction with job, factors in employee's personal life not related to the job that makes holding or performing the job impossible or more difficult, an opportunity for a better job or career change elsewhere, fear of anticipated involuntary termination by employer etc. Involuntary exit is the employee's departure at the hands of the employer. There are two basic types of involuntary termination, known often as being "fired" or "laid off." To be fired, as opposed to being laid off, is generally thought of to be the employee's fault, and therefore is considered in most cases to be dishonorable and a sign of failure. Dismissal is the employer's choice to let the employee leave, generally for a reason which is the fault of the employee. Layoff is a less severe form of involuntary termination and is often referred to as a layoff. A layoff is usually not strictly related to personal performance, but instead due to economic cycles

or the company's need to restructure itself, or due to a change in the function of the employer (Armstrong, 1999).

### **1.1.5 Moderating variables**

This study further aimed at establishing the influence of moderating variables on the relationship between organizational restructuring and quit decisions. The moderating variables identified for purposes of this study were change management interventions, cognitive interpretations and organizational characteristics. Change management interventions refer to the initiatives put in place by top management to get the buy in of employees and ensure successful achievement of change objectives (Knowdell, 2006). These may include dimensions such as communication of shared vision and creation of enthusiasm by top management, clarity of role and performance targets under the new structure and availability of channels for redressing concerns and grievances (Conway and Guest, 1997).

Cognitive interpretations refer to the process in which one seeks to recognize and understand the meaning of an event or what has been communicated (Lucey, 1989). The cognitive interpretation interceding between perceived psychological contract violation and dissatisfaction involves an assessment of magnitude and implications of violation, attributions with regard to who is responsible or accountable for the violation, judgments about how fairly one was treated and the nature of employment relationship. The personal attributes that can influence employee expectations are: employee engagement level, gender, work experience, age, career stage, marital status, length of service, seniority level, qualifications possessed and available alternatives. Employee engagement is a critical measure of the connection between the employee and the organization. Organizational characteristics for purposes of this study are: size, age, ownership (whether locally or foreign owned), brand, diversity and market positions. These may also influence the set of employee's expectations.

These moderating variables and their influence on the relationship between organisational restructuring and employee quit decisions are discussed in detail under literature review in chapter two.

### 1.1.6 Commercial Banks in Kenya

A bank is an institution that deals largely in money. It receives deposits from investors and in turn offers long term loans and advances to customers which get repaid at future pre-agreed dates. Banks can be categorized according to their role. They can be mainly categorized as: Commercial Banks, Investment Banks, Development Banks and Central Banks. The role of a commercial Bank is: Taking money deposit from the public and lending it out to its customers at an interest business, issuing securities, managing assets and dealing in foreign exchange trading. Examples of commercial banks in Africa include Barclays Bank, Standard Bank of South Africa, Standard Chartered Bank, Kenya Commercial Bank, National Bank of Kenya, and Ecobank. Some of these banks such as Barclays Bank, Standard Chartered and Standard Bank of South Africa operate in a number of African countries.

An investment bank is a financial institution that assists individuals, corporations and governments in raising capital by underwriting and/or acting as the client's agent in the issuance of securities. An investment bank may also assist companies involved in mergers and acquisitions, and provides ancillary services such as market making, trading of derivatives, fixed income instruments, foreign exchange, commodities, and equity securities (Sanderson,2010). Examples of investment Banks in Africa are Investec Bank found in a number of countries including South Africa, Nigeria, Namibia and Zimbabwe. Unlike commercial banks , investment banks do not take deposits. There are two main lines of business in investment banking. Trading securities for cash or for other securities (i.e., facilitating transactions, market-making), or the promotion of securities (i.e., underwriting, research, etc.) is the "sell side", while dealing with pension funds, mutual funds, hedge funds, and the investing public (who consume the products and services of the sell-side in order to maximize their return on investment) constitutes the "buy side". Many firms have buy and sell side components (Jagger, 2008).

Development Banks are established for purposes of promoting economic and social development (Wathne and Hedger, 2010). Examples of development banks in Africa are African Development Bank (AfDB) with offices in a number of countries including Kenya, Nigeria, South Africa and Cameroon .Other development banks in Africa are: Development Bank of Kenya and Urban Development Bank of Nigeria. Development Banks have a public-interest mandate to reduce poverty and promote sustainable development. They have four principal functions. First, it

makes loans and equity investments for the economic and social advancement of the regional member countries (RMCs). Second, it provides technical assistance for the preparation and execution of development projects and programs. Third, it promotes investment of public and private capital for development purposes. Fourth, it assists in coordinating development policies and plans of RMCs. They are also required to give special attention to national and multinational projects and programs which promote regional integration (African Development Bank Group website, 2009). Central banks are normally government-owned and charged with quasi-regulatory responsibilities, such as supervising commercial banks, or controlling the cash interest rate. They generally provide liquidity to the banking system and act as the lender of last resort in event of a crisis (Macesich, 2000). In every country, there is a central bank or reserve bank as it is called in some countries. It controls or regulates the activities of all financial institutions in the country for example in Kenya we have the Central Bank of Kenya playing this role. The Central Bank is the banker to all the banks in the country.

Another category which is first emerging in Africa today is Islamic Banks. Islamic banks adhere to the concepts of Islamic law. This form of banking revolves around several well-established principles based on Islamic canons. All Islamic banking activities must avoid interest, a concept that is forbidden in Islam. Instead, the bank earns profit (markup) and fees on the financing facilities that it extends to customers (Vallely, 2006).

The current study focuses on commercial Banks in Kenya. There were 42 commercial Banks in Kenya with a total workforce of 17,891 as at 31<sup>st</sup> December 2007 as shown in appendix 1: List of Commercial Banks in Kenya and number of staff as at December, 2007. The commercial Banks in Kenya have contributed immensely to the economic growth by financing the economic activities in other sectors through lending. It is noted that in Kenya, the bulk of lending portfolio is to the private sector. The amount of credit to private sector as at December 2007 was about Ksh. 290 billion (see Table 1.1 below).

**Table 1.1: Banks credit portfolio to private sector in Kenya**

	Sector	Credit amount ( billions of Ksh)	%
1	Manufacturing	61.3	21.5
2	Business services	52.8	18
3	Private household	42.0	15
4	Trade, mining & quarrying	27.2	9.5
5	Agriculture	25.0	8.5
6	Building & Construction	18.8	6.5
7	Transport & Communication	10.6	3.3
8	Finance and Insurance	14.8	5
9	Real Estate	21.5	7.5
10	Others	14.6	5
	Totals	289.6	

(Source: Market Intelligence Kenya –April/May, 2008)

The Banking sector in Kenya operates in a relatively deregulated environment. Foreign banks entry has never been a major issue in Kenya, as the banking system after independence consisted largely of foreign owned banks. However, in the recent years, their dominance has declined although they still account for a substantial part of the Kenyan banking system (Oloo, 2007; 2008). Because of their profitability, banks have consistently increased their capital by increasing their capitalizing on their earnings. The key notable regulatory change affecting banks was the introduction of the Finance Bill 2007/08 which proposed an increase of the minimum capital requirement for commercial banks from Ksh 250 M to Ksh. 1 billion by the end of 2010.

Those banks that were not be able to meet this requirement on their own were forced to consider merger or acquisition options. The scenario in Kenya was that more cases of mergers and acquisition were noted prior to the expiry of the deadline as those Banks that failed to comply would eventually lose their licenses and be forced to shut down. Many players in the industry expected that even without regulatory intervention, Kenya's banking sector was poised for major realignments on account of the stiff competition between commercial banks. The need to invest in very expensive technology among other investments, amidst declining margins as banks tried to compete with each other meant that the banks had to scale up in size to enjoy the competitive advantage. As a result the number of Banks in Kenya was reduced from 54 to 42 by the end of year 2010.

Indeed in spite of having 42 commercial banks, banking services have still been restricted to the urban areas. With only about three million accounts in total the penetration level has not been aided by the apparent stiff competition. Kenya's banking sector had witnessed tremendous growth between 1998 and 2008. From a balance sheet of Ksh 328.4 billion in 1997 to Ksh 978 billion as at the end of 2007, a growth of over 150 %. Total asset and liabilities grew from Ksh 45 billion in 1997 to 188 billion, a growth of 317%. Over the same period, customer deposits grew from Ksh 211 billion to Ksh 723 billion, a growth of 242.65%. Operating profits before provisions grew from Ksh 42 billion in 2006 to Ksh 35.2 billion in 2007 and profit before tax increased by 32.5 % to Ksh 32 billion from Ksh 27.5 billion in 2006. The number of Kenyans with bank and savings accounts tripled from 3.3 million to 10.1 million over a period of 18 months. The rapid growth of commercial banks in Kenya could be attributed to aggressive marketing of credit, greater availability of banking facilities and the introduction of a series of new products targeting low-income groups. As a result, 27 % of Kenyans held accounts in 2008 compared with 9% in 1998. According to the Central Bank of Kenya such growth represented a windfall for the country's financial institutions, attracting the attention of foreign banks shopping for acquisitions in the market (Oloo, 2008).

The key issues affecting the banking industry in Kenya include: changes in the regulatory framework where liberalizations exists but the market still continues to be restrictive, declining interest margins due to customer pressure leading to mergers and reorganizations, increased demand for non-traditional services including the automation of a large number of services and a move towards emphasis on the customer rather than the product; and introduction of non-traditional players, who now offer financial services products. The banking sector is poised for significant product and market development that should result in further consolidation of the Banking sector (CBK annual report, 2008)

Between 1998 and 2008, a number of banks in Kenya went through some structural changes. This took place in form of mergers, acquisitions conversions and business re-engineering. A few examples worth mentioning are: Diamond Trust Bank having operated as a non bank financial institution for over 50 years obtained a license to operate as a commercial bank. Dubai Bank acquired the business and operations of former Mashreq Bank in 2000. Investment and Mortgages (I & M) Bank merged with Biashara Bank in 2003. National Industrial Credit (NIC),

formerly an asset finance subsidiary of Barclays Bank, transformed into a commercial bank in 1997. Southern Credit Finance converted to a bank in 1996. A list of restructured banks during the last 10 years is shown in appendix 2. The number of mergers and acquisitions within the banking industry is expected to increase due to proposed increased minimum capitalization for Banks (Oloo, 2008).

Due to the regulatory and technological changes, high customer demands and the desire to make high profits in order to please shareholders by commercial banks in Kenya, these banks have regularly made structural changes (restructuring) in order to become more efficient and effective. However, one of the biggest challenges these banks have been facing is the retention of key employees who would be instrumental in driving such change initiatives. This is due to the fact that organizational restructuring or change can bring about perceived psychological contract violation which can in turn lead to employee quit decisions. When organizational restructuring occurs, employees may perceive that their expectations or dreams will not be met by the organization and they may start looking for opportunities elsewhere. Usually, it is the top talent that would find opportunities elsewhere quickly as they are the most sort after by the competition. Restructuring organizations, therefore, ought to put in place an appropriate retention strategy in order to retain the talent within the organization. In order for these organizations to design an effective retention strategy, the management of these institutions must not only understand the reasons why employees quit their jobs during organizational restructuring, but also the process through which such quit decisions are made. However, while there is adequate literature on why employees quit their jobs, there is very little literature, if any, regarding the quit decision process.

## **1.2 Research Problem**

A number of studies have been carried out with a view to establishing the reasons why employees quit their jobs (Armstrong, 1999; Maslow, 1954; Pavlou, 2002; Dopson and Newell, 1996; Robinson and Rousseau, 1994; Lee et al, 1994, 1996, 1999). However, these studies have mainly focused on the content of employee quit decisions and not the process through which such decisions are made. Morrison and Robinson (1997), for example, highlighted a number of reasons why employees quit their jobs, including poor leadership, less competitive pay packages and lack of career development opportunities, but they do not explain the decision making

process leading to the quit action. Maslow (1954) and Pavlou (2002) found positive associations between employee dissatisfaction and decision to quit, but their studies did not explain how this linkage is achieved. In these studies an assumption is made that dissatisfied employees are likely to quit their jobs. However, they fail to recognize various factors that are likely to moderate the quit decision making process.

Dopson and Newell (1996) attempted to explain how unmet employee expectation would lead to perceived psychological contract violation but did not test any specific hypotheses on perceptions that could explain this assumption. Robinson and Rousseau (1994) examined the relationship between psychological contract violation and employee dissatisfaction but failed to recognize the factors that influence the strength of this relationship for example: magnitude and implications of violation, employment relationship, and attribution and fairness judgments. Rousseau (1995) conducted a study on what constitutes an employee's psychological contract expectations. He concluded that these employee expectations shift with time and therefore are ever changing. However, his study ignored the role of the moderating factors related to the employees themselves such as engagement level, gender, work experience, age, career stage, and marital status, length of service, seniority level, qualifications and available alternatives as well as organizational characteristics such as size, age and ownership.

Knowdell et al. (2002) explain how organizational change leads to perceived psychological contract violation but does not empirically test this assumption to establish whether any relationship exists. Frijda (1988) attempted to examine the linkage between psychological contract and employee quit decisions. However, he did not explain the psychological process the employee goes through before arriving at quit decisions. Lee et al. (1996) conducted an empirical test of the Unfolded Model with a sample of nurses who had voluntarily quit their jobs at hospitals. They interviewed the nurses using questions that assessed major components of the unfolding model, including shocks and search for alternatives to the job. They also sent out follow-up surveys to the nurses to assess reliability of the information obtained in the interviews. Responses from the interviews were categorized into one of the decision paths by two of the paper's authors who had not conducted the interviews. Overall, the results of Lee et al. (1996) showed that 20 of the 33 classified turnover decisions were due to shocks rather than

to dissatisfaction. However, the Unfolded Model did not investigate the influence of change interventions, cognitive interpretations, personal attributes and organizational characteristics

The above empirical studies above made huge contributions with regard to predictors and antecedents of employee quit decisions. However, these studies focused on examining the relationships between two variables at a time and therefore they did not take into account the integrated linkages between all the variables at the same time. This is therefore a notable gap in their study. From the foregoing, it appears a number of studies have been conducted on the predictors and antecedents of employee quit decisions. However, previous studies have investigated various predictors and antecedents of turnover separately and have failed to report any integration between them. The current study explores the integrated relationships between organizational restructuring, perceived psychological contract, employee dissatisfaction and employees quit decisions.

Another gap noted in the previous studies is failure to recognize the effect of various moderating factors in the links between studied variables. The current study will not only investigate the nature of relationships between organizational restructuring, perceived psychological contract, employee dissatisfaction and employees quit decisions but will also examine the moderating effect of change management interventions, cognitive interpretations, personal attributes and organizational characteristics on these relationships.

Finally, the local studies have also focused on the reasons why employee engage in quit decisions. For example, in Kenya there have been a few studies conducted on employee quit decisions (Muia,1983; Gekonge ,1999). However, these studies have not examined the predictors and antecedents of quit decisions in an integrated manner. Another factor noted while reviewing literature on the subject is that most of the turnover studies have been conducted in the culture of western and developed countries' work settings by ignoring their cross cultural implications in developing countries, Cotton and Tuttle (1986) support the idea and say that findings of these studies may not be applicable to the organizations in developing countries culture due to vast differences in the economic, social, religious and cultural values. This constitutes a gap in the existing literature which has overlooked the cross cultural implications of employee quit studies. However it is important to note that this is outside the scope of the current study

The present study set off to answer the following questions.

- (a) What the nature of relationships is amongst: organizational restructuring, perceived unmet promises, dissatisfaction and employee quit decisions?
- (b) What is the influence of change management interventions, employee cognitive interpretations, personal attributes and organizational characteristics on the relationship between organizational restructuring and employee quit decisions?
- (c) What is the process through which quit decisions are made by employees during organizational restructuring?

### **1.3 Research Objectives**

The objectives of the study were:

- (a) To establish the nature of the relationship between organizational restructuring, quit decisions, perceived unmet promises and employee dissatisfaction
- (b) To establish whether the relationship between organizational restructuring and quit decisions is mediated by perceived unmet promises and employee dissatisfaction.
- (c) To determine whether the relationship between organizational restructuring and quit decisions is moderated by change management interventions, cognitive interpretations, personal attributes and organizational characteristics.
- (d) To establish the process through which employee quit decisions are made during organizational restructuring by examining the relationship amongst organizational restructuring, perceived psychological contract violation, employee dissatisfaction and quit decisions and the effect of moderating factors on these relationships.

## 1.4 Value of the study

This study aimed at developing and testing a conceptual framework that brings out a better understanding of the relationship amongst organizational restructuring, perceived unmet promises, employee dissatisfaction and quit decisions thereby increasing the stock of theoretical and empirical knowledge in related fields. The framework also captured the dynamics and factors influencing employee quit decision process during organizational restructuring. Besides, the findings of the study would provide useful reference guide for designing appropriate proactive change management and retention strategies for retaining key employees by organizations intending to undertake restructuring process. It will also form a basis for future research and teachings in related fields.

The results of this study have contributed to theory and theory development. It has brought about a better understanding of the predictors and antecedents of employee quit decisions by focusing on the process of employee quit decisions, deviating from the past studies which focused on the reasons for employee engagement quit decisions, thereby increasing the stock of theoretical and empirical knowledge in related fields. Besides, the results of the study provide reference material for future studies in related fields.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter reviews theoretical and empirical literature on key variables of the study. In this regard, various theories on employee quit decisions arising from organizational restructuring are reviewed. Besides, the chapter also reviews literature on factors likely to influence the relationship between the study variables. The literature therefore covers organizational restructuring as the independent variable; employee quit decisions as the dependent variable, employee dissatisfaction and perceived unmet promises as the mediating variables as well as the personal and institutional factors as the moderating variables. For purposes of this study, personal factors have been categorized into personal attributes and cognitive interpretations while the institutional factors have been categorized into change management interventions and organizational characteristics. The relationships drawn from the literature are then used to develop a conceptual framework from which a number of hypotheses are derived for testing.

#### 2.2 Organizational Restructuring

Organization structure refers to the pattern of relationship among positions and various functional areas as well as among members of the organization (Cheng et al. 1998). Structure makes possible the application of the process of management and creates a framework of order and command, through which the activities of the organization can be planned, organized, directed and controlled (Gefen, 2000). The structure defines tasks and responsibilities, work roles and relationships channels of communication, layers of management and seniority and hierarchy of authority (Armstrong, 2000). Structure comprises all the tangible and regularly occurring features which help or shape their members behavior (Homans, 1961). Any radical strategic changes in the organizational structure leads to what is commonly known as restructuring and must be accompanied by changes in systems, processes and people management practices (Nilakant and Ramnarayan, 2006). Arising from the foregoing, it is clear that structural changes or restructuring affect employees' behavior, attitudes, perceptions and expectations which form the basis of psychological contract.

No organization can thrive forever if it clings stubbornly to old structures, processes and “never” or “always” principles including the principle of never laying off employees. Structural changes may arise from the various combinations of strategic changes an organization may undertake in order to survive or prosper (Knowdell et al, 2006). Strategic decisions that can lead to organizational structural change include decisions of: mergers, acquisitions, conversions and business re-engineering. However, organizational structural changes can lead to perceived psychological contract violation (Dopson and Newell, 1996).

Organizational restructuring may lead to reviewing or changing the structure of the organization as well as Job (work) designs, systems, policies and practices in order to make its operations more effective and efficient (Cascio, 1998). This may further lead to elimination of certain roles/jobs and creation of new ones, changes in general terms and conditions of employment, change of culture and management style, change in reporting lines, changes in communication and organizational climate. Organizational restructuring therefore impacts on employee’s psychological expectations such as: work life balance, Job security, career growth and development opportunities, equitable (fair) pay/reward and benefits, challenging work in line with abilities, clear performance targets, performance feedback, fair treatment and involvement in major decision making process (Clark et al, 1998).

These psychological expectations may be affected by the restructuring process. For example restructuring is likely to bring about: threat to job security (fear of job loss or demotion) , possibility of job transfer or relocation, fears of inability to perform new roles, possibility of increased workload, threat to interpersonal relationships due to changes in reporting lines, boss or subordinates, personality and cultural clashes, disturbed or uncertain career prospects, ambiguous reporting systems and unclear roles, loss of or reduced power, status and prestige, unfavorable terms and conditions of service, loss of organizational or personal identity, increased organizational size, changes in policies and practices (Lewis and Smithson, 2007).

When an announcement for organizational restructuring initiative is made, employees will react differently. The courses of action an individual may take in response to any change process initiated by the organization are: voicing any feelings-helps to reduce losses and restore trust, Silence which may mean willingness to endure or accept unfavorable circumstances in the hope that they may improve, neglect of one’s duties or involve in counterproductive behaviors, exiting

the organization, often the last resort whenever everything else cannot work (Adrien et al, 2004). The current study categorizes the possible actions by the employees arising from organizational restructuring as follows: quit my job, stay in my job, perceive unmet expectations but wait to see what happens next before deciding to quit or stay, feel dissatisfied but wait to see what happens next before deciding to quit or stay. These are discussed in detail under employee quit decisions in section 2.6

### **2.3 Perceived Unmet Promises (Violation of Psychological Contract)**

An important element of the concept of the psychological contract is the notion of contract violation and its consequences (Rousseau, 1995; Morrison and Robinson, 1997). As has already been stated in previous sections, perceived violation of psychological contract may lead to certain conclusions by the employee. The employee loses trust in the employer; feels betrayed and may be less committed towards achieving the desired organizational goals. The employee may also be disengaged completely from the activities of the organisation. Such consequences may lead to the beginning of employee's quit decision making process. The link between restructuring and its impact on people's perceptions support the premise that any structural changes undertaken by an organization may lead to perceived psychological contract violation. Robinson and Morrison (2000) differentiate between psychological contract "breach" and psychological contract "violation". They argue that whilst psychological contract breach is associated with the feelings, psychological contract violation is concerned with the perceptions of the individual. This study aims at closely examining the relationship between organizational restructuring and perceived psychological contract violation.

Psychological contract refers to the employer and employee expectations of the employment relationship (Lawler and Nadler, 1977). It refers to expectations about the reciprocal that compose an employee organization exchange relationship. It is a set of beliefs about what each party is entitled to receive and obliged to give, in exchange for another party's contribution (Morrison and Robinson, 1997). Although expectations may not be written into any formal agreement, they operate powerfully as determinants of behavior. A psychological contract creates emotions and attitudes which form and control behavior (Spindler, 1994). Employees may expect to be treated fairly as human beings, to be provided with work that uses their abilities, to be able to display competence, to have opportunities for further growth and

development, to know what is expected of them in form of performance targets, to be given feedback (preferably positive) on how they are doing, Job security, equitable reward, work life balance and fair treatment (Armstrong, 2000). From the above definitions, we can say that “psychological contracts” are beliefs, values, expectations and aspirations of employer and employee including beliefs about implicit promises and obligations, the extent to which these are perceived to be met or violated and the extent of trust within the relationship. These expectations are not necessarily made explicit. It can be regarded as the implicit deal between employers and employees. It implies fairness and good faith. Psychological contract can continually be renegotiated, changing with an individual’s and an organization’s expectations, and in shifting economic and social contexts. It is not static, but dynamic and shifting. Because it is based on individual perceptions, individuals in the same organization or job may perceive different psychological contracts, which will, in turn, influence the ways in which they perceive organizational events such as restructuring or changes in policies (Lewis and Smithson, 2007).

Employee expectations may include: expectations of tenure (job security), career progression, and entitlement to work-life benefits, flexible working arrangements and reward for contribution made. Job tenure refers to the expectation that the employee will work in the organizations as long as he/she wants to. The employee also expects that the employer or the organization will provide career growth support and promotion opportunities. Work-life benefits include benefits such as medical and retirement benefits. Work-Life balance refers to the drive to achieve a sense of fulfillment in balancing work and life responsibilities. Work life benefits and balance can be a key factor in establishing a positive psychological contract but this will depend on the level of mutual trust (Lewis and Smithson, 2007).

The concept of employee expectations is supported by a number of theories. Victor Vroom’s Expectancy theory explains that people have preferences and outcomes which tend to reflect a person’s underlying need state. The three components of this theory are: expectancy which refers to the probability that if an amount of effort is applied, some desired performance will be realized, Instrumentality which refers to the probability that the desired performance will be rewarded and valence which refers to the probability that the reward will be worthwhile. Expectancy theory is embedded on the concept of probability. The higher the probability that effort will lead to desired performance and that desired performance will be rewarded and that

the reward will be worthwhile, the more likely the employee will want to stay in the organization (Armstrong, 2000). The Goal theory states that motivation is driven primarily by goals or objectives that individuals set for them. Unlike Expectancy theory, where a satisfactory outcome is the prime motivator, Goal theory suggests that it is the goal itself that provides the driving force (Locke,1968).The employee also expects that he/she will be rewarded for work done (contribution) and that that reward will be equitable. Equitable reward concept is supported by Stacy Adam's equity theory which says that people make comparisons between themselves and others in terms of what they invest in their work (inputs) and what outcomes they receive from it (Dopson and Newell, 1996).

The Theory is concerned with the perceptions people have about how they are being treated or paid as compared with others (Cole, 2004), for instance, the theory states that when people perceive an unequal pay scales, they experience 'equity tension', which they attempt to reduce by applying a behavior they think is appropriate. This behavior may be to act positively to improve their performance and/or seek improved rewards or may be to act negatively by for instance working more slowly on the grounds of being under-rated or under-paid and the individual may sometimes seek alternative jobs outside and leave. Therefore like the valence theory, equity theory also recognizes attractiveness (valence) of rewards in a work context except that equity theory emphasizes the extent to which the rewards are seen to be comparable to those available to the peer-group. However such thinking is best applied to extrinsic rewards such as pay, promotion, pension arrangement, company car etc and not to intrinsic rewards such as job interest, personal achievement and exercise of responsibility, which by their very nature are personal to the individual, entirely subjective and therefore less capable of comparison in any credible sense (Conway and Guest, 1997).

Maslow's hierarchy of needs theory explains that people always want more and what they want depends on what they already have. He identified five main levels of needs, from, at the lowest level, physiological needs, through safety needs, love needs and esteem needs, to the need for self actualization at the highest level (Conway and Guest, 1997). According to Maslow's theory, higher needs are only activated once the lower needs have been satisfied. Although Maslow suggests that most people have these basic needs in about the order indicated, he also makes it clear that the hierarchy is not necessarily a fixed order. There will be a number of exceptions to

the order indicated. For some people, there will be a reversal of hierarchy. For example self esteem may seem to be more important than love to some people and so on and so forth (Maslow, 1954). This behavior supports the characteristics of the psychological contract where individual's preferences and taste shifts every now and then. Although Maslow's theory provided an early useful framework for discussions about the variety of needs that people may experience at work, and the ways in which their motivation can be met by managers, it has received criticisms from different quarters. Alderfer for example argued that individual needs were better explained as being on a continuum, rather than in a hierarchy (Armstrong, 1999). He considered that people were more likely to move up and down the continuum in satisfying needs at different levels. He concluded that there were only three major sets of needs: existence needs (basics of life), relatedness needs (social and interpersonal needs), and growth needs (personal development needs). Drucker (1954) stated that Maslow had not recognized that when a want was satisfied, its capacity to motivate was changed meaning that an initially satisfied want that was not sustained could, on the contrary become counter-productive and act as a disincentive. Expectations are dynamic and shift continuously depending on changing environmental factors and circumstances. Examples of employee expectations are: security, financial reward, informal recognition from manager or employer, promotion or career opportunities and a flexible approach to the work-life balance giving sufficient priority to personal or family needs (Armstrong, 1999).

From the above, we can summarize the common employee expectations as: Challenging work in line with abilities, Job security, clear performance targets, performance feedback, equitable reward, involvement and influence in decision making, work life balance, career (growth and development) opportunities and fair treatment. As has already been mentioned psychological contract violation arises from the feeling of breach of a number of perceived promises or expectations. Longitudinal research by Rousseau (1995) revealed that perceived contract violation predominantly occurred in respect of training/development, compensation and promotion. The study further revealed that a threat in job insecurity is the factor with the highest impact on perceived breach of contract resulting in the highest level of perceived contract violation. Changes in careers following restructuring may constitute a breach of psychological contract (Dopson and Newel, 1996). Perceived violation of employee expectations or

psychological contracts can be influenced by the change management interventions put in place to successfully manage the change process (Rousseau, 1995; Kotter, 1995).

When employees perceive unmet expectations as a result of organizational restructuring, they will react differently. The courses of action an individual may take in response to any change process initiated by the organization are: voicing any feelings-helps to reduce losses and restore trust, Silence which may mean willingness to endure or accept unfavorable circumstances in the hope that they may improve, neglect of one's duties or involve in counterproductive behaviors, exiting the organization, often the last resort whenever everything else cannot work (Adrien et al, 2004). The current study categorizes the possible actions by the employees arising from perceived unmet expectations as follows: quit my job, stay in my job, feel dissatisfied but wait to see what happens next before deciding to quit or stay. These are discussed in detail under employee quit decisions in section 2.6

## **2.4 Employee Dissatisfaction**

Employee dissatisfaction arises from non achievement of realization by an employee that his or her expectations will not be met by the organization. In this context employee dissatisfaction is not necessarily the opposite of satisfaction. This concept has been reinforced by the two factor model of satisfiers and dissatisfiers developed by Herzberg following an investigation into the sources of job satisfaction and dissatisfaction of account of engineers. Herzberg identified two groups of factors in his study of motivation. He called one factor 'satisfiers' which are seen to be motivating the individual to superior performance and effort. The other 'dissatisfies' (hygiene factors) which essentially describe the environment and serve primarily to prevent job dissatisfaction while having very little effect on positive job attitudes (Armstrong, 1999).

Job satisfaction implies enthusiasm and happiness with one's work. It is the key radiant that leads to recognition, income, promotion, and the achievement of other goals that lead to a general feeling of fulfillment (Morrison and Robinson, 1997). Creating job satisfaction entails ensuring that workers are challenged and then rewarded for being successful. Organizations that aspire to creating a work environment that enhances job satisfaction need to incorporate the following: flexible work arrangements, possibly including telecommuting, training and other professional growth opportunities, interesting work that offers variety and challenge and allows the worker

opportunities to 'put his or her signature' on the finished product, opportunities to use one's talents and to be creative, opportunities to take responsibility and direct one's own work, a stable secure work environment, flexible benefits such as child care and exercise facilities, up-to-date technology, competitive salary and opportunities for promotion and so forth.

Other factors that enhance job satisfaction are: increasing the number of skills that individuals use while performing work, enabling people to perform a job from start to finish, providing work that has a direct impact on the organization or its stakeholders, increasing the degree of decision making, and the freedom to choose how and when work is done, increasing the amount of recognition for doing a job well done and communicating the results of people's work. Job enrichment addresses these factors by enhancing the job's core dimensions and increasing people's sense of fulfillment. So, in essence, job satisfaction is a product of the events and conditions that people experience on their jobs. If a person's work is interesting, pay is fair, promotional opportunities are good, supervisor is supportive, and coworkers are friendly, then it is likely that an employee will be satisfied with his or her job. Put in another way, if the pleasures associated with one's job outweigh the pains, there will be some level of job satisfaction (Kerlinger, 1986). Employee dissatisfaction is the forerunner to a number of problems that can be quite serious to businesses. These include employee turnover and the potential for financial abuse, such as theft, frauds and embezzlement. It is vital for the management of any company to recognize the signs of employee dissatisfaction before difficulties begin to manifest.

Employees almost always send signals of their discontent. The clear and obvious signs of employee dissatisfaction include: excessive tardiness and absenteeism, lack of enthusiasm indicated by reducing working hours, decreased quality and quantity of work, complaints by employees against colleagues within the company, complaints by an individual employee regarding (salary, benefits, working hours, working conditions, etc.) , increased e-mail usage during work time, displays of anger, frequent arguments with associates or team members or other inappropriate activity. Perceived psychological contract violation and employee dissatisfaction relationship can further be influenced by magnitude and implications of violation, employment relationship, attribution and fairness judgments for example procedural justice, distributive justice and interactional justice. Procedural justice refers to the extent to which the

management is able to outline a clear procedure and process for change. Distributive justice refers to fairness applied in sharing or apportioning of accruing benefits that may result from the change process. Interactional justice refers to the extent of communication between management and the employee, that is, the extent of employee involvement in decision making (Kotter, 1995)

Communication is a critical aspect of change management (restructuring) mechanism useful for successful transition ((Kotter,1995). The communication and employee involvement, clarity of change objectives, clarity of benefits to the employee, clarity of process, procedures, timing, role clarity etc. are crucial to successful change. Communication and employee involvement have an influence on the employees' perception with regard to violation of psychological contract (Knowdell et al, 2006). This means that by ensuring effective communication and employee involvement in the change process, there will be less or no perceived violation of psychological contract. Effective communication and employee involvement therefore play an 'intervening' role in the relationship between organizational restructuring and perceived violation of the psychological contract. Empirical and theoretical work supports the assertion that committed and satisfied employees will put in extra effort to help the organization succeed (Adrien, 1998). However, perceived violation of psychological contract does not automatically lead to employee dissatisfaction. There are interceding factors which may come to play such as cognitive interpretations i.e. nature of employment, relationship, attribution and fairness judgments which may influence the level of employee dissatisfaction (Kotter, 1995).

When employees are dissatisfied as a result of organizational restructuring, they will react differently. The courses of action an individual may take in response to any change process initiated by the organization are: voicing any feelings-helps to reduce losses and restore trust, Silence which may mean willingness to endure or accept unfavorable circumstances in the hope that they may improve, neglect of one's duties or involve in counterproductive behaviors, exiting the organization, often the last resort whenever everything else cannot work (Adrien et al, 2004). The current study suggests that the employees who are dissatisfied as a result of organizational restructuring will either decide to quit or stay with the hope that things will improve and become better. These are discussed in detail under employee quit decisions in section 2.8.

## **2.5 Personal Factors**

For purposes of this study personal factors have been categorized into personal attributes and cognitive interpretations. These are discussed in detail under the following sub sections

### **2.5.1 Personal Attributes**

The personal attributes that can influence employee expectations are: employee engagement level, gender, work experience, age, career stage, marital status, length of service, seniority level, qualifications possessed and available alternatives. Employee engagement is a critical measure of the connection between the employee and the organization. It is defined as the employee's emotional and intellectual involvement in contributing to the organization and its success. Engaged employees share a common set of attitudes and beliefs which, taken together, reflect a vital aspect of organizational health. Engaged employees; work harder and are retained; satisfy customers; attract sales and employees; and contribute to long-term performance and growth of the organisation. It can also be defined as a set of beliefs and feelings an employee holds towards their job and their work in the organization. These feelings and beliefs combine to form attitudes which drive work motivation (Brooks, 2006). It is a concept that is generally viewed as managing discretionary effort, that is, when employees have choices, they will act in a way that furthers their organization's interests.

Engaged employees feel a strong emotional bond to the organization that employs them (Konrad, 2006). This is associated with people demonstrating willingness to recommend the organization to others and commit time and effort to help the organization succeed (Hay Group, 2002). It suggests that people are motivated by intrinsic factors (e.g. personal growth, working to a common purpose, being part of a larger process) rather than simply focusing on extrinsic factors e.g., pays and rewards (Dilys and Hayday, 2003). The concept has gained popularity as various studies have demonstrated links with productivity. It is often linked to the notion of employee voice and empowerment (Crim and Seijts, 2006; Adrien et al, 2004). The Gallup organization published research showed that engaged employees are more productive, more profitable, more customer-focused, safer, and less likely to leave their employer. The review stated that "engagement with employees within a firm has shown to motivate the employee to work beyond personal factors and work more for the success of the firm (Hay Group (2002). Watson Wyatt

Worldwide showed that high commitment organizations (one with loyal and dedicated employees) out performed those with low commitment by 47% in the 2000 study and by 200% in the 2002 study (De la Vergne, 2005). In a study of professional service firms, the Hay Group (2002) found that offices with engaged employees were up to 43% more productive, based on a comparison of revenue generation. This implies that the higher the Employee Engagement Index (EEI) the higher the productivity level.

Recent research has focused on developing a better understanding of how variables such as quality of work relationships and values of the organization interact and their link to important work outcomes (Corey et al, 2003). From an employee's perspective, 'outcomes' range from strong commitment to the isolation of oneself from the organization (Deci and Ryan, 2000). The study done by the Gallup Management Journal has shown that only 29% of employees are actively engaged in their jobs. Those "engaged" employees work with passion and feel a strong connection to their company. Moreover, 54% of employees are not engaged meaning that they go through each workday putting time but no passion into their work. Also, 17% of employees are actively disengaged, meaning that they are busy acting out of their own personal unhappiness, which undermines what their engaged co-workers are trying to accomplish (Deci and Ryan, 2000). Access to a reliable model enables organizations to conduct validation studies to establish the relationship of employee engagement to productivity/performance and other measures linked to effectiveness (Corey et al, 2003). It is an important principle of industrial and organizational psychology that validation studies should be anchored in reliable scales such as organized and related groups of items and not simply focus on individual elements in isolation. To understand how high levels of employee engagement affect organizational performance/productivity it is important to have a priori model that demonstrates how the scales interact (Hulme, 2006). There is also overlap between this concept and those relating to well-being at work and the psychological contract (Konrad, 2006).

As employee productivity is clearly connected with employee engagement, creating an environment that encourages employee engagement is considered to be essential in the effective management of human capital (Deci and Ryan, 2000). As additional research becomes available; the significance of the various factors will become more evident. According to Brooks (2006), employee engagement can be influenced by years in the workforce, years one has worked within

an organization, years one has worked in a particular position and employee's age. The best picture of a company's well being comes from employee engagement, customer satisfaction, and cash flow. Employee engagement is perhaps the most telling indicator of competitive advantage (Konrad, 2006). Great companies know that their innovative and competitive edge depends absolutely on the dedication of their employees. They also know they don't get this through employee compensation. They get this from employee engagement, where employees can match their personal purpose with the company's mission and critical objectives (Covey, 2007). Other attributes that can be associated with employee engagement are: commitment, trust and loyalty. Psychological contract offers important clues about how to maintain employee commitment (Conway and Guest, 1997).

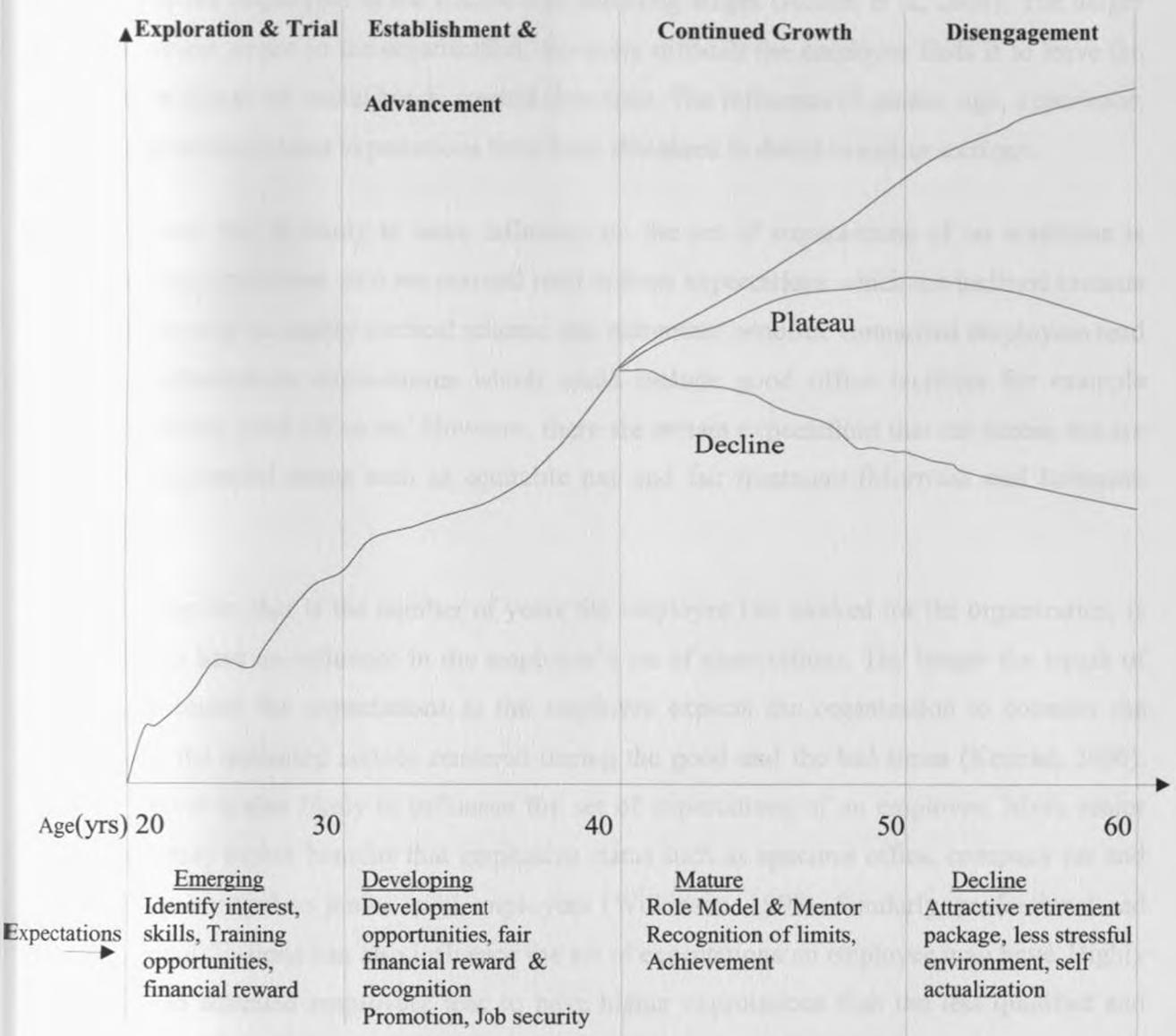
A positive psychological contract is worth taking seriously because it is strongly linked to higher commitment to the organization, higher employee satisfaction and better employment relations. Psychological contract violation can also lead to erosion of trust (Robinson and Rousseau, 1994). Organizations that are able to create commitment among their employees realize that commitment is ultimately personal. This is the hard part of commitment that has profound implications for organizations. It requires consistency in action at the same time as recognizing the need for flexibility and requires making decisions about what employees are prepared and not prepared to do. It requires the patient and concerted attention of the whole organization. Some of the essentials for building commitment include communicating with employees in an honest and open way, realistically assessing their capacity to engage in various initiatives, giving worthwhile feedback, making effective decisions and taking chances.

Every organization needs to enhance the capabilities of its workforce over time, which is why many organizations offer both formal and informal training. However, employees themselves also have to be willing to make the effort needed to improve their skills to help them better meet organizational goals. Commitment is a function of engagement. The higher the commitment levels the higher the engagement level. Commitment is one of the factors that enable an organization to minimize turnover, at a time when there is an increasing need for companies to find and hold onto their most talented employees. These days, the success of an organization is even more dependent on having a stable and committed workforce whose contributions are aligned with productive group actions.

The role of gender with respect to psychological contract theory has received little attention, though it is sometimes suggested that women have a different notion of the contract than men, expecting less in terms of pay and promotion and trading these benefits for flexibility (Nisbett and Ross, 1980). However, studies of young adults have shown little gender difference in psychological contract expectations, suggesting that as women and men's expectations of work converge, so may their experience of the psychological contract (Lewis and Smithson, 2007). Work experience has an influence on employee expectations. Employees with more experience will tend to expect better terms and conditions of employment. For example an experienced teller in a bank will expect a higher pay package than his/her inexperienced counterpart (Fatchett and Guest, 1974).

Age is another factor that influences employee expectations. There is evidence that employees in different age bracket may have different preferred set of expectations and psychological contracts (Nisbett and Ross, 1980). During the 1980s many employers were concerned at what was seen as the demographic time bomb, that there would not be enough 18-year olds and graduates entering the workplace in the 1990s. As things have turned out, the nature of the problem is not so much the shortage of individuals as mismatch between what young employees expect and what organizations deliver. A great deal of research both in the USA and the UK has been carried out into the needs of the so called "Generation X" or people under the age of thirty. Employees within this age group have been exposed to a range of experiences to which previous generations did not have access (Holbeche, 2002). Employee career stage will also determine the set of expectations that are preferred by the employee. Career stage is determined by the experience and age of the employee (Boudreau and Milkovich, 2004). This is explained in Figure 2.1 below.

**Figure 2.1 : Employee Career Stages Model**



Source: Humana Resource Management, 5<sup>th</sup> edition; Milkovich & Boudreau, pg 496

Disengaged employees who perceive psychological contract violation, may find it easy to quit while those who are engaged would be reluctant to quit given the cordial relationship between them and the management (Deci and Ryan, 2000). Employees under the age of 40 are likely to be more flexible in changing jobs compared to employees who are above 50 years. The older employees will, therefore, tend to stay and serve the remaining pre- retirement years (Dopson and Newell, 1996). Employees in emerging stage of their career (see Figure 2.1) are likely to

leave the organization if they perceive that the psychological contract has been violated compared to the employees in the mature and declining stages (Adrien et al, 2004). The longer the employment tenure in the organization, the more difficult the employee finds it to leave the organization due to the social bonds created over time. The influence of gender, age, experience, career stage on employees expectations have been discussed in detail in earlier sections.

Another factor that is likely to have influence on the set of expectations of an employee is marital status. Employees who are married tend to have expectations which are inclined towards family needs such as quality medical scheme and retirement benefits. Unmarried employees tend to have individualistic expectations which could include good office facilities for example quality furniture, good office etc. However, there are certain expectations that cut across and are not based on marital status such as equitable pay and fair treatment (Morrison and Robinson (1997).

Length of service, that is the number of years the employee has worked for the organization, is also likely to have an influence in the employee's set of expectations. The longer the length of service the higher the expectations as the employee expects the organization to consider the loyalty and the dedicated service rendered during the good and the bad times (Konrad, 2006). Seniority level is also likely to influence the set of expectations of an employee. More senior employees may expect benefits that emphasize status such as spacious office, company car and higher pay compared to junior level employees (Wilkinson, 1998). Similarly, professional and academic qualifications can also influence the set of expectations an employee may have. Highly qualified and educated employees tend to have higher expectations than the less qualified and educated ones (Pavlou, 2002). Availability of possible alternatives may also influence the set of employee expectations in that an employee will only have expectations that the organization has the ability and will be able to provide. To have a set of expectations which are outside the organization's ability to provide or out of organization's reach is unrealistic (Rousseau, 1995). Available external opportunities may also have an influence on employee's expectations. Employee attributes can therefore have an influence on employee quit decisions based on the importance of the expectation violated by the employer (Wilkinson, 2004).

## 2.5.2 Cognitive Interpretations

Cognitive interpretations refer to the process in which one seeks to recognize and understand the meaning of an event or what has been communicated (Lucey, 1989). The cognitive interpretation interceding between perceived psychological contract violation and dissatisfaction involves an assessment of magnitude and implications of violation, attributions with regard to who is responsible or accountable for the violation, judgments about how fairly one was treated and the nature of employment relationship. Each of these factors moderates the relationship between contract violation and dissatisfaction. Magnitude and implications of contract violation refers to the size of the discrepancy between the two ratios of contract fulfillment (Morrison and Robinson, 1997).

The ratios are:

$$\frac{\text{Benefits Provided by Organization}}{\text{Benefits Promised by Organization}} \quad \text{Vs} \quad \frac{\text{Contributions Provided by Employee}}{\text{Contributions Promised by Employee}}$$

Judgments of magnitude come directly from the comparison process indicated above and these are based on the principle of balance (Minton and Sheppard, 1992). The greater the perceived imbalance or discrepancy between the two parties' contributions, the stronger the relationship between perceived contract violation and dissatisfaction. In addition to the magnitude, an employee will also assess the implications of the violation. Violations that have far reaching implications are likely to result into more dissatisfaction. Therefore, the greater the implications, the stronger the relationship between the perceived violation of psychological contract and dissatisfaction (Lawler and Nadler, 1977). This prediction is consistent with research showing that negative emotions such as anger, indignation and contempt increase with the perceived undesirability and adverse impact of an event (Lind and Tyler, 1988).

Attributions or judgments about why the contract violation occurred will also play a role in the interpretation process. When faced with unfavorable or unexpected situation or outcomes, people tend to search for explanations that will enable them to assign responsibility (Weiner & Wong, 1981) and assignment of responsibility has a direct effect on the intensity of their dissatisfaction (Frijda, 1988). Assignment of responsibility is based on analysis of the following factors:

causality, control, foreseeability and intentionality (Bell and Tetlock, 1989; Heider, 1958). At minimum, an employee must believe that a contract violation was caused by actions of the organization (Heider, 1958). If an employee perceives that a breach was due to his or her own misperceptions, the employee is apt to 'blame' the organization for the apparent violation and will experience less intense feelings of violation. The employee also may consider whether the agents involved could have controlled or foreseen the factors precipitating the contract violation (Bell and Tetlock, 1989; Heider, 1958). If the employee perceives that an organizational agent was aware that an agreement was being violated and that the violation was a purposeful act rather than an honest oversight, feelings of violation and dissatisfaction will be intensified.

Individuals tend to incline towards causal explanations that reinforce their prior beliefs (Nisbett & Ross, 1980). Therefore they tend to make internal attributions when behavior is consistent with their expectations and external attributions when behavior is inconsistent with their expectations. The nature of this attribution process suggests that trust will play an important role. If an employee has a high level of trust in the organization and thus expects that organization will not behave in a way detrimental to his or her interests, the employee will be more apt to attribute violation to extenuating circumstances (Chervany et al, 1998). Attributions of responsibility will also be affected by social accounts such as justifications or excuses offered by agents of the organization. Accounts convey that a violation was not the organization's fault, thereby altering an employee's perception of causality, control, foreseeability and intentionality (Bies, 1987). Most organizations rarely admit purposeful violation and instead try to convince the employee that a perceived violation of contract resulted from factors beyond the organization's control or that it was rooted in a mere misunderstanding (incongruence).

An individual level of perceptions and trust can also be influenced by the past experience (Conway and Guest, 1997). The Reinforcement Theory of motivation suggests that a given behavior is a function of the consequences of earlier behavior (Skinner, 1974). Thus it is argued that all behavior is determined to some extent by rewards or punishment obtained from previous behavior which has the effect of reinforcing current actions. This theory therefore supports the fact that past experiences play an important part in the relationship between perceived psychological contract violation and the feeling of dissatisfaction by the employee. If in the past, for example the employer has provided appropriate rewards to the employee for desired

performance, the employee will be willing to put in more effort with a view to receiving similar or better rewards. If the employer has not kept its promises in the past, the employee is not likely to trust the employer and may not be willing to make any efforts to perform since there is perception that there will be no 'valence' (Chervany et al, 1998).

Trust is the belief that the trustee will fulfill the trustor's expectations without taking advantage of its vulnerabilities (Gefen, 2000; Lewis and Weigert, 1985; Luhmann, 1979). Trust in the employee employer relationship can therefore be defined as the belief that the employer will fulfill the employee's expectations without taking advantage of its vulnerabilities. People generally enter new relationships with a high degree of initial trust even though there may be little rational justification for such high trust (Rotter,1967). Similarly, psychological contract violation theory is based on the premise that people are initially trusting of others. However, maintenance of psychological contracts is critical to sustaining this initial trust (Niehoff and Paul 2001). Perceived psychological contract violation, as a negative retrospective appraisal of past problems with individual trustees ruins trust because it shows that the trustees did not meet their expected obligations. Applied to online market places, perceived psychological contract violation ruins a buyer's beliefs that sellers will behave in a manner consistent with their confident expectations (Robinson & Rousseau, 1994; Perryman et al, 2004).

Therefore, perceived psychological contract violation is hypothesized to erode the initial trust employees have in the management. Leaders should communicate openly about the situation which, as long as the managers have not built up a legacy of cynicism among employees, should lead to employees trusting top management. Employees are then more likely to suspend judgment and display their trust by going the extra mile (Holbeche, 2002). Trust may arise either from previous information or knowledge the employee has about the organization. If there is trust in the organization, the employee will be confident that his/her expectations will be realized. Trust can also be built from past relational experience.

Another important factor in cognitive interpretation of perceived contract violation is an employee's perceptions of how fairly he or she is treated for example whether the procedures are consistent, whether the employee has a voice and whether the decision is made in an impartial manner (Lind and Tyler, 1988). Fairness judgments can also be categorized as: Procedural justice, interactional justice, and distributive justice. Procedural justice reflects the fairness of the

process during organizational structural change. Clarity of process and procedures enables the employee to see that there is transparency on the part of management and hence will help to lessen the intensity of dissatisfaction arising from perceived violation of psychological contract. For example during downsizing, poor performing employees and those with less potential are laid off first. Another example is provision of advance notice regarding the intended management action which allows employees adequate time to prepare for downsizing in future (Brockner,1998). Where there is procedural justice, the relationship between perceived violation of contract and dissatisfaction level may be less intensified ,that is, the level of dissatisfaction is likely to be lower and vice versa.

Interactional justice refers to one's judgment regarding the interpersonal treatment one has experienced during the change process in our case organizational restructuring process. These judgments reflect the employee's beliefs about whether he or she has been dealt with honestly and respectfully and has received adequate justification for the contract violation (Bies, 1987). Communicating a clear vision of change (restructuring) objectives i.e. how the change will benefit all stakeholders and role clarity is likely to reduce the threatening nature of structural change and survivors can see hope for future. Kotter (1995), in his eight step model for managing change emphasizes communication, employee involvement and empowering as key aspects in managing change successfully. Rousseau (1989) outlines two useful people management change strategies namely educative strategies and participative strategies. Educative approach involves changing people's values and beliefs, winning hearts and minds in order for them to fully support the changes being made. Participative approach stresses the full involvement of all those involved and affected by the anticipated changes. The people change strategies that are critical to the change process include: effective communication, employee involvement and participation, assurance of fairness (justice), role clarity and rewarding quick wins (Kotter, 1995).

Communication, from a restructuring perspective, refers to the process of keeping all the stakeholders including the employees informed as to why, when and how restructuring is being affected as well as what is changing. The strategy for internal communications should be based on analyses of: what management wants to say, what employees want to hear and the problems being met in conveying or receiving information (Armstrong, 1999). The employees must also

understand how the change will benefit them and must be assured that fairness will prevail during change process (Kotter, 1995). Change can be managed only by ensuring that the reasons for and implications of change are communicated to those affected in terms which they can understand and accept. Change cannot be managed properly without an understanding of the feelings of those affected by it, and an efficient system of communications is needed to understand and influence these feelings (Rousseau, 1995). The various channels of communication include: magazines, newsletters, bulletins, notice-boards, consultative meetings, videos, and team briefing.

Employee participation or involvement is also critical for successful change and trust building. Participation is any process through which a person or group of persons determines what another person or group of persons will do (Fatchett and Guest, 1974). Participation is about employees playing a greater part in the decision making process. (Marchington and Wilkinson, 1996). Employee involvement through such means as consultative committees provides a channel for two way communication (Konrad, 2006). Employers should involve everyone in the change process with the result that 'productivity gains of several hundred per cent should ensue (Peters, 1998). Lack of or inadequate information regarding change brings about uncertainty. During organizational restructuring, employees are faced with uncertainty about whether their psychological contracts will be maintained. Where there is continuous and effective communication and provision of relevant information by management about change, the employees' anxiety arising from uncertainty will be considerably reduced (Barner, 2001).

Therefore, if employees are treated humanely and with dignity, it is likely they will respond constructively to restructuring because they feel valued and appreciated in the organization. Interactional justice may help in reducing the magnitude of dissatisfaction arising from the perceived violation of psychological contract. Distributive justice reflects the fairness of outcomes resulting from the structural change (Beer et al, 1985). For example if there is fair distribution or allocation of resources, perceived violation by employees may be less intensified and therefore they are likely to be less dissatisfied. However resource allocations favoring top management or any other section of employees only such as high salary increments at the expense for top management only will result in feeling of mistrust and unfairness.

The nature of employment relationship is another factor that will influence the relationship between perceived psychological contract violation and the level of dissatisfaction arising there from. The nature of relationship between employees and management can be viewed as either transactional exchange or relational exchange. Relational exchange is governed by 'norms of non instrumental concerns,' whereby the parties concerned do not care much about immediate repayment. Transactional exchange is governed by quid pro quo norms, whereby obligations are clearly defined and parties expect direct and immediate compensation for their contributions (Cheng et al, 1998). Where there is a relational exchange, employees are likely to feel less dissatisfied as a result of perceived violation of contract than where the nature of relationship is predominantly transactional. Cognitive interpretations can therefore influence dissatisfaction level and quit decision making process (Robinsons and Rousseau, 1994)

## **2.6 Institutional Factors**

For purposes of this study, institutional factors have been categorized into change management interventions and organizational characteristics. These are discussed in detail in the subsequent subsections.

### **2.6.1 Change Management Interventions**

These refer to the initiatives put in place by top management to get the buy in of employees and ensure successful achievement of change objectives (Knowdell, 2006). These may include communication of shared vision and creation of enthusiasm by top management, clarity of role and performance targets under the new structure, availability and fairness of channels for redressing concerns and grievances, commitment by management toward providing continued employment opportunities within the new structure for instance by retraining and relocating resources wherever possible and only considering layoff as a last resort, availability of good employee support initiatives for both employees being retained and those who become casualties of the change process for instance providing counseling services, up skilling initiatives to cope with new ways of doing things as well as fair treatment and respect, transparent communication and clarity and fairness of change management process, employee consultation and involvement in change process and clarity of how employees will benefit from the proposed change (Conway and Guest,1997). Change management interventions can influence perceived

psychological contract violation, employee dissatisfaction level and quit decisions. For example, an employee's perception with regard to psychological contract violation will depend on how well the change process has been communicated to the employees. If employees clearly understand the change process, the level of perception of psychological contract violation is much less and vice versa (Kotter, 1995).

## **2.6.2 Organizational Characteristics**

Organizational characteristics for purposes of this study are: size, age, ownership (whether locally or foreign owned), brand, diversity and market positions. These may also influence the set of employee's expectations. It is general perception that larger organizations compensate better than their smaller counterparts. Consequently, multinationals are perceived to have better terms of employment and growth opportunities than their local counterparts. An employee joining or working for large foreign organizations has higher expectations than those joining small local companies. Private (profit making) organizations are also perceived to offer better terms of service than the governmental and non governmental institutions. Therefore an individual joining the former will tend to have higher expectations compared to the latter category (Hulme, 2006).

Perceived violation of psychological contract can lead to employee dissatisfaction which in turn may lead to quit decisions. Some employees also believe that organizations that have been existence for a long time are more stable and provide better benefits compared to the more recently established ones. Therefore, although an employee may be dissatisfied with the job and as a result develop the desire to quit, the final decision may be influenced by size, age and ownership make up. For example, there are individuals who believe that a change in ownership (foreign or local composition) will determine whether the perceived violation will be temporary or will have a lasting effect. There is also a belief that large multinationals are likely to handle the proposed changes more successfully and professionally. (Rousseau,1995). Similarly organization brand, diversity and market position may have influence on employee quit decisions.

## 2.7 Quit Decisions

A huge concern to most companies is the loss of key staff to competition. Key staff are crucial to the realization of the organization's goals. Besides, replacement of these key staff is a costly expense especially in areas where the required skills are scarce in the market. Other costs associated with loss of key staff are: cost of training the replacement, cost of not having someone to do the job in the meantime, the loss due to learning period of the new employee, the loss of morale in co-workers, loss of trade secrets which the departing employee may share with new employer especially the competitors. It is also believed that a person leaving an organization becomes its brand ambassador, for better or for worse (Spindler, 1994). It is therefore important to understand the process through which an employee arrives at a decision to quit or stay in the organization. There are four courses of action an individual may take in response to perceived violation of psychological contract. These are: voicing any feelings-helps to reduce losses and restore trust, Silence which may mean willingness to endure or accept unfavorable circumstances in the hope that they may improve, neglect of one's duties or involve in counterproductive behaviours, exiting the organization, often the last resort whenever everything else cannot work (Adrien et al, 2004).

Organizational structural changes or restructuring has been associated with retrenchments (Knowdell et al, 2006). Since retrenchment implies that some employees would be laid off, there will be a feeling of job insecurity by the employees. In such circumstances employees will develop a feeling of bitterness with the organization and may start looking for employment elsewhere outside the organization. If the employee comes across some opportunities outside the organization, he or she will engage in quit decision process. Robinson and Rousseau (1994) believe that breaches can erode employment relationship, in particular damaging trust and job satisfaction. Individuals who have experienced psychological contract breaches are more likely to quit the organization than those who have not. In addition, some employees may re-assess their broader contract, focusing on transactional elements such as pay and tangible benefits (Luhmann, 1979).

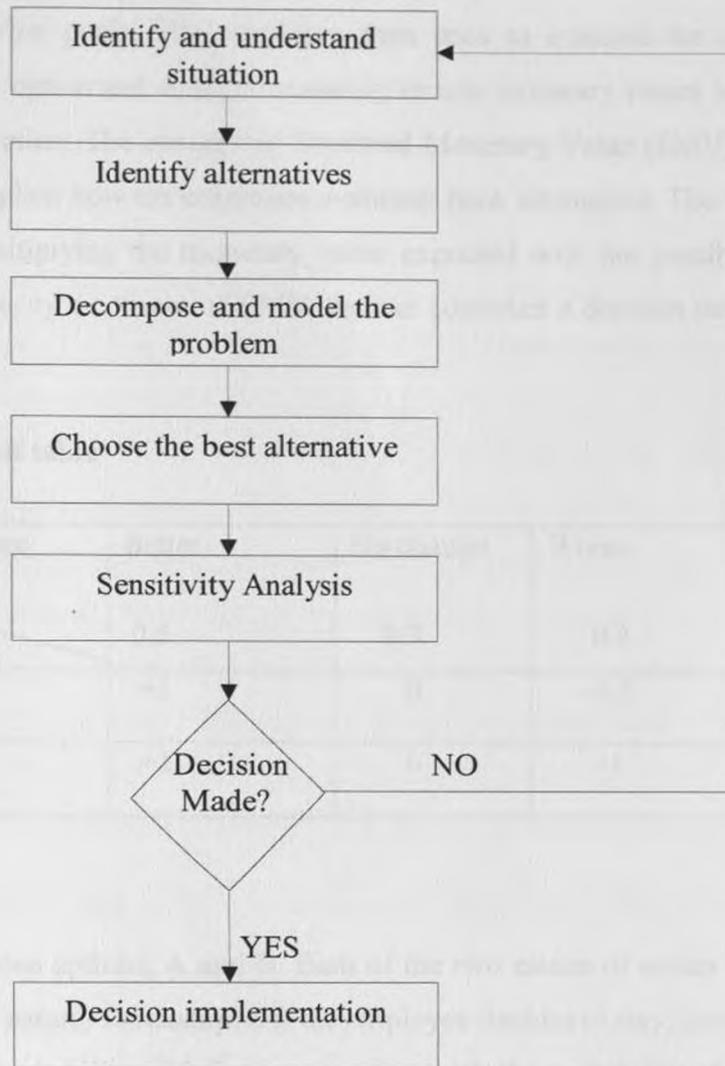
Employee quit decisions is a careful evaluation by the employee as whether to continue working for the organization or quit altogether. The current study endeavors to establish the quit decision process likely to be taken by employees during organizational restructuring by examining the

nature of relationships between organizational restructuring, perceived unmet expectations, dissatisfaction and quit decisions.

The current study also looks at the influence of various moderating factors on the said relationships. The moderating factors considered for purposes of this study are: change management interventions, cognitive interpretations, employee personal attributes and organizational characteristics already discussed in previous sections. As has been discussed in previous sections, the quit decisions (courses of action) likely to be undertaken by employees during organizational restructuring are: Quit decisions, Perceive unmet expectations but wait to see what happens next, and feel dissatisfied but wait to see what happens next before deciding to engage in quit decisions. These courses of action will be carefully evaluated by the employees with a view to establishing the best course of action under the given circumstances.

Narayanan and Rao (1987) present a generic decision analysis model for making decisions under different decision criteria, type and quality of available information. This model is captured in Figure 2.2. The decision making model provides a generic framework for choosing courses of action in a complex, uncertain, or conflict-ridden situation. The choices of possible actions and prediction of expected outcomes, derive from a logical analysis of the decision situation. From the above, the author uses this framework to develop employee quit decision process which provides possible steps an employee is likely to adopt in order to make an informed choice of whether or not to quit the organization in light of perceived violation of psychological contract. The suggested framework is shown in Figure 2.3.

**Figure 2.2: Decision Analysis Model**



Source: Adapted from Rao & Narayanan (1987) Principles and Practice of Management, Konark Publishers Pvt, New Delhi.

The above model helps to explain the process of evaluating each course of action by employee before making the final quit decision. The best course of action is arrived at by quantifying the likely outcome of each course of action by applying the concept of Expected Monetary Value (EMV). However qualitative gains are also considered at this stage. For example, let us suppose that an employee who is dissatisfied would have two options: A – to quit the organisation or B-

stay and continue working for the organization. Whichever option the employee adopts, he/she hopes that the choice made will be the most favorable and will place him/her in a better position towards realization of his/her goals. The employee then tries to evaluate the qualitative or quantitative impact of each option and attaches monetary or non monetary values to each one of these possible courses of action. The concept of Expected Monetary Value (EMV) as given by Lucey (1989) is used to explain how the employee evaluates each alternative. The value of each option is computed by multiplying the monetary value expected with the possible chance or probability. By applying Lucey’s concept of EMV, we can construct a decision pay off table as shown in figure 2.1.

**Table 2.1: Decision pay off table**

State of nature	Better	No change	Worse	EMV
Decision	0.5	0.3	0.2	(Units)
A – Stay	+1	0	-0.5	0.4
B – Quit	+2	0	-1	0.8

In this example, there are two options; A and B. Each of the two causes of action can place the employee in three states of nature, for example, if the employee decides to stay, he/she may be in a better position with the probability of 0.5, same position with the probability of 0.3 or worse off position with the probability of 0.2, relative to the present position. Similarly, the quit alternative may place the employee in a better position with the probability of 0.5, same position with the probability of 0.3 or worse position with the probability of 0.2.

The employee then assigns imaginary incremental/decremental values to alternative actions. For example by pursuing option A, the employee estimates that there is a possibility of improving the present position by +1 unit or remaining in the same position (0 units) or things getting worse by -0.5 units. Using the concept of Expected Value (EV) the value of option ‘A’ can be computed as follows:  $(+1 \times 0.5) + (0 \times 0.3) + (-0.5 \times 0.2) = 0.4$  meaning that if the employee decides to stay, there is likelihood that his/her position may improve by 0.4 units. This can arise from the

normal salary increases or performance bonus. Likewise the computed Expected Values (EMVs) for alternative B is  $(+2 \times 0.5) + (0 \times 0.3) + (-1 \times 0.2) = 0.8$  units. This may mean being able to secure an alternative job elsewhere or engaging in some income generating venture after leaving. From the above computations, option A has a lower EMV in relation to alternative B which yields a higher EMV of 0.8 units. In this case, the employee is likely to pursue option B that is 'quitting'.

Another approach that the employee can use to evaluate each alternative is by applying the concept of Expected Opportunity Loss. This can be done by constructing a Minimax Regret table. Here the employee tries to find out the opportunity loss suffered by choosing a given alternative action (Lucey, 1989). For example under the state of nature (Better) the best alternative action is B at +2 units. However, if the employee had chosen alternative A, that is, +1, then the opportunity loss would have been +1 units (1 - 2) ignoring minus signs. Likewise OL for B would be 0 units respectively. Similarly, the values for the remaining states of nature ('No change' and 'worse' positions) can be computed. This will help in constructing a regret table which represents 'Expected Opportunity Loss' position shown in Table 2.2 below.

**Table 2.2: Expected Opportunity Loss (EOL) table**

Decision \ State of nature	Better off	No change	Worse off	Maximum loss (Units)
A - Stay	1	0	0	1
B - Quit	0	0	- 0.5	- 0.5

The objective of the decision maker here is to minimize the loss by choosing the alternative with the minimum loss from the maximum loss column. This is what is referred to as "Minimax Rule". In this case the minimax (minimum of the maximum loss column) is -0.5. Like in the pay off table, the best course of action the employee is likely to pursue is alternative B.

The concept of sensitivity analysis is important in decision making (Lucey, 1989). Once the employee decides on a line of action he/she proceeds to analyze this alternative. The concept of

sensitivity analysis is unconsciously adopted by the employee in order to evaluate other qualitative risks that may not have been considered in the above quantitative analysis. The qualitative gains/losses may include the consideration that the new employer is a more prestigious organization to work for, loss of friends (social loss) in current organization, etc. The influence of cognitive interpretations, employee personal attributes and organizational characteristics will kick in (Luhmann, 1979) These have been discussed in detail in the earlier sections. In the sensitivity analysis process, the employee strives to obtain all the relevant information in order to sharpen his/her uncertainty and become more confident with the line of action chosen under the quantitative evaluation. The differentiation of levels of information as: data (crude information), facts (what the data reveals), and knowledge (organized and conceptualized facts) is critical in the information gathering and application process. However, it should be noted that there is no perfect information situation in most cases especially where the decision has to be made within a limited time frame. Further more information is generally scarce, vague, inconsistent or incomplete ((Rousseau,1995)

The level of certainty on decision made is higher where knowledge information is used compared to the use of mere data. The decision maker should therefore aim at obtaining all the relevant knowledge information before making the decision. The employee may further carry out further analysis on the preferred option and seek further advice through consultation with other people who may have experienced similar situations for example friends, family members, experts or professionals. How quickly this can be achieved depends on whether the decision maker is risk averse or risk seeker. This will also depend on the personality type of the decision maker i.e. whether pessimistic (conservative) or optimistic (aggressive). By conducting further analysis the employee re-evaluates all the original alternative actions in addition to the option with the highest EMV (Adrien et al, 2004).

## **2.8 The Unfolding Model of Turnover**

A review of literature on antecedants and predictors of employee quit decisions would not be complete without a review of the Lee et al's Unfolding Model which is considered as one of the landmark studies on employee turnover Lee et al. (1996) conducted an empirical test of the unfolding model with a sample of nurses who had voluntarily quit their jobs at hospitals. They interviewed the nurses using questions that assessed major components of the unfolding model,

including shocks and search for alternatives to the job. They also sent out follow-up surveys to the nurses to assess reliability of the information obtained in the interviews. Responses from the interviews were categorized into one of the decision paths by two of the paper's authors who had not conducted the interviews. Overall, the results of Lee et al. (1996) showed that 20 of the 33 classified turnover decisions were due to shocks rather than to dissatisfaction.

Lee et al. (1999) conducted another empirical test on their Model. In this study, a sample of 229 individuals who had quit their jobs at one of the big 6 public accounting firms was examined. Information about factors that led up to decisions to quit was obtained through a questionnaire that included items assessing major components of the unfolding model. Quit decisions then were categorized into one of the main decision paths by four authors and a volunteer who had no connection to the study. The categorization process was based on predetermined decision rules for the participants' responses to questionnaire items. The results of Lee et al. (1999) were even more skewed than results of the Lee et al. (1996) study, with 149 of the 212 classified decisions resulting from shocks rather than from dissatisfaction. This is not to say that those who left via dissatisfaction paths did not experience any events that could be considered shocks. However to be classified as dissatisfaction paths, reasons for leaving must include some form of dissatisfaction that was not the result of a single, particular event (Lee et al, 1996).

Although modifications in Lee et al's unfolding model in 1999 study improved the rate of classification of the turnover decisions compared with their study in 1996, 17 individuals in their 1999 study could not be classified. Twelve of these unclassified decisions could have been categorized as path 3 decisions if they had reported image violations. As a result, there seems to be many individuals who report shocks, but do not experience image violations even though they do search for or evaluate alternatives to the job. In the study conducted by Mitchell et al. (1999) with 232 grocery store employees, embeddedness was measured along with job satisfaction, organizational commitment, job involvement, and intent to quit. In this study, embeddedness was measured with 43 items loaded onto six factors. These six factors represented job-related and non job-related components of fit, links, and sacrifice which Mitchell et al. (1999) hypothesized as making up the construct of embeddedness. In this study, embeddedness was considered a global measure and as a composite of the six more specific factors. Mitchell et al. (1999) found that embeddedness had significant incremental prediction of voluntary quits over

job satisfaction, organizational commitment, and job involvement. More specifically, fit with the organization and sacrifices from leaving the organization factors showed the strongest relationships with people's intention to leave.

Although results of the initial studies support much of Lee and Mitchell's unfolding model, they have yet to conduct a full test of their model. Their studies of classifying quit decisions into one of the three main paths described previously and studies investigating appropriateness of predicting voluntary quit with measures of their concept of embeddedness have remained relatively separate. The main components of their Unfolding Model were; Shock, image violations, scripts and search.

The first component is what Mitchell et al (1999) referred to as a shock. They described a shock as "a particular, jarring event that initiates the psychological analyses involved in quitting." The shock prompts a process of interpretation and must be integrated into the person's system of beliefs, values, and images. Examples of shocks include marriages, job transfers, serious conflicts with coworkers, and unsolicited job offers. Whether events are even perceived to be shocks varies with people's beliefs, values, and frame of reference. The second component of the model and of several decision paths involves image violations. According to Lee and Mitchell, these violations result from some event that leads an individual to determine that he or she cannot integrate his or her values with the shock. As a result, the individual perceives a lack of fit with the organization or with the job and decides to either change the image or to leave the organization. Some general dissatisfaction may result from image violations; however, in the unfolding model, these violations are discussed mainly as resulting from some type of shock. Scripts also are an important component of the unfolding model of turnover.

Scripts are cognitive plans for automatic behavioral sequences in well-known situations. The nature of scripts seems to suggest that they are most likely to develop out of past experiences in similar situations. One of the paths of the unfolding model focuses primarily on this scripted behavior. The fourth component of the model is a search for and/or evaluation of alternatives to the job. In the Mitchell et al (1999) paper they specifically recognized work and non-work alternatives. Non-work options may include going to graduate school or deciding not to work outside of the home. Lee et al. (1999) also modified their original hypotheses about search and evaluation. They recognized that the processes could be intertwined or that each could occur

independently. As a result, individuals could be faced with an alternative to their job for which they did not search, but to which they gave consideration, and alternatively, they also could search for alternatives but not find any to be evaluated

Decision Paths in the Unfolding Model are:

- Path 1--a shock triggers enactment of a particular pre-existing plan or script. The person leaves the organization without researching or considering alternatives.
- Path 2--a shock prompts ideas of image violations and leads a person to reconsider his/her attachment to the organization; alternatives are not researched or considered before the individual leaves the organization.
- Path 3--a shock produces image violations that prompt the individual to search for and/or consider other alternatives prior to leaving the organization.
- Path 4--a an individual gradually becomes dissatisfied and leaves without search for or consideration of other alternatives.
- Path 4--b an individual gradually becomes dissatisfied, which leads to a search for and/or consideration of alternatives prior to leaving the organization.

Decision paths 1, 2, and 4a can be distinguished from paths 3 and 4b by a lack of search for or evaluation of alternatives to the job. Although individual decisions classified into paths 1, 2, and 4a may include some consideration of general perceptions of alternatives to the job (e.g., labor market or economic conditions), specific alternatives are not sought or considered. Path 1 decisions are easily distinguishable from those of other paths in that they are the only ones that include a well-defined script or plan of behavior in response to a shock. Paths 4a and 4b also are easily distinguishable from the others because they are the only paths that do not include specific shocks or events that prompt thoughts of quitting but instead focus on gradual dissatisfaction.

However, ideally the five paths shown under the Unfolding Model can be said to be only three because pre-existing plan (script) and search for alternatives are strictly speaking not variables but are more of methods or rationale for decision making. Therefore if we consider these as moderating factors, the three main paths under the Unfolded Model should be as shown below.

Path 1: Shock → Quit

Path 2: Shock → Image violation → Quit

Path 3: Shock → Image violations → Dissatisfaction → Quit

The literature reviewed so far has focused largely on linkages between the key variables in this study namely; organizational restructuring, psychological contract violation, employee dissatisfaction and quit decisions. The moderating effect of personal and institutional factors has also been discussed. For purposes of this study, personal factors are personal attributes and cognitive interpretations. Institutional factors are change management interventions and organizational characteristics. These linkages are captured schematically in figure 2.3 which represents the conceptual framework for the study

## 2.9 Organizational Restructuring and Employee Quit Decisions

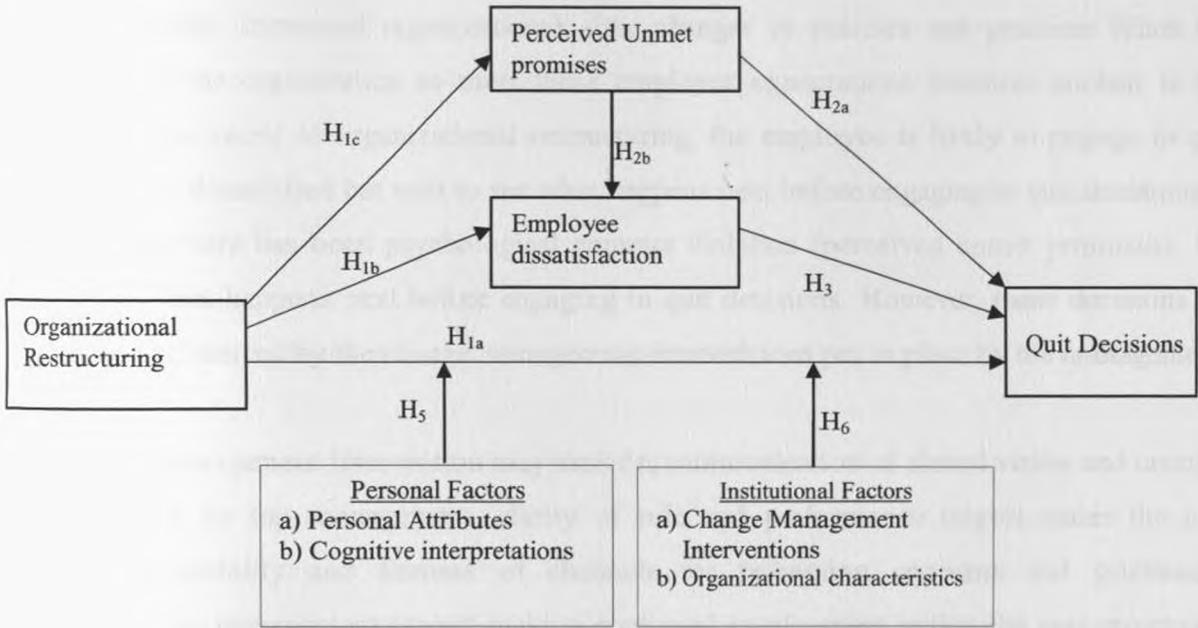
This study was aimed at examining the nature of relationships amongst Organizational restructuring, perceived unmet expectations, dissatisfaction and quit decisions. It further examined the influence of change management interventions, cognitive interpretations, personal attributes and organizational characteristics on the relationship between Organizational restructuring and quit decisions. The study therefore explored the integrated impact of organizational restructuring, perceived psychological contract and employee dissatisfaction on employee quit decisions. A conceptual framework developed from the study is discussed in detail in the subsequent section.

## 2.10 Conceptual Framework

A schematic representation of the conceptual framework presented in Figure 2.3 captures the key variables underpinning the employee quit decisions as discussed in the foregoing sections of the literature review. It shows the integrated interrelationships between Organizational restructuring (independent variable), quit decisions (dependent variable) and perceived unmet promises, employee dissatisfaction as the intervening variables as well as personal and institutional factors as the moderating factors.

Organizational restructuring involves; reviewing and changing the structure of the organization as well as job design, systems, policies and practices in order to make its operations more effective and efficient. It may lead to elimination of certain roles/jobs and creation of new ones, changes in general terms and conditions of employment, change of culture and management style, change in reporting lines, changes in communication and organizational climate. Organizational restructuring may therefore impact on employee’s psychological expectations such as ; work life balance, job security, career growth and development opportunities, equitable pay/reward and benefits, challenging work in line with abilities, Clear performance targets, performance feedback, Fair treatment and involvement in major decision making process.

**Figure 2.3: Interrelationship among factors influencing employee Quit Decisions**



- NB: a) H<sub>1a</sub> to H<sub>6b</sub> represent the various hypotheses derived from the interrelationships between the study variables and the influence of moderating factors
- b) H<sub>4a</sub> and H<sub>4b</sub> which state that the relationship between organizational restructuring and quit decisions is mediated by perceived unmet promises and employee dissatisfaction are not shown in the conceptual framework (Figure 2.3) as it is not possible to show the mediating arrows.

For example restructuring is likely to bring about; threat to job security(fear of job loss or demotion) , possibility of job transfer or relocation, fears of inability to perform new roles, possibility of increased workload, threat to interpersonal relationships due to changes in reporting lines, boss or subordinates, personality and cultural clashes, disturbed or uncertain career prospects, ambiguous reporting systems and unclear roles ,loss of or reduced power, status and prestige, unfavorable terms and conditions of service, loss of organizational or personal identity, increased organizational size, changes in policies and practices. When the possibility of the organization to meet these employee expectations becomes unclear to the employees as a result of organizational restructuring, the employee is likely to engage in quit decisions, feel dissatisfied but wait to see what happens next before engaging in quit decisions or perceive that there has been psychological contract violation (perceived unmet promises) but wait to see what happens next before engaging in quit decisions. However, these decisions are likely to be influenced by the change management interventions put in place by the management.

The change management intervention may include; communication of shared vision and creation of enthusiasm by top management, clarity of role and performance targets under the new structure, availability and fairness of channels for redressing concerns and grievances, commitment by management toward making continued employment within the new structure a first priority (i.e. by retraining and relocating resources wherever possible and only considering layoff as a last resort), availability of good employee support initiatives for both employees being retained and those who become casualties of the change process, transparent communication and clarity and fairness of change management process (i.e. what will change, how (process) and when change will be effected as well as how it will affect the employees), employee consultation and involvement in change process and clarity of how employees will benefit from the intended change.

When an employee perceives that there has been violation or breach of psychological contract expectations (unmet expectations), the possible courses of action likely to be taken by such employee are: engage in quit decisions or feel dissatisfied but wait to see what happens next before engaging in quit decisions. However, the strength of these possible courses of action or decisions can be influenced by cognitive interpretations. The cognitive interpretations for purposes of this study include; magnitude or intensity of violation, importance and implications of violated expectations, nature of employment relationship (cordial or suspicious, trust), person responsible and accountable for the violation and past experience with the organization.

Finally, a dissatisfied employee is likely to engage in quit decisions by considering whether to look for opportunities outside the organization or continue staying with the hope that things will improve. However, quit decisions may be moderated or influenced by the employees' personal attributes and organizational characteristics. The personal attributes for purposes of this study are; employee engagement and commitment level, gender, work experience, age, career stage, marital status, length of service, seniority level, qualifications and available alternative options. The organizational characteristics for purposes of this study are: size, age and ownership, brand, diversity and market positions.

If the benefits of quitting outweigh those for staying, the employee will decide to quit and the time of quitting will depend on the type of quitter the employees adopts. The types of quitters are: impulsive quitters, comparison quitters, preplanned quitters and conditional quitters discussed in detail under section 1.1.2. However, although the framework shows the relationship amongst various variables, the reality is that quit decision process is a complex and iterative process and therefore may not be easy to make as it may sound. The actual process may involve going back and forth by revisiting the previous steps in the process. The quit decision process may therefore cause stress to the employee. By testing the conceptual framework developed through the various hypotheses highlighted in Table 2.3, the researcher will establish and confirm the nature of relationships between the variables.

## 2.11 Hypotheses of the Study

A summary of the hypotheses and the corresponding research objectives is given Table 2.3.

**Table 2.3: Summary of research hypotheses, test of hypotheses, corresponding objectives and corresponding questionnaire items as per appendix 6**

Hypothesis		Test of hypothesis	Research objective	Question
H <sub>1a</sub>	There is a positive relationship between organizational restructuring and employee quit decisions	Pearson's correlation coefficients	To establish the nature of relationship between organizational restructuring and quit decisions	6.1 to 6.19
H <sub>1b</sub>	There is a positive relationship between organizational restructuring and employee dissatisfaction	“	To establish the nature of relationship between organizational restructuring and employee dissatisfaction	7.1 to 7.19
H <sub>1c</sub>	There is a positive relationship between organizational restructuring and perceived unmet promises	Pearson's correlation coefficients	To determine the nature of relationship between organizational restructuring and perceived psychological contract violation.	8.1 to 8.19
H <sub>2a</sub>	There is a positive relationship between perceived unmet promises and employee quit decisions	“	To determine the nature of relationship between perceived psychological contract violation and quit decisions	9.1 to 9.19
H <sub>2b</sub>	There is a positive relationship between perceived unmet promises and employee dissatisfaction	“	To determine the nature of relationship between perceived unmet promises and employee dissatisfaction	10.1 to 10.19
H <sub>3</sub>	There is a positive relationship between employee dissatisfaction and quit decisions	“	To establish the nature of relationship between employee dissatisfaction and quit decisions	11.1 to 11.19

H <sub>4a</sub>	The relationship between restructuring and employee quit decisions is mediated by perceived unmet promises	Hierarchical Regression Analysis	To establish the mediating effect of Perceived unmet promises on the relationship between restructuring and quit decision	8.1 to 8.19 and 9.1 to 9.19
H <sub>4b</sub>	The relationship between restructuring and employee quit decisions is mediated by employee dissatisfaction.	Hierarchical Regression Analysis	To establish the mediating effect of employee dissatisfaction on the relationship between restructuring and quit decision	7.1 to 7.19 and 11.1 to 11.19
H <sub>5</sub>	The strength of relationship between organizational restructuring and employee quit decisions depends on Personal Factors: H <sub>5a</sub> Personal Attributes H <sub>5b</sub> Cognitive interpretations	Stepwise Regression	To determine the moderating effect of Personal Factors on the strength of relationship between organizational restructuring and quit decisions	13.1a to 13.13a and 13.1b to 13.19b 14.1a to 14.10a and 14.1b to 14.19b
H <sub>6</sub>	The strength of relationship between organizational restructuring and employee quit decisions depends on Institutional Factors: H <sub>6a</sub> Change management Interventions H <sub>6b</sub> Organizational Characteristics	Stepwise Regression	To determine the moderating effect of Institutional Factors on the strength of relationship between organizational restructuring and quit decisions	12.1a to 12.8a and 12.1b to 12.19 b 15.1a to 15.6a and 15.1b to 15.19b

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter outlines the procedures and methods used in the study to satisfy the research objectives. It explains the research design, target population, sampling procedures, data collection methods, reliability and validity tests as well as the analytical models applied. These procedures were applied in order to fulfill the requirement of the study objective which was to establish the nature of relationship among organizational restructuring, perceived psychological contract violation, employee dissatisfaction and quit decisions, to determine the mediating role of employee dissatisfaction and perceived unmet promises on the relationship between organizational restructuring and quit decisions, and to investigate the influence of moderating factors: change management interventions, cognitive interpretations, personal attributes and organizational characteristics on the relationship between organizational restructuring and quit decisions. The study also aims to establish the employee quit decision process during organizational restructuring. Survey method was used to establish the linkages between the variables. The presence of linkages among the variables was explored using Pearson correlation and Partial correlation analysis models. The influence of change management interventions, cognitive interpretations, personal attributes and organizational characteristics on the relationship among the variables was investigated using Stepwise regression analysis model.

#### 3.2 Research Design

According to Easter-Smith et al, (2002), there are two philosophical traditions which guide social research namely positivism and social construction or phenomenology. Positivist approach seeks empirical regularities which are correlations between variables. This proceeds from an established theoretical underpinning which forms the basis of the research. It then seeks to obtain and analyze data with a view to either confirm or reject the theory by making conclusions regarding the nature and strength of relationships among variables based on an empirical evidence . In other words, under the positivist approach, the observer or researcher is independent from what is being observed, focuses on facts, looks for causality and fundamental

laws, formulates hypotheses and then tests them using data collected from large samples. Under phenomenological paradigm, the observer or researcher is part of what is observed, focuses on meanings, and tries to understand what is happening, develops ideas through induction from data and investigates small samples in depth or over time. The current study seeks to establish the nature and strength of relationships between the study variables namely: organizational restructuring, perceived unmet promises (psychological contract violation), employee dissatisfaction and employee quit decisions. For this reason, the positivist approach was most appropriate for the study. The researcher investigated the correlation between various identified and isolated variables with a view to understanding the important relationships between them and the direction or nature of these relationships.

An empirical approach involving surveys was therefore used to establish the possible linkages between organizational restructuring, perceived unmet promises (psychological contract violation), employee dissatisfaction and quit decisions. The target population, sample size, data collection and analyses were determined through the methods discussed in the subsequent sections.

### **3.3 Population of Study**

The target population was employees of commercial banks in Kenya that underwent restructuring through mergers, acquisitions, rightsizing and conversions between 1998 and 2008 (Table 3.1). Employees from all the 17 Banks were included in the study. However not all the 15,017 employees participated in the study as it would not be possible to contact all of them. In order to ensure that a representative number of participants was included in the sample, a proportionate number based on the total number of employees in each bank as a percentage of 15,017 which is the total number of all the employees from all the 17 commercial banks. Out of 15,017, the number of employees surveyed was 375 which represents 2.5% of the total population determined as discussed in the subsequent sections on sampling design and determination of sample size.

### 3.4 Sample Design

All the participating banks were requested through their respective Heads of HR to provide a list of all employees indicating those who were in managerial cadre and those in non managerial cadre for purposes of sampling design. One of the challenges experienced by the researcher was that most banks were not willing to provide a list of employees by names due to confidentiality reasons. The researcher therefore requested all target banks to provide the list of employees' employment numbers in a chronological sequence. For each bank, the employee numbers were stratified into managerial and non-managerial cadres and each cadre subjected to systematic sampling, to obtain the employees to be interviewed. Sampling interval was calculated for each cadre by dividing the total number of employees in that cadre by the desired sample size for that cadre.

Another challenge was that some of the sampled respondents were in branches located either too far from Nairobi or in remote areas, and were therefore not readily accessible to the researcher. In addition, some respondents who had been given questionnaires did not respond after three call-back visits. To overcome these limitations, the researcher substituted all inaccessible respondents through the replacement method. Each inaccessible or unavailable respondent was replaced by the next employee on the list. Replacement method was used because it is known to reduce sampling bias and achieve high level of representation (Sekaran, 1992). Once the sampling frame had been divided into various homogeneous groups or strata, random sampling method was applied to obtain the final sample to be studied. The sampling procedure used is explained in the subsequent sections.

### 3.5 Sample size

A sample size can be determined based on precision rate and confidence level desired by the researcher. For purposes of this study, the researcher desired a minimum precision of + 5%, and a confidence level of 95% which is commonly used in social studies (Kothari, 2002). Sample size was determined using the following formula (Kothari, 2002):

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2 (N-1) + z^2 \cdot p \cdot q}$$

Where  $n$  = sample size

$p$  = sample proportion,  $q = 1 - p$

$z$  = the value of the standard variate = 1.96 (as per table of area under normal curve for the given confidence level of 95%)

$N$  = total population,  $e$  = Precision rate desired

In this study, each member of the target population had an equal chance or probability of being picked (or not being picked) and therefore the sample proportion ( $p$ ) was 0.5. The precision rate desired was  $\pm 5\%$ . The total population was 15017. The value of standard variate ( $z$ ) for 95% confidence level was 1.96. Incorporating these values into the above formula, the computed sample size for this study was 375, representing 2.5% of the total target population. This proportion was multiplied by the employee populations in individual target banks to derive the number of respondents to be sampled in the respective banks as shown in Table 3.1.

**Table 3.1: Determination of sample size from each bank**

Name of Bank	(a) No. of staff	(b) Sample 2.5% of (a)
Kenya Commercial Bank Ltd	2,990	74
Barclays Bank of Kenya	2,785	69
Equity Bank Ltd	2,237	55
Co-operative Bank of Kenya ltd	1,691	42
Standard Chartered Bank (K) ltd	1,279	32
National Bank of Kenya ltd	996	25
K- Rep Bank ltd	664	16
CfC Stanbic Bank	546	13
Diamond Trust Bank Ltd	364	10
Commercial Bank of Africa ltd	358	9
National Industrial Credit Bank Ltd	298	7
Investment & Mortgages Bank ltd	276	6
Eco Bank	189	4
Citi Bank N.A	153	8
Guardian Bank Ltd	98	3
Oriental commercial Bank ltd	58	1
City Finance Bank ltd	35	1
<b>Total</b>	<b>15017</b>	<b>375</b>

### **3.6 Data Collection**

A structured questionnaire with Likert-type statements anchored on a five-point scale ranging from 'Not at all (1)' to 'to a great extent (5)' was used to collect data. Questions one and two in the questionnaire required respondents to provide personal information such as age and gender. Questions three to fifteen were designed to address research questions and objectives based on study variables. The use of questionnaire was preferred in this study because the respondents were literate and were able to understand the questions and respond appropriately. The other reason why questionnaire method was used was because it could be administered simultaneously to many people at their convenience.

The researcher assistants were engaged to distribute the questionnaires to the respondents in the target banks. In order to ensure consistency, all the research assistants were trained with a view to sensitizing them on the content of the questionnaire and data collection method and procedures and issues of ethics. Prior to visiting the target banks and employees, the researcher contacted the heads of human resources of the respective banks for purposes of introduction and in order to seek permission to be allowed to administer the questionnaires to the respective bank employees. The questionnaires were administered on a drop-and-pick basis, where research assistants dropped the questionnaires to the target respondents and picked them up after completion by the respondents on agreed time or date. Where the respondents were able to respond immediately to the questionnaire, the research assistant waited and collected the filled in questionnaires. Research assistants were continuously engaged for purposes of monitoring progress on data collection. As a control measure and to ensure that the research assistants actually visited the banks and engaged the respondents, heads of human resources of the target banks were contacted to confirm that the research assistants indeed visited and the banks and engaged with the respondents.

#### **3.6.1 Validity and Reliability of Data Collection Instruments**

The validity of the questionnaire was tested through a pilot study. In the pilot study, 50 respondents were conveniently selected from three banks namely; Barclays Bank (25 respondents) representing the large banks category, Commercial Bank of Africa (15 respondents)

representing the medium size banks and Prime Bank (10 respondents) (representing the small banks category). This pilot survey was conducted to find out if the respondents could answer the questions without difficulty thereby confirming clarity and relevance of the questions. The respondents were asked to respond to questions in the questionnaires. On collection of the duly completed questionnaires, the respondents were further interviewed to establish whether or not they clearly understood the questions and any areas they felt needed further clarity. In addition, they were asked to advise on the length of time it took them to respond to all questions in the questionnaire. The feedback was used to fine tune the final questionnaire to be used for the study. The respondents interviewed in the pilot study were excluded from the study sample of 375. In addition, the questionnaires were reviewed by volunteer survey design experts from Consumer Insight and Infotrak Research Consulting Research firms. The experts reviewed the questionnaires and listed potential problems and classified them to specific points where difficulties may occur. The views from the experts were used to further fine tune the questionnaires.

Cronbach's Alpha was used to test reliability of the instrument. A summary of the scores of the independent variables on the Cronbach's Alpha Reliability Coefficient is presented in table 3.2.

**Table 3.2: Summary of Cronbach's Alpha Reliability Coefficients**

Factor (Scale)	Number of Items	Cronbach's Alpha
Organizational Restructuring concerns	19	0.73
Quit decisions	19	0.81
Employee dissatisfaction	19	0.79
Perceived unmet promises	19	0.88
Change Management interventions	8	0.94
Cognitive interpretations	13	0.80
Personal attributes	10	0.75
Organizational characteristics	6	0.71

Cronbach's Alpha can be any value from zero (no internal consistency) to one (complete internal consistency). Nunnally (1978) suggested that as a rule of thumb, Cronbach's Alpha should not be lower than 0.7. In the case of the instrument for this study, the Cronbach's Alpha values for all measured variables equaled or exceeded 0.7, as shown in Table 3.2. The data collection instrument was therefore reliable and acceptable for purposes of this study.

### **3.6.2 Operational Definition of the Study variables**

The study variables were operationalised in line with the objectives of the study. The first objective was to determine the nature of relationship amongst organizational restructuring, employee quit decisions, dissatisfaction and perceived unmet promises. The second objective was to determine the mediating role of employee dissatisfaction and perceived unmet promises on the relationship between organizational restructuring and employee quit decisions. The study also aimed at determining the influence of change management interventions, cognitive interpretations, personal attributes and organizational characteristics on the relationship between organizational restructuring and employee quit decisions. In the study, the independent variable is organizational restructuring while the dependent variable is employee quit decisions. Employee dissatisfaction and perceived unmet promises are considered as mediating or intervening variables whilst the moderating variables were change management interventions, cognitive interpretations, personal attributes and organizational characteristics is the independent. In this section, all the variables used in the study are defined and operationalised. Each of these variables and their definition and how they were measured are discussed below.

Organizational restructuring refers to a radical strategic changes in the organizational structure aimed at bringing about improved efficiency leading to better organizational business effectiveness. In the current study organizational restructuring is examined in the context of the concerns employees may have arising from the restructuring process. Operationalization of organizational restructuring has therefore been done by identifying various concerns developed from the literature review. The key concerns developed are possibility of: job loss or demotion ,unclear roles and ambiguous reporting lines, incompetent leadership to effectively manage change , unfavorable changes in terms and conditions of service, uncertain future career prospects in the organization, increased workload resulting in lack of work life balance, less job impact and importance to overall organizational performance, negative impact on organization

stability and growth rate , loss of or reduced power, status and prestige, unfavorable changes in policies and practices, loss of trust among colleagues, transfer or relocation, job –interest misalignment, broken interpersonal relationships due to changes in reporting lines, inability to perform new roles, negative impact on organization values and ethics, negative impact on organizational brand and market reputation and undesired change in organizational size. These dimensions were measured by asking the respondents to rate on a likert scale, the extent of importance of each concern to them upon announcement of restructuring process.

Employee quit decisions refers to the process in which an employee consider the options of either leaving the organization or continuing to stay arising from an event at present or in the past. In the current study employee quit decisions is examined in the context of the reasons which may lead employees to engage in quit decisions. Operationalization of quit decisions has therefore been done by identifying various causes of employee turnover developed from the literature review. The key causes developed are : fear of job loss, ambiguous reporting systems and unclear roles, incompetent leadership, unfavorable terms and conditions of service, uncertain career prospects, increased workload, less importance of the job, organizational instability, reduced power, status and prestige, unfavorable new policies, lack of trust among colleagues, transfer or relocation to new work station, misalignment between new role and career interest loss of interpersonal relationships, inability to perform new roles, loss of organizational values and ethics, negative impact on organizational brand and market reputation, undesired change in size of organization, loss of organizational and personal identity. These dimensions were measured by asking the respondents to rate on a likert scale, the extent to which each dimension influenced their quit decision process.

Employee dissatisfaction refers to the state an employee gets to when he or she is unhappy with an event that took place in the past in the current or previous organization. In the context of current study, employee dissatisfaction arises from non achievement or realization of expectations by an employee as a result of the restructuring process. Operationalization of employee dissatisfaction has therefore been done by identifying various causes of dissatisfaction developed from the literature review.

The key causes of dissatisfaction are : I will lose my Job loss , there is lack of clarity for my new role and reporting lines, the leadership is incompetent to successfully manage the restructuring process, the terms and conditions of service have become less attractive , my future career prospects have been diminished , there is no work life imbalance ,my new role has less importance and impact in the organization, the organization has become unstable, my influence , status and prestige have been reduced, policies , practices and work environment have become less favorable, there is mistrust among colleagues, I will be transferred to another location, there is no alignment between my job and my personal interest, I have broken interpersonal relationships due to changes in reporting lines, I do not have adequate skills to perform new roles ,loss of organizational values and ethics ,organizational brand and market reputation has been negatively impacted, the size of the organization has been negatively affected and there is lack of support from my colleagues. These dimensions were measured by asking the respondents to rate on a likert scale, the extent they became dissatisfied due to each dimension.

Perceived unmet promises refer to perception created by an employee that his or her expectations will not be met as a result of the event that will or has taken place. This perception can be due to a number of reasons and therefore operationalization of employee perceived unmet promises has been done by identifying various expectations developed from the literature review. The key expectations included in the study are: there is job security in my organization, there is clear role definition and reporting lines , the leadership is competent to manage any organizational change ,terms and conditions of service in the organization will remain attractive , I have bright career development prospects in this organization, there is work life balance in my organization ,my job is considered important and key to overall organizational performance, the organization will always be stable ,policies , practices and work environment will always be conducive , my status and prestige will always be protected, there is trust among colleagues in the organization , I will remain working in the location I'm comfortable in, there is alignment between my Job and career interest, my interpersonal relationship with colleagues will always remain uninterrupted, I have the required skills to perform my job ,organizational values and ethics will always be maintained, organization brand and market reputation will always remain strong, the organization will always maintain its identity and change in organizational size will not affect me in any way, These dimensions were measured by asking the respondents to rate on a likert

scale, the extent to which they perceived violation or breach of each dimension upon announcement of restructuring.

Change management interventions refer to the initiatives put in place by the management for purposes of managing the proposed change, which in this case is organizational restructuring.

Therefore in order to operationalize change management interventions a number of dimensions identified from the literature review have been developed. The key change management interventions included in the study are: clarity of change management process, clear vision and reason for change, clarity of role and performance targets, degree of my involvement in change process, clarity of what is in it for me (WIIFM), availability of employee support initiatives, efforts by employer to retain me in service, availability of grievance handling channels. These dimensions were measured by asking the respondents to rate on a likert scale, the extent to which they considered each of these dimensions as important to them during organizational restructuring process. They were further asked to indicate to what extent the interventions influenced their quit decisions.

Cognitive interpretations refer to the process in which one seeks to recognize and understand the meaning of an event or what has been communicated. In order to operationalize cognitive interpretations a number of dimensions identified from the literature review have been developed. The key cognitive interpretations included in the study are: there is justification for change, there is clarity of performance targets, nature of past relationship with manager is cordial, there is open, clear and honest communication by management regarding change process, I'm involved and allowed to participate in the change process, I'm respected by my colleagues and management, there is trust between me and my colleagues/ management, there is a fair change management process in place, there is fair distribution of resources, benefits and equal opportunities for all, similar situations have been professionally and fairly managed in the past, my employer is not responsible for the situation, the magnitude of perceived violation of expectation is important to me, the implication/impact of perceived violation of expectation is important to me. These dimensions were measured by asking the respondents to rate on a likert scale, the extent to which they considered each of these interpretations as important to them during organizational restructuring process. They were further asked to indicate to what extent the interpretations influenced their quit decisions.

Personal attributes refer to factors which describe an individual in terms of what they are or possess, for instance: age, gender, marital status and qualifications. These factors were operationalised by identifying and developing a number of dimensions from the literature review have been developed. The key personal attributes developed for the study are: engagement (commitment) level, work experience, qualifications, age, career stage, seniority level, length of service (work experience), marital status and Gender. These dimensions were measured by asking the respondents to rate on a likert scale, the extent to which they considered each of these attributes as important to them during organizational restructuring process. They were further asked to indicate to what extent the attributes influenced their quit decisions.

Organizational characteristics refer to factors that describe the organizational status such as size, age, ownership, diversity, market position and brand. Therefore in order to operationalize organizational characteristics as a variable, these characteristics were measured on a likert scale and the respondents were asked to indicate the extent to which they considered each of the dimensions as important to them during the restructuring process. They were further asked to indicate to what extent each characteristic influenced their quit decisions.

A summary of the of the operationalisation of the study variables discussed above is presented in appendix 4. The summary indicates the name of the variable, its brief definition, how it was measured and the corresponding question items in the survey questionnaire

### **3.6.3 Data Analysis**

The discussions under this chapter include discussions on types of analyses, analytical techniques used in the study and tests for data consistency and reliability. The Quantitative data was analyzed using Statistical Package for Social Sciences (SPSS) software version 17 and descriptive statistics and cross tabulation as well as inferential statistics were obtained accordingly. Descriptive statistical techniques were used to document demographic characteristics of the respondents and analyze the various dimensions of the study variables. The statistics used were frequency distributions and mean. The study variables assessed were: organizational restructuring, quit decisions, perceived unmet promises (psychological contract

violation) and employee dissatisfaction. These were presented in patterns of participation table along with interpretations.

### DATA ANALYSIS AND FINDINGS

Pearson's Correlation was used to test for absence of multicollinearity amongst the data and the nature of relationships among the study variables. The data collected was subjected to normality test using Kolmogorov-Smirnov goodness of fit test. The absence of heteroscedasticity was tested using the standard error of estimate of the regression line. In order to establish the influence of moderating variables namely: change management interventions, cognitive interpretations, personal attributes and organizational characteristics on the relationship between organizational restructuring and quit decisions, stepwise regression model was used. The mediating role of employee dissatisfaction and perceived unmet promises between the relationship between organizational restructuring and quit decisions was determined using Partial correlation analysis. The results of these tests are discussed in detail in Chapter four

## CHAPTER FOUR

### DATA ANALYSIS AND FINDINGS

#### 4.1 Introduction

The data collected for this study was analyzed and the findings are presented in this chapter. The key features of the research findings are the descriptive statistics and the results of the tests of hypotheses. The analytical techniques used were Normal Kolmogorov- Smirnov test, Pearson's Correlation, Partial correlation and Stepwise Regression and Analyses

#### 4.2 Response Rate

In the initial distribution of the questionnaires 325 (87%) of the 375 respondents filled out the questionnaires provided to them, while the remaining 50 (13%) did not return the questionnaires due to various reasons namely: employees having proceeded on leave, having travelled on official duties or having been too busy and therefore did not find time to respond to the questionnaires. In order to deal with this problem, the researcher first made three call-back visits before replacing respondents that were not available using the replacement technique and distributed 50 questionnaires to the newly selected respondents. All the 50 questionnaires distributed to the newly selected respondents were duly completed and returned. The initial response rate (87%) achieved in the present study is high relative to response rates recorded in a number of previous studies; for example, Anantharaman, (2003) achieved 75.5%, Youndt et al (1996) had 26% while Green et al, (2006) only managed 15.4% response rate in their studies. The drop-and-pick method used in administering questionnaires and the use of field assistants partly ensured the high response rate achieved in the present study. Finally, the high response rate was also attributable to the fact that anonymity was assured as the respondents were not required to disclose their names on the questionnaires.

#### 4.3 Test of Appropriateness of Data

Tests of multicollinearity, heteroscedasticity, homoscedasticity and normality were conducted to ascertain the appropriateness of the data. Multicollinearity is a problem in the data when there is excessive correlation among the predictor variables. When correlation is excessive,  $r > 0.90$  (using

the rule of thumb approach), standard errors and beta coefficients become large, making it difficult or impossible to assess the relative importance of the predictor variables. Test of multicollinearity is less important where the research purpose is sheer prediction since the predicted values of the dependent remain stable, but it is necessary where the research purpose includes causal modeling (Garson, 2008). This study relied heavily on modeling to establish nature and strength of relationships between organization restructuring and: employee quit decisions, dissatisfaction and perceived unmet promises.

Heteroscedasticity test was also performed. When the variance of the dependent variable varies across the data, then heteroscedasticity is said to exist. Heteroscedasticity complicates analysis because many methods in regression analysis are based on an assumption of equal variances (Stewart, 2008). On the other hand, homoscedasticity implies a situation in which the variance of the dependent variable is the same across the data. Homoscedasticity describes the consistency of variance of the error term ( $e$ , residual) at different levels of the predictor variable (Thompson, 2000).

Guild and Fruchter (1978) explain homoscedasticity in terms of the standard error of estimate (of the regression line). The standard error of estimate is an index of the variance of measured values around each predicted value. The homoscedasticity assumption is more formally stated as  $VAR(e_j) = \sigma^2$ , that is, the variance of the error of residual term at each point  $j$  is equal to the variance for all residuals.

In order to test appropriateness of data, Tests of multicollinearity, heteroscedasticity and normality were conducted.

#### **4.3.1 Test of Multicollinearity**

The absence of multicollinearity was tested using Pearson Correlation Coefficients. The results obtained are summarized in Table 4.1

**Table 4.1: Results for Pearson Correlation analysis for Multicollinearity Tests**

Variables	Org restructure	Perc unmet promises	Dissatisfaction	Quit decision
Org Restructure	1			
Perc unmet promises	.612	1		
Dissatisfaction	.301*	.841*	1	
Quit decisions	.123*	.491*	.913*	1

\*P<0.05

Using the rule of the thumb as cited by Garson (2008), none of the independent variables used in the present study had a correlation value of more than 0.95, suggesting that there was no multicollinearity.

#### 4.3.2 Test of Normality of Data Distribution

The data were also subjected to normality test using Kolmogorov-Smirnov test and found to be normally distributed .The results of the test are shown in Table 4.2 below

**Table 4.2 Results for Kolmogorov-Smirnov goodness of fit test (y1)**

NULL HYPOTHESIS H0 : DISTRIBUTION FITS THE DATA  
 ALTERNATIVE HYPOTHESIS : DISTRIBUTION DOES NOT FIT THE DATA  
 DISTRIBUTION: NORMAL  
 NUMBER OF OBSERVATIONS = 375

TEST:  
 KOLMOGOROV-SMIRNOV TEST STATISTIC = 0.241414924E -01

ALPHA LEVEL	CUT OFF	CONCLUSION
5%	0.04301	ACCEPT H0

The results of the tests as shown in Table 4.2 showed that the distribution of the data was normal

**4.3.3 Test of Heteroscedasticity**

The results for the test of heteroscedasticity are summarized in Table 4.3

**Table 4.3 Results for the test of Heteroscedasticity**

Model	Un-standardized Coefficients		Standardized Coefficients	Test of statistic	Level of significance
	B	Std. Error	Beta	t	Sig (P)
Constant	21.828	18.997	.071	1.042	.321
Pre_32	7.650	.015		.795	.589

The t test on pre\_32 is 0.795, and is not significant indicating absence of heteroscedasticity.

**4.4 Descriptive Statistics**

**4.4.1 Age Profile of the Respondents**

As presented in Table 4.4, analysis of the age profile of the respondents shows that 30 (8%) of the respondents were 24 years of age or below, 113 (30.1%) ranged between 25 and 34 years, 150 (40%) fell between 35 and 44 years of age, 60 (16%) were aged between 45 and 54 years and 22 (5.9%) were 55 years of age and above.

**Table 4.4 Distribution of the Respondents by Age**

Age range	Frequency	Percent
24 yrs and below	30	8.0
25-34 yrs	113	30.1
35-44 yrs	150	40.0
45-54 yrs	60	16.0
55 and above	22	5.9
Total	375	100.0

#### 4.4.2. Gender Composition of the respondents

Table 4.5 shows that out of 375 respondents 165 (44%) were female while 210 (56%) were male

**Table 4.5 Distribution of the Respondents by Gender**

Gender	Frequency	Percent
female	165	44.0
male	210	56.0
Total	375	100.0

#### 4.4.3 Experience in Restructuring

As presented in Table 4.6, the proportion of the respondents that indicated they had experienced organizational restructuring in the past was 300 (80%) while the remaining proportion 75 (20%) had no prior restructuring experience. However, those who had no prior restructuring experience also participated in the study and the questionnaire was designed to capture their views; for example the questions sort to capture their perception of how they would react to restructuring if they found themselves in such a situation.

**Table 4.6 Distribution of the Respondents by Experience in Restructuring**

Restructuring Experience	Frequency	Percent
With experience	300	80.0
With no experience	75	20.0
Total	375	100.0

#### 4.4.4 Organizational Restructuring

The respondents were asked to indicate which of the four possible types restructuring, namely merger, acquisition, rightsizing and others (more than one of these) they had experienced. The results are presented in Table 4.7.

**Table 4.7 Distribution of the Organizations by type of Restructuring**

Reason for restructuring	Frequency	%
Merger only	75	20.0
Acquisition only	53	14.1
Rightsizing only	202	53.9
Two or more of the above	45	12
Total	375	100

As shown in Table 4.7, majority (53.9%) of the respondents indicated that restructuring initiatives were brought about by the need by banks to right size their operations. Mergers and acquisitions accounted for 20% and 14.1%, respectively while those who indicated that they had experienced two or more of the above accounted for 12%.

#### 4.4.5 Employee Concerns arising from Organizational Restructuring

The respondents were asked to indicate to what extent they were or would be concerned about various dimensions which were developed based on theoretical considerations and interpretations of various typologies of human resource orientations found in the literature. The dimensions consisted of: possibility of job loss, ambiguous reporting systems and unclear roles, possibility of incompetent leadership, unfavorable terms and conditions of service, disturbed/uncertain career prospects, possibility of increased workload, possibility of less importance of the job, extent of organization stability and growth in profitability, loss of or reduced power/ status/ prestige, unfavorable changes in policies and practices, loss of trust among colleagues, possibility of being transferred or relocated elsewhere, possibility of job-interest misalignment, threat to or loss of interpersonal relationships, fears of inability to perform new roles, organization values and ethics, organization brand and market reputation, change in size of organization, loss of organizational and personal identity. Each dimension was rated by the respondents on a Likert

five-point scale ranging from ‘Not at all (1)’ to ‘to a great extent (5)’. The mean score for each dimension as rated by the respondents are shown in Table 4.8.

Table 4.8 shows that the grand mean score for the concerns arising from announcement of restructuring as shown in the table 4.5 is 3.37 out of 5. The top five concerns with the highest mean ratings by the respondents were possibility of : job loss ( $\bar{x} = 4.87$ ), ambiguous reporting systems and unclear roles( $\bar{x} = 4.83$ ), incompetent leadership ( $\bar{x} = 4.81$ ), unfavorable terms and conditions of service( $\bar{x} = 4.77$ ) and uncertain career prospects ( $\bar{x} = 4.47$ ) while the concerns with the lowest mean ratings were possibility of : inability to perform new roles( $\bar{x} = 2.41$ ), loss of organization values and ethics ( $\bar{x} = 2.11$ ), negative effect on organization brand and market reputation ( $\bar{x} = 2.06$ ), undesired change in organizational size ( $\bar{x} = 1.97$ ), and loss of organizational and personal identity ( $\bar{x} = 1.92$ )

**Table 4.8 Mean scores for Employee Concerns on announcement of Restructuring**

Q. no	Employee Concerns	N	Mean ( $\bar{x}$ )
5.1	Possibility of job loss or demotion	375	4.87
5.2	Possibility of unclear roles and ambiguous reporting lines	375	4.83
5.3	Possibility of incompetent leadership to effectively manage change	375	4.81
5.4	Possibility of unfavorable changes in terms and conditions of service	375	4.77
5.5	Possibility of uncertain future career prospects in the organization	375	4.47
5.6	Possibility of increased workload resulting in lack of work life balance	375	3.86
5.7	Possibility of less job impact and importance to overall organization performance	375	3.72
5.8	Possibility of negative impact on organization stability and growth rate	375	3.66
5.9	Possibility of loss of or reduced power, status and prestige	375	3.63
5.10	Possibility of unfavorable changes in policies and practices	375	3.41
5.11	Possibility of loss of trust among colleagues	375	3.07
5.12	Possibility of transfer or relocation	375	2.93
5.13	Possibility of Job –interest misalignment	375	2.87
5.14	Possibility of broken interpersonal relationships due to changes in reporting lines	375	2.63
5.15	Possibility of inability to perform new roles	375	2.41
5.16	Possibility of negative impact on organization values and ethics	375	2.11
5.17	Possibility of negative impact on organization brand and market reputation	375	2.06
5.18	Possibility of undesired change in organizational size	375	1.97
5.19	Possibility of loss of organizational identity	375	1.92
	<b>Grand mean</b>		<b>3.37</b>

The above results suggest that during restructuring, the issues that would be of utmost concern to the employees are job security, impact on reporting lines and role clarity, competence of leadership to effectively manage the restructuring process, impact on terms and conditions of service, and impact on future career in the organization. However, employees would be less concerned with the impact of restructuring on organization values and ethics, brand and market reputation, change in organizational size and loss of organizational and personal identities.

#### 4.4.6 Quit Decisions arising from announcement of Organizational Restructuring

As discussed under literature review, an employee can engage in quit decisions on announcement of organizational restructuring. The respondents were asked to rate the various possible reasons which lead or would lead them to engage in quit decisions upon announcement of organizational restructuring. The mean scores for the reasons for quit decisions are presented in Table 4.9.

**Table 4.9 Mean Scores for Reason for Quit Decisions arising from Restructuring**

Q. no.	Reason for Quit Decisions	N	Mean ( $\bar{x}$ )
6.1	Fear of job loss	375	2.87
6.2	Ambiguous reporting systems and unclear roles	375	2.83
6.3	Incompetent Leadership	375	2.81
6.4	Unfavorable terms and conditions of service	375	2.77
6.5	uncertain career prospects	375	2.47
6.6	Increased workload	375	1.86
6.7	Less importance of the job	375	1.85
6.8	Organizational instability	375	1.84
6.9	Reduced power, status and prestige	375	1.82
6.10	Unfavorable new policies	375	1.78
6.11	Lack of Trust among colleagues	375	1.74
6.12	Transfer or relocation to new work station	375	1.71
6.13	Misalignment between new role and career interest	375	1.63
6.14	Loss of interpersonal relationships	375	1.60
6.15	Inability to perform new roles	375	1.57
6.16	Loss of organizational values and ethics	375	1.43
6.17	Negative impact on organizational brand and market reputation	375	1.41
6.18	Undesired change in size of organization	375	1.37
6.19	Loss of organizational and personal identity	375	1.31
	<b>Grand mean</b>		<b>1.93</b>

As shown in Table 4.9, grand mean score for reasons for quit decisions was 1.93. The top five dimensions for quit decisions with the highest mean ratings were : fear of job loss ( $\bar{x} = 2.87$ ), ambiguous reporting systems and unclear roles ( $\bar{x} = 2.83$ ), incompetent Leadership ( $\bar{x} = 2.81$ ),unfavorable terms and conditions of service ( $\bar{x} = 2.77$ ), uncertain career prospects ( $\bar{x} = 2.47$ ), while the dimensions with the lowest mean ratings were: inability to perform new roles( $\bar{x} = 1.57$  ), loss organizational values and ethics ( $\bar{x} = 1.43$ ), negative impact on organizational brand and market reputation ( $\bar{x} = 1.41$ ), undesired change in size of organization ( $\bar{x} = 1.37$ ) and loss of organizational and personal identity ( $\bar{x} = 1.31$ ) respectively.

The results therefore indicate that during organizational restructuring ,employees would engage in quit decisions mainly due to fear of job loss, unclear reporting lines and roles, incompetent leadership, unfavorable terms and conditions of service and diminished future career opportunities. On the other hand they would be least concerned with loss of personal and organizational identities, organizational size, brand and market reputation and values and ethics.

#### **4.4.7 Employee Dissatisfaction arising from announcement of Organizational Restructuring**

As discussed under literature review, employee dissatisfaction arises from non achievement or realization by an employee that his or her expectations will not be met by the organization. In this study, the respondents were asked to rate the extent to which various reasons (dimensions) lead or would lead to their dissatisfaction. The dimensions used were developed with regard to job insecurity, transfer to another location, inability to perform new role, lack of job-interest alignment, less job impact and recognition, work life balance, broken relationships with colleagues, mistrust amongst colleagues/manager, incompetent leadership, uncertain career prospects, unclear role clarity, loss of power/status, unfavorable terms/conditions of service, loss of organizational/personal identity, organization size changed, unfavorable policies/procedures, organization instability, organization brand damaged, no organization values, lack of support from colleagues. A summary of responses is presented in Table 4.10.

The grand mean score for all dimensions for dissatisfaction was 2.64. The top five reasons causing the greatest dissatisfaction had the following mean ratings : job insecurity (  $\bar{x} = 3.23$  ), lack of role clarity(  $\bar{x}=3.01$ ), incompetent leadership(  $\bar{x} = 2.91$ ), and unfavorable terms/conditions of service(  $\bar{x}=2.76$  ) and uncertain career prospects(  $\bar{x} = 2.56$ ).

**Table 4.10 Mean Scores for Reason for Dissatisfaction arising from Restructuring**

Q. no.	Reason for Dissatisfaction	N	Mean ( $\bar{x}$ )
7.1	I will lose my Job loss	375	3.23
7.2	There is lack of clarity for my new role and reporting lines	375	3.01
7.3	The leadership is incompetent to successfully manage the restructuring process	375	2.91
7.4	The terms and conditions of service have become less attractive	375	2.76
7.5	My future career prospects have been diminished	375	2.56
7.6	There is no work life imbalance	375	2.30
7.7	My new role has less importance and impact in the organization	375	2.22
7.8	The organization has become unstable	375	2.13
7.9	My influence , status and prestige have been reduced	375	2.08
7.10	Policies , practices and work environment have become less favorable	375	2.02
7.11	There is mistrust among colleagues	375	1.98
7.12	I will be transferred to another location	375	1.97
7.13	There is no alignment between my job and my personal interest broken I have	375	1.96
7.14	broken interpersonal relationships due to changes in reporting lines	375	1.94
7.15	I do not have adequate skills to perform new roles	375	1.91
7.16	The organization no longer has values and ethics	375	1.87
7.17	Organizational brand and market reputation has been negatively impacted	375	1.85
7.18	The size of the organization has been negatively affected	375	1.81
7.19	Lack of support from my colleagues	375	1.72
	<b>Grand mean</b>		<b>2.64</b>

The reasons with the lowest mean ratings were: inability to perform new role(  $\bar{x} = 1.91$  ), loss of organizational values (  $\bar{x} = 1.87$ ), damaged organizational brand and market reputation (  $\bar{x} = 1.85$ ), undesired change in organizational size (  $\bar{x} = 1.81$ ) and lack of support from colleagues (  $\bar{x} = 1.72$  ).

The results therefore indicate that during organizational restructuring, the reasons which cause greatest level of dissatisfaction are: loss of jobs, unclear reporting lines and roles, incompetent

leadership to successfully manage the restructuring process, unfavorable terms and conditions of service and uncertain future career prospects. On the other hand they would be least dissatisfied with Lack of support from colleagues, change in organizational size, damage on brand and market reputation and loss of organizational values and ethics.

#### 4.4.8 Perceived Unmet Promises arising from announcement of Restructuring

Perceived unmet promises were measured using nineteen dimensions developed across human resource management practices namely: job security, clear reporting lines and roles, competent leadership, favorable terms and conditions of service, future career prospects, work life balance, job importance, stable organization, favorable policies and practices, power, status and prestige, trust, unchanged job location, job-interest alignment, continued interpersonal relationships, matching abilities to the job, organization values and ethics, strong organization brand corporate/organization identity and size of the organization. The respondents were asked to rate on a five point Likert scale ranging from 1 ('not at all') to 5 ('to a great extent'), the extent to which they perceived that each of the promises/expectations was unmet or breached on announcement of organizational. The mean score for each dimension by the respondents are summarized in Table 4.11

Table 4.11 shows that the grand mean score for all perceived unmet promises was 3.04. The top five dimensions that were assigned higher importance by the respondents had the following mean ratings: job security ( $\bar{x} = 4.39$ ), clear reporting lines and roles ( $\bar{x} = 4.36$ ), competent leadership ( $\bar{x} = 4.30$ ), favorable terms and conditions of service ( $\bar{x} = 4.08$ ) and future career prospects ( $\bar{x} = 3.96$ ).

**Table 4.11 Mean Scores for Perceived Unmet Promises arising from Restructuring**

Q. no.	Perceived Unmet Promises	N	Mean ( $\bar{x}$ )
8.1	There is job security in my organization clear	375	4.39
8.2	There is clear role definition and reporting lines	375	4.36
8.3	The leadership is competent to manage any organizational change	375	4.30
8.4	Terms and conditions of service in the organization will remain attractive	375	4.08
8.5	I have bright career development prospects in this organization	375	3.96
8.6	There is work life balance in my organization	375	3.70
8.7	My job is considered important and key to overall organizational performance	375	3.01
8.8	The organization will always be stable	375	2.89
8.9	Policies, practices and work environment will always be conducive	375	2.78
8.10	My status and prestige will always be protected	375	2.72
8.11	There is trust among colleagues in the organization	375	2.70
8.12	I will remain working in the location I'm comfortable in	375	2.61
8.13	There is alignment between my Job and career interest	375	2.59
8.14	My interpersonal relationship with colleagues will always remain uninterrupted	375	2.56
8.15	I have the required skills to perform my job	375	2.55
8.16	Organization values and ethics will always be maintained	375	2.43
8.17	Organization brand and market reputation will always remain strong	375	2.22
8.18	The organization will always maintain its identity	375	1.96
8.19	Change in organizational size will not affect me in any way	375	1.90
	<b>Grand mean</b>		<b>3.04</b>

The dimensions of unmet promises assigned less importance by the respondents had the following mean ratings: matching abilities to perform new job ( $\bar{x} = 2.55$ ), organizational values and ethics ( $\bar{x} = 2.43$ ), strong organization brand ( $\bar{x} = 2.22$ ), corporate/organization identity ( $\bar{x} = 1.96$ ) and organizational size ( $\bar{x} = 1.90$ ).

The results therefore indicate that during organizational restructuring, the key dimensions that will influence employees' perception of unmet promises are: Job security, clear reporting lines and roles, competent leadership to successfully manage restructuring process, favourable terms and conditions of service, and future career prospects. On the other hand, there would be less perception of unmet promises with regard to: ability to perform new role, organizational values

and ethics, organizational brand and market reputation, organizational identity and change in organizational size.

#### 4.4.9 Employee Quit Decisions arising from Perceived Unmet Promises

The respondents were asked to rate the various possible reasons which lead or would lead them to engage in quit decisions if they perceived or would perceive that their promises or expectations were or would be violated /unmet.

As shown in Table 4.12, grand mean score for reason for engaging in quit decisions was 3.08. The top five dimensions with the highest mean ratings were : fear of job loss(  $\bar{x} = 4.13$ ), ambiguous reporting systems and unclear roles, (  $\bar{x} = 4.06$ ), incompetent leadership (  $\bar{x} = 4.01$ ), unfavorable terms and conditions of service (  $\bar{x} = 3.96$ ) and uncertain career prospects (  $\bar{x} = 3.83$ ),). The dimensions with lowest mean ratings were: unmatched abilities to perform new role (  $\bar{x} = 2.22$ ), loss of organizational values and ethics(  $\bar{x} = 2.17$ ), damaged organizational brand (  $\bar{x} = 1.99$ ), loss of corporate/organization identity (  $\bar{x} = 1.96$ ) and change of organization size (  $\bar{x} = 1.92$  ).

The results therefore indicate that during organizational restructuring, the key dimensions that will influence employee quit decisions upon perceiving unmet promises are: fear of job loss, unclear reporting lines and roles, incompetent leadership to successfully manage restructuring process, unfavorable terms and conditions of service, and uncertain future career prospects. On the other hand the dimensions with less influence on employee quit decisions are: inability to perform new roles, loss of organizational values and ethics, damaged organizational brand and market reputation, undesired change in size of organization and loss of organizational and personal identity.

**Table 4.12 Mean Scores for Reason for Quit Decisions arising from Perceived Unmet Promises**

Q. no.	Reason for Quit decisions	N	Mean ( $\bar{x}$ )
9.1	Fear of job loss	375	4.13
9.2	Ambiguous reporting systems and unclear roles	375	4.06
9.3	Incompetent Leadership	375	4.01
9.4	Unfavorable terms and conditions of service	375	3.96
9.5	uncertain career prospects	375	3.83
9.6	Increased workload	375	3.81
9.7	Less importance of the job	375	3.67
9.8	Organizational instability	375	3.46
9.9	Reduced power, status and prestige	375	3.31
9.10	Unfavorable new policies	375	3.23
9.11	Lack of Trust among colleagues	375	3.18
9.12	Transfer or relocation to new work station	375	2.55
9.13	Misalignment between new role and career interest	375	2.52
9.14	Loss of interpersonal relationships	375	2.48
9.15	Inability to perform new roles	375	2.22
9.16	Loss of organizational values and ethics	375	2.17
9.17	Negative organizational brand and market reputation	375	1.99
9.18	Undesired change in size of organization	375	1.96
9.19	Loss of organizational and personal identity	375	1.92
	<b>Grand mean</b>		<b>3.08</b>

#### 4.4.10 Employee dissatisfaction arising from perceived unmet promises

The respondents were asked to indicate the extent to which they felt or would feel dissatisfied for each given reason for dissatisfaction if they perceived unmet promises during organizational restructuring. The mean scores for reason for dissatisfaction are shown in Table 4.13. The grand mean score for all dimensions for dissatisfaction was 3.40. The dimensions causing the greatest dissatisfaction as rated by the respondents had the following mean ratings: job loss ( $\bar{x} = 4.13$ ), lack of role clarity ( $\bar{x}=4.09$ ), incompetent leadership ( $\bar{x}=4.02$ ), unfavorable terms/conditions of service( $\bar{x} =4.01$ ) and uncertain career prospects( $\bar{x} = 3.97$ ).

**Table 4.13 Mean Scores for Dissatisfaction arising from Perceived Unmet Promises**

Q. no.	Reason for dissatisfaction	N	Mean ( $\bar{x}$ )
10.1	I will lose my Job loss	375	4.13
10.2	There is lack of clarity for my new role and reporting lines	375	4.09
10.3	The leadership is incompetent to successfully manage the restructuring	375	4.02
10.4	process The terms and conditions of service have become less attractive	375	4.01
10.5	My future career prospects have been diminished	375	3.97
10.6	There is no work life imbalance	375	3.94
10.7	My new role has less importance and impact in the organization	375	3.91
10.8	The organization has become unstable	375	3.89
10.9	My influence , status and prestige have been reduced	375	3.87
10.10	Policies , practices and work environment have become less favorable	375	3.85
10.11	There is mistrust among colleagues	375	3.77
10.12	I will be transferred to another location	375	3.73
10.13	There is no alignment between my job and my personal interest broken I have	375	3.69
10.14	broken interpersonal relationships due to changes in reporting lines	375	2.81
10.15	I do not have adequate skills to perform new roles	375	2.75
10.16	The organization has lost its values and ethics	375	2.43
10.17	Organizational brand and market reputation has been negatively impacted	375	2.07
10.18	The size of the organization has been negatively affected	375	1.96
10.19	Lack of support from my colleagues	375	1.72
	<b>Grand mean</b>		<b>3.40</b>

The reasons causing less dissatisfaction to the respondents upon perceiving unmet promises were: inability to perform new role ( $\bar{x} = 2.75$ ), loss of organizational values and ethics ( $\bar{x} = 2.43$ ), damaged organizational brand ( $\bar{x} = 2.07$ ), organizational size changed ( $\bar{x} = 1.96$ ) and Lack of support from colleagues ( $\bar{x} = 1.72$ ) respectively. The results therefore indicate that during organizational restructuring, the key dimensions that will greatly influence employee dissatisfaction upon perceiving unmet promises are: job loss, unclear reporting lines and roles, incompetent leadership to successfully manage restructuring process, unfavorable terms and conditions of service, and uncertain future career prospects. On the other hand the reasons with less influence on employee dissatisfaction are: inability to perform new roles, loss of organizational values and ethics, damaged organizational brand and market reputation, undesired change in size of organization and loss of organizational and personal identity.

#### 4.4.11 Quit Decisions arising from Dissatisfaction

The respondents were asked to rate the various possible reasons which lead or would lead them to engage in quit decisions if they felt dissatisfied due to restructuring process. The mean scores for the reason for engaging in quit decisions are presented in Table 4.14. The grand mean score for reason for engaging in quit decisions was 3.60. The dimensions with the highest influence on quit decisions were: fear of job loss ( $\bar{x} = 4.88$ ), lack of role clarity( $\bar{x}=4.79$ ), incompetent leadership ( $\bar{x} = 4.65$ ), unfavorable terms/conditions of service( $\bar{x} =4.55$ ), uncertain career prospects( $\bar{x} = 4.54$ ) while the dimensions with the lowest influence had the following mean ratings: inability to perform new role( $\bar{x} = 2.75$ ), no organizational values ( $\bar{x} = 2.63$ ),organizational brand damaged ( $\bar{x} = 2.57$ ), organizational size changed( $\bar{x} = 2.48$ ) and Lack of support from my colleagues( $\bar{x} = 2.39$ ).

**Table 4.14 Mean Scores for Reason for Quit Decisions arising from Dissatisfaction**

Q. no.	Reason quit decisions	N	Mean ( $\bar{x}$ )
11.1	Fear of job loss	375	4.88
11.2	Ambiguous reporting systems and unclear roles	375	4.79
11.3	Incompetent Leadership	375	4.65
11.4	Unfavorable terms and conditions of service	375	4.55
11.5	uncertain career prospects	375	4.54
11.6	Increased workload	375	4.43
11.7	Less importance of the job	375	4.38
11.8	Organizational instability	375	4.31
11.9	Reduced power, status and prestige	375	3.30
11.10	Unfavorable new policies	375	3.27
11.11	Lack of Trust among colleagues	375	3.24
	Transfer or relocation to new work station	375	3.22
11.13	Misalignment between new role and career interest	375	3.19
11.14	Loss of interpersonal relationships	375	2.81
11.15	Inability to perform new roles	375	2.75
11.16	Loss of organizational values and ethics	375	2.63
11.17	Negative impact on organizational brand and market reputation	375	2.57
11.18	Undesired change in size of organization	375	2.48
11.19	Loss of organizational and personal identity	375	2.39
	<b>Grand mean</b>		<b>3.60</b>

The results therefore indicate that during organizational restructuring, the key dimensions that will influence employee quit decisions upon dissatisfaction are: fear job loss, unclear reporting lines and roles, incompetent leadership to successfully manage restructuring process, unfavorable terms and conditions of service, and uncertain future career prospects. On the other hand the dimensions with less influence on employee quit decisions are: inability to perform new roles, loss of organizational values and ethics, damaged organizational brand and market reputation, undesired change in size of organization and loss of organizational and personal identity.

#### 4.5.0 Personal Factors

##### 4.5.1 Persona attributes and their influence on the relationship between restructuring and quit decisions

The influence of personal attributes were measured using various dimensions namely: employee engagement and commitment level, gender, work experience, age, career stage, marital status, length of service, seniority level, qualifications and available alternative options. As discussed in the literature review, personal attributes can influence employee quit decisions during organizational restructuring. Respondents were asked to indicate, on a scale of 1 ('not at all') to 5 ('to a great extent'), the extent to which they considered/would consider each personal attribute as important during organizational restructuring. A summary of responses provided by the respondents is presented in Table 4.15

**Table 4.15 Mean Scores for Importance of Personal Attributes**

Q. no.	Personal attribute	N	Mean $\bar{x}$
14.1a	engagement (commitment ) level	375	3.19
14.2a	work experience	375	3.04
14.3a	qualifications	375	2.26
14.4a	age	375	2.25
14.5a	career stage	375	2.19
14.6a	seniority level	375	1.68
14.7a	length of service (work experience)	375	1.50
14.8a	marital status	375	1.43
14.9a	Gender	375	1.38
	<b>Grand mean</b>		<b>2.10</b>

Table 4.19 shows that the grand mean for the importance of personal attributes was 2.10. The attributes assigned the greater importance by the respondents were : engagement level (  $\bar{x}$  = 3.19), work experience (  $\bar{x}$  = 3.04) and qualifications possessed (  $\bar{x}$  = 2.26), while the attributes assigned the lowest importance had mean ratings of: length of service/work experience (  $\bar{x}$  = 1.50) , marital status (  $\bar{x}$  = 1.43) and gender (  $\bar{x}$  = 1.38).The results therefore indicate that during organizational restructuring, engagement level, work experience and qualifications will be considered by employees as important and will influence their decisions to a great extent.

The respondents were asked to indicate to what extent they would engage in quit decisions due to restructuring with regard to the various concerns if they took into account the various personal attributes. As shown in Table 4.20, grand mean score for reason for engaging in quit decisions before and after consideration of personal attributes were 1.93 and 1.83 respectively. Upon consideration of personal attributes the mean score for reason for engagement in quit decisions reduced by 0.10 units from 1.93 to 1.83. However the order of ranking of the various dimensions remains as earlier presented in Table 4.9.

**Table 4.16 Mean Scores for Reason for Quit Decisions arising from announcement of restructuring without and with influence of Personal Attributes**

Q. no.	Reason for Quit Decisions	N	a). Mean ( $\bar{x}$ ) without Personal Attributes	b). Mean ( $\bar{x}$ ) with Personal Attributes
14.1b	Fear of job loss	375	2.87	2.79
14.2b	Ambiguous reporting systems and unclear roles	375	2.83	2.67
14.3b	Incompetent Leadership	375	2.81	2.65
14.4b	Unfavorable terms and conditions of service	375	2.77	2.54
14.5b	uncertain career prospects	375	2.47	1.86
14.6b	Increased workload	375	1.86	1.84
14.7b	Less importance of the job	375	1.85	1.81
14.8b	Organizational instability	375	1.84	1.78
14.9b	Reduced power, status and prestige	375	1.82	1.77
14.10b	Unfavorable new policies	375	1.78	1.74
14.11b	Lack of Trust among colleagues	375	1.74	1.70
14.12b	Transfer or relocation to new work station	375	1.71	1.63
14.13b	Misalignment between new role and career interest	375	1.63	1.59
14.14b	Loss of interpersonal relationships	375	1.60	1.51
14.15b	Inability to perform new roles	375	1.57	1.49
14.16b	Loss of organizational values and ethics	375	1.43	1.41
14.17b	Negative impact on org. brand and market reputation	375	1.41	1.39
14.18b	Undesired change in size of organization	375	1.37	1.36
14.19b	Loss of organizational and personal identity	375	1.31	1.29
	<b>Grand mean</b>		<b>1.93</b>	<b>1.83</b>

Table 4.16 indicates that if personal attributes are considered during organizational restructuring, this will have an impact on employee quit decision process. Personal attributes may, therefore, have a weakening or strengthening effect on the strength of relationship between organizational restructuring and employee quit decisions depending. The current study suggests that personal attributes had a weakening effect on the relationship between organizational restructuring and quit decisions.

### 4.5.2 Cognitive interpretations and their influence on the relationship between restructuring and quit decisions

Cognitive interpretations refer to the process in which one seeks to recognize and understand the meaning of an event or what has been communicated (Lucey, 1989). As discussed under the literature review, cognitive interpretations can affect the relationship between organizational restructuring and employee quit decisions. The importance of cognitive interpretations were measured using various dimensions namely: magnitude (size) of unmet promise/expectation, implications of violation, past relationship with immediate supervisor/ top management, level of trust with manager, justification for restructuring, person responsible for the unmet promise, confidence in the change process, fairness of procedure and process for managing change, regular communication updates, fairness in distribution of resources and benefits, honesty and respect demonstrated by management, justification for change and level of employee involvement and participation in the change process.

Respondents were asked to indicate, on a scale of 1 ('not at all') to 5 ('to a great extent') , the importance of each cognitive factor or interpretation to them during organizational restructuring. A summary of responses provided by the respondents is presented in Table 4.17.

**Table 4.17 Mean Scores for Importance of Cognitive Interpretations**

Q. no.	Cognitive interpretation	N	Mean
13.1a	There is justification for change	375	3.16
13.2a	There is clarity of performance targets	375	3.07
13.3a	Nature of past relationship with manager	375	3.02
13.4a	There is open, clear and honest communication by mgt regarding change	375	2.97
13.5a	I'm involved and allowed to participate in the change process	375	2.78
13.6a	I'm respect by my colleagues and management	375	2.72
13.7a	There is trust between me and my colleagues/ management	375	2.66
13.8a	There is a fair change management process in place	375	1.96
13.9a	There is fair distribution of resources, benefits and equal opportunities for all	375	1.80
13.10a	Similar situations have been professionally and fairly managed in the past	375	1.78
13.11a	My employer is not responsible for the situation	375	1.71
13.12a	The magnitude of perceived violation of expectation is important to me	375	1.51
13.13a	The implication/impact of perceived violation of expectation is important to me	375	1.49
	<b>Grand mean</b>		<b>2.36</b>

Table 4.17 indicates that the respondents indicated that cognitive interpretations have considerable have high influence on the employee quit decisions with an overall mean score of 2.36 out of 5. The top five cognitive interpretations with the highest mean ratings were: justification for change ( $\bar{x} = 3.16$ ), clarity of performance targets( $\bar{x} = 3.07$ ), nature of past relationship with manager( $\bar{x} = 3.02$ ), open and honest communication by management regarding change( $\bar{x} = 2.97$ ), and employee involvement/participation in the change process ( $\bar{x} = 2.78$ ). The cognitive interpretations assigned less importance by the respondents were: fair distribution of resources/benefits and equal opportunities for all ( $\bar{x} = 1.80$ ), professional of similar change programmes in the past( $\bar{x} = 1.78$ ), person responsible for the situation( $\bar{x} = 1.71$ ) magnitude of unmet promise ( $\bar{x} = 1.51$ ) and impact of the unmet promise ( $\bar{x} = 1.49$ ).

The respondents were asked to indicate to what extent they would engage in quit decisions due to restructuring with regard to the various parameters upon consideration of cognitive interpretations. As shown in Table 4.18, grand mean score for quit decisions before and after cognitive interpretations were 1.93 and 1.66 respectively.

**Table 4.18 Mean Scores for Reason for Quit Decisions arising from announcement of Restructuring without and with the influence of Cognitive Interpretations**

Q. no.	Reason for Quit Decisions	N	Mean ( $\bar{x}$ ) without Cognitive Interpretations	Mean ( $\bar{x}$ ) with Cognitive Interpretations
13.1b	Fear of job loss	375	2.87	2.19
13.2b	Ambiguous reporting systems and unclear roles	375	2.83	2.17
13.3b	Incompetent Leadership	375	2.81	2.16
13.4b	Unfavorable terms and conditions of service	375	2.77	2.04
13.5b	uncertain career prospects	375	2.47	1.76
13.6b	Increased workload	375	1.86	1.49
13.7b	Less importance of the job	375	1.85	1.47
13.8b	Organizational instability	375	1.84	1.68
13.9b	Reduced power, status and prestige	375	1.82	1.64
13.10b	Unfavorable new policies	375	1.78	1.63
13.11b	Lack of Trust among colleagues	375	1.74	1.59
13.12b	Transfer or relocation to new work station	375	1.71	1.55
13.13b	Misalignment between new role and career interest	375	1.63	1.54
13.14b	Loss of interpersonal relationships	375	1.60	1.48
13.15b	Inability to perform new roles	375	1.57	1.44
13.16b	Loss of organizational values and ethics	375	1.43	1.38
13.17b	Negative impact on org. brand and market reputation	375	1.41	1.33
13.18b	Undesired change in size of organization	375	1.37	1.31
13.19b	Loss of organizational and personal identity	375	1.31	1.27
	<b>Grand mean</b>		<b>1.93</b>	<b>1.66</b>

Upon inclusion of cognitive interpretations, the mean score for reason for engagement in quit decisions reduced by 0.27 units from 1.93 to 1.66. However the order of ranking of the various dimensions remains as earlier presented in Table 4.9.

This suggests that if cognitive interpretations are considered during organizational restructuring, this will have an impact on employee quit decision process. Cognitive interpretations may

therefore have a weakening or strengthening effect on the strength of relationship between organizational restructuring and employee quit decisions depending on the outcome of the interpretations. The current study suggests that cognitive interpretations had some weakening effect on the relationship between organizational restructuring and quit decisions.

#### 4.6.0 Institutional Factors

##### 4.6.1 Change management interventions and their influence on the relationship between restructuring and quit decisions

The respondents were asked to indicate the importance of each change management interventions during restructuring. Each intervention was rated using Likert five-point scale ranging from 'Not at all (1)' to 'to a great extent (5)', and the mean scores for the dimensions are presented in Table 4.19.

**Table 4.19 Mean Scores for Importance of Change Management Interventions during Restructuring**

Q. no.	Change Management Intervention	N	Mean ( $\bar{x}$ )
12.1a	Clarity of change management process	375	4.22
12.2a	Clear vision and reason for change	375	4.12
12.3a	Clarity of role and performance targets	375	3.96
12.4a	Degree of my involvement in change process	375	3.68
12.5a	Clarity of what is in it for me (WIIFM)	375	3.64
12.6a	Availability of employee support initiatives	375	3.61
12.7a	Efforts by employer to retain me in service	375	3.23
12.8a	Availability of grievance handling channels	375	3.19
	<b>Grand mean</b>		<b>3.71</b>

According to Table 4.19, the respondents indicated that change management interventions have high influence on the employee quit decisions with all the dimensions having a mean score of more than 3.5 out of 5. The average mean score for the importance all the change management interventions was 3.71 and the top three interventions with the highest mean ratings were: clarity

of change management process ( $\bar{x} = 4.22$ ), clear vision and reason for change ( $\bar{x} = 4.12$ ) and clarity of role and performance targets ( $\bar{x} = 3.96$ ).

The respondents were asked to rate the various possible reasons which lead or would lead to their engagement in quit decisions due to restructuring process if change management interventions were implemented. As shown in Table 4.20, the grand mean score for engaging in quit decisions before and after change management interventions were 1.93 and 1.38, respectively.

**Table 4.20 Mean Scores for Reason for Quit Decisions arising from announcement of Restructuring without and with the influence of Change Management Interventions**

Q. no.	Reason for Quit Decisions	N	a). Mean ( $\bar{x}$ ) without Change Mgt Interventions	b). Mean ( $\bar{x}$ ) with Change Mgt Interventions
12.1 b	Fear of job loss	375	2.87	1.68
12.2 b	Ambiguous reporting systems and unclear roles	375	2.83	1.57
12.3 b	Incompetent Leadership	375	2.81	1.55
12.4 b	Unfavorable terms and conditions of service	375	2.77	1.53
12.5 b	uncertain career prospects	375	2.47	1.51
12.6 b	Increased workload	375	1.86	1.49
12.7 b	Less importance of the job	375	1.85	1.47
12.8 b	Organizational instability	375	1.84	1.43
12.9 b	Reduced power, status and prestige	375	1.82	1.42
12.10 b	Unfavorable new policies	375	1.78	1.40
12.11b	Lack of Trust among colleagues	375	1.74	1.37
12.12 b	Transfer or relocation to new work station	375	1.71	1.33
12.13b	Misalignment between new role and career interest	375	1.63	1.32
12.14b	Loss of interpersonal relationships	375	1.60	1.31
12.15b	Inability to perform new roles	375	1.57	1.28
12.16b	Loss of organizational values and ethics	375	1.43	1.23
12.17b	Negative impact on org. brand and market reputation	375	1.41	1.19
12.18b	Undesired change in size of organization	375	1.37	1.15
12.19b	Loss of organizational and personal identity	375	1.31	1.03
	<b>Grand mean</b>		<b>1.93</b>	<b>1.38</b>

Table 4.20 shows that upon implementation of change management interventions the mean score for reason for engagement in quit decisions reduced by 0.54 units from 1.93 to 1.39. However the order of ranking of the various dimensions remains as earlier presented in Table 4.9.

This suggests that if effective change management interventions are implemented during organizational restructuring, there will be less tendency by employees to engage in quit decisions. Change management interventions therefore tend to reduce the strength of relationship between organizational restructuring and employee quit decisions.

#### 4.6.2 Organizational characteristics and their influence on the relationship between restructuring and quit decisions

The organizational characteristics or dimensions considered for this study as identified in the literature review were organization's size, age, ownership (foreign or locally owned), brand, diversity and market position. Respondents were asked to indicate, on a scale of 1 ('not at all') to 5 ('to a great extent'), the extent to which they considered/would consider each characteristic as important to them during organizational restructuring. The responses are shown in Table 4.21

**Table 4.21 Mean Scores for Importance of Organizational Characteristics**

Q. no.	Organizational Characteristics	N	Mean $\bar{x}$
15.1a	diversity	375	2.41
15.2a	brand	375	1.65
15.3a	market position	375	1.64
15.4a	ownership	375	1.55
15.5a	age	375	1.38
15.6a	size	375	1.27
	<b>Grand mean</b>		<b>1.65</b>

Table 4.21 shows that the grand mean for organizational characteristics was 1.65. The organizational characteristics with the highest ratings had mean ratings of: diversity ( $\bar{x} = 2.41$ ), brand ( $\bar{x} = 1.65$ ) and market position ( $\bar{x} = 1.64$ ).

The respondents were asked to indicate to what extent they would engage in quit decisions due to restructuring with regard to the given dimensions upon consideration of organizational characteristics. The result are presented in Table 4.22

**Table 4.22 Mean Scores for Reason for Quit Decisions arising from announcement of restructuring without and with the effect of Organizational Characteristics**

Q. no.	Reason for Quit decisions	N	Mean ( $\bar{x}$ ) without Organizational Characteristics	Mean ( $\bar{x}$ ) with Organizational Characteristics
15.1b	Fear of job loss	375	2.87	2.86
15.2b	Ambiguous reporting systems and unclear roles	375	2.83	2.82
15.3b	Incompetent Leadership	375	2.81	2.70
15.4b	Unfavorable terms and conditions of service	375	2.77	2.76
15.5b	uncertain career prospects	375	2.47	1.46
15.6b	Increased workload	375	1.86	1.85
15.7b	Less importance of the job	375	1.85	1.84
15.8b	Organizational instability	375	1.84	1.83
15.9b	Reduced power, status and prestige	375	1.82	1.80
15.10b	Unfavorable new policies	375	1.78	1.77
15.11b	Lack of Trust among colleagues	375	1.74	1.73
15.12b	Transfer or relocation to new work station	375	1.71	1.69
15.13b	Misalignment between new role and career interest	375	1.63	1.62
15.14b	Loss of interpersonal relationships	375	1.60	1.57
15.15b	Inability to perform new roles	375	1.57	1.54
15.16b	Loss of organizational values and ethics	375	1.43	1.41
15.17b	Negative impact on org. brand and market reputation	375	1.41	1.40
15.18b	Undesired change in size of organization	375	1.37	1.36
15.19b	Loss of organizational and personal identity	375	1.31	1.28
	<b>Grand mean</b>		<b>1.93</b>	<b>1.86</b>

Table 4.22 shows that upon inclusion of cognitive interpretations the mean score for reason for engagement in quit decisions reduced by 0.07 units from 1.93 to 1.86. However the order of ranking of the various dimensions remains as earlier presented in Table 4.9.

This suggests that if organizational characteristics are considered during organizational restructuring, this will have some influence impact on employee quit decision process.

Organizational characteristics may therefore have a weakening or strengthening effect on the

strength of relationship between organizational restructuring and employee quit decisions. The current study suggests that organizational characteristics had a slight weakening effect on the relationship between organizational restructuring and quit decisions.

Tests of Hypothesis H<sub>1</sub> to H<sub>3</sub>

The Correlation Analysis was used to determine if any relationship existed between organizational restructuring and quit decisions. Correlation coefficients and Pearson's Product Moment Correlation coefficient were used to test the hypotheses H<sub>1</sub>, H<sub>2</sub> and H<sub>3</sub>. The results of the hypothesis are presented in subsequent chapters.

Hypothesis H<sub>1</sub>: There is a relationship between organizational restructuring and quit decisions.

Correlation coefficient using Pearson's Correlation coefficient and the results are presented in

4.7. Pearson Correlation Analysis Results for the Test of the Relationship between Organizational Restructuring and Employee Quit Decisions

	Organizational Restructuring	Quit Decisions
Frequency for categories with N=41		117
N <sub>ij</sub> (observed)		310
N	391	310

Table 4.27 gives the results of a Pearson correlation between organizational restructuring and quit decisions. The correlation coefficient is  $r = .22$ ,  $p < 0.05$ . The results of the analysis suggest that organizational restructuring changes the quit decision among the used services. This result is further supported by the fact that the relationship between organizational restructuring and quit decisions is significant and positive. The results of the analysis support the hypothesis H<sub>1</sub> that there is a relationship between organizational

## 4.7 Test of Hypotheses

Tests of research hypotheses are presented in this section. Pearson Correlation, Hierarchical Regression and Stepwise Regression Models were used to test the hypotheses.

### 4.7.1 Tests of Hypotheses $H_{1a}$ to $H_3$

Pearson Correlation Analysis was run to determine if any relationship exists between Organizational Restructuring and: quit decisions, Dissatisfaction and Perceived Unmet Promises. Pearson Correlation was therefore used to test hypotheses:  $H_{1a}$ ,  $H_{1b}$ ,  $H_{1c}$ ,  $H_{2a}$ ,  $H_{2b}$ ,  $H_3$ . The test results for each hypothesis are presented in subsequent subsections.

### 4.7.2 Hypothesis $H_{1a}$ : There is a relationship between Organizational Restructuring and Employee Quit Decisions

This hypothesis was tested using Pearson Correlation analysis and the results are presented in Table 4.23.

**Table 4.23 Pearson Correlation Analysis results for the test of the Relationship between Organizational Restructuring and Employee Quit Decisions**

\* $P < 0.05$

		<i>Organizational Restructuring</i>	<i>Quit decisions</i>
<b>Organizational Restructuring</b>	<b>Pearson Correlation coefficient (r)</b>	1	.123*
	<b>Sig. (2-tailed)</b>		.011
	<b>N</b>	375	375

The results in Table 4.23 show that there was a positive correlation between organizational restructuring and quit decisions, which was statistically significant ( $r = .123$ ,  $p < 0.05$ ). This implies that as the value for concerns arising from organizational restructuring changes, the value for quit decisions changes in the same direction. The results of Pearson correlation analysis show that the relationship between organizational restructuring and quit decisions is significant and therefore, we accept the hypothesis  $H_{1a}$ , that there is a relationship between organizational

restructuring and employee quit decisions. This finding therefore suggests that employees will engage in quit decisions on announcement of organizational restructuring

**4.7.3 Hypothesis H<sub>1b</sub>: There is a Relationship between Organizational Restructuring and Employee Dissatisfaction**

This hypothesis was tested using Pearson Correlation Analysis and the results are presented in Table 4.24

**Table 4.24 Pearson’s Correlation Analysis Results for the test of Relationship between Organizational Restructuring and Employee Dissatisfaction**

		Organizational Restructuring	Dissatisfaction
Organizational Restructuring	Pearson Correlation coefficient (r)	1	.301*
	Sig. (2-tailed)	.	.001
	N	375	375

\*P < 0.05

The results in Table 4.24 show that there is a positive correlation between organizational restructuring and employee dissatisfaction which is statistically significant (r = .301, p < 0.05). This implies that as the value for concerns arising from organizational restructuring changes, the value for employee dissatisfaction also changes in the same direction. The results from Pearson Correlation show that the strength of relationship between organizational restructuring and employee dissatisfaction is significant and therefore, we accept the hypothesis H<sub>1b</sub>, that there is a relationship between organizational restructuring and employee dissatisfaction. This finding therefore suggests that employees are likely to be dissatisfied with the effects of organizational restructuring.

**4.7.4 Hypothesis H<sub>1c</sub>: There is a relationship between Organizational Restructuring and Employee Perceptions of Unmet Promises**

Pearson Correlation Analysis was used to test this hypothesis. The results are presented in table 4.25

**Table 4.25 Pearson’s Correlation Analysis Results for the test of Relationship between Organizational Restructuring and Employee Perceptions of Unmet Promises**

		<i>Organizational Restructuring</i>	<i>Perceived Unmet Promise</i>
<b>Organizational Restructuring</b>	<b>Pearson Correlation coefficient (r)</b>	1	.612*
	<b>Sig. (2-tailed)</b>	.	.001
	<b>N</b>	375	375

\* P < 0.05

The results in Table 4.25 shows that there was a positive relationship between organizational restructuring and perceived unmet promises which was statistically significant ( $r=.612, p < 0.05$ ), implying that as the value for concerns arising from organizational restructuring changes, the value for perceived unmet promises by employee changes in the same direction. The results from Pearson’s correlation show that the strength of relationship between organizational restructuring and employee perception of unmet promises is significant and therefore, we accept the hypothesis H<sub>1c</sub>, that there is a relationship between organizational restructuring and perceived unmet promises by employee. This finding therefore suggests that employees are likely to be perceive that their expectations/promises will not be met due to the effects of organizational restructuring.

**4.7.5 Hypothesis H<sub>2a</sub>: There is a relationship between perceived unmet promises and employee quit decisions**

This hypothesis was tested using Pearson Correlation Analysis and the results are presented in Table 4.26

**Table 4.26 Pearson's Correlation Analysis Results for the test of Relationship between Perceived Unmet Promises and Employee Quit Decisions**

		<i>Perceived Unmet Promise</i>	<i>Quit decisions</i>
Perceived Unmet Promises	Pearson Correlation coefficient (r)	1	.491*
	Sig. (2-tailed)	.	.006
	N	375	375

\*P < 0.05

The results in Table 4.26 show that there was a positive correlation between perceived unmet promises and employee quit decisions which was significant ( $r = .491, p < 0.05$ ). This implies that as the value for perceived unmet promises changes, the value of quit decisions also changes in the same direction. The results from Pearson's correlation show that the strength of relationship between perceived unmet promises and quit decisions is significant and therefore, we accept the hypothesis  $H_{2a}$ , that there is a relationship between perceived unmet promises and employee quit decisions. This finding therefore suggests that employees are likely to engage in quit decisions when they perceive that their expectations/promises have been violated or will not be met due to the effects of organizational restructuring.

#### 4.7.6 Hypothesis $H_{2b}$ :

**There is a Relationship between Perceived Unmet Promises and Employee Dissatisfaction**

Pearson's correlation analysis was used to test this hypothesis. The results are presented in Table 4.27

**Table 4.27 Pearson Correlation Analysis results for the Relationship between Perceived Unmet Promises and Employee Dissatisfaction.**

		<i>Perceived Unmet Promise</i>	<i>Dissatisfaction</i>
Perceived Unmet Promises	Pearson Correlation coefficient (r)	1	.841*
	Sig. (2-tailed)	.	.001
	N	375	375

\*P < 0.05

The results in Table 4.27 show that there was a positive correlation between perceived unmet promises and employee dissatisfaction which was significant ( $r = .841, p < 0.05$ ). This implies that as the value for perceived unmet promises changes, the value for employee dissatisfaction also changes in the same direction.

The results from Pearson's correlation analysis show that the strength of relationship between perceived unmet promises and employee dissatisfaction is significant and therefore, we accept hypothesis  $H_{2c}$ , that there is a relationship between perceived unmet promises and employee dissatisfaction. This finding therefore suggests that employees are likely to feel dissatisfied if they perceive that their expectations/promises have been violated or will not be met due to the effects of organizational restructuring.

#### 4.7.7 Hypothesis $H_3$ : There is a relationship between Dissatisfaction and Employee Quit Decisions

This hypothesis was tested using Pearson's correlation analysis and the results are presented in Table 4.28

**Table 4.28 Pearson's Correlation Analysis results for the test of the relationship between Dissatisfaction and Quit Decisions**

		<i>Dissatisfaction</i>	<i>Quit decisions</i>
<b>Dissatisfaction</b>	<b>Pearson Correlation coefficient (r)</b>	1	.913*
	<b>Sig. (2-tailed)</b>	.	.001
	<b>N</b>	375	375

\* $P < 0.05$

Table 4.28 shows that there was a positive correlation between employee dissatisfaction and quit decisions which was significant ( $r = .913, p < 0.05$ ). This implies that as employee dissatisfaction increases, his/her decision to engage in quit decisions also intensifies. These results show that the strength of the relationship between employee dissatisfaction and quit decisions is significant and therefore we accept the hypothesis  $H_{3a}$  that there is a relationship between employee dissatisfaction and his/her quit decisions.

This finding therefore suggests that as employee dissatisfaction increases as a result of organization's decision to restructure, they are more likely to engage in quit decisions.

#### **4.7.8 Hypotheses H<sub>4a</sub> and H<sub>4b</sub>:**

**The relationship between organizational restructuring and employee quit decisions is mediated by perceived unmet promises and employee dissatisfaction.**

As proposed by Baron and Kenny (1986), the effect of mediation variables between the independent variable and the dependent variable can be tested through hierarchical regression analysis. This is done by first by analyzing the expected hierarchical relationship between the predictor variables and the criterion variable. In this study the predictor variables are: organizational restructuring, perceived unmet promises and employee dissatisfaction while the criterion variable is quit decisions. This involved entering variables in the equation in the order suggested by previous studies. In the current study, it was theorized that organizational restructuring would lead to employee quit decisions through perceived unmet promises and employee dissatisfaction. Hypotheses H<sub>4a</sub> and H<sub>4b</sub> that the relationship between organizational restructuring and employee quit decisions is mediated by perceived unmet promises and employee dissatisfaction was tested using hierarchical regression analysis

##### **4.7.8.1 Employee Quit Decisions**

This section presents analysis for the determination of hierarchical relationships between the predictor variables: organizational restructuring, perceived unmet promises and employee dissatisfaction and employee quit decisions. The results are presented in Table 4.29

**Table 4.29 Results of the Hierarchical Regression Analysis**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Estimate	Change in R <sup>2</sup>	Change in F
1	.522 (a)	.273	.194	11.6652281	0.273, P=	6.223
2	.742 (b)	.552	.499	12.3873403	0.279	6.347
3	.937 (c)	.878	.741	12.7932446	0.326	7.523

a: Predictors: (constant), Organizational Restructuring (OR)

b: Predictors: (constant), Organizational Restructuring, Perceived Unmet Promises(OR,PUP)

c: Predictors: (constant), Organizational Restructuring, Perceived Unmet Promises, Employee Dissatisfaction(OR,PUP,ED)

Results under Model 1 in Table 4.29 show that  $R^2 = .273$ , indicating that Organizational Restructuring alone accounts for about 27% of the variance in employee quit decisions. In Model 2, the results show that  $R^2 = .552$ . This is higher than the value of  $R^2$  in Model 1 by .279. The change in the value of  $R^2$  in Model 2 indicates that perceived unmet promises (a predictor variable) accounts for 27.9% of the variance in employee quit decisions after controlling for organizational restructuring i.e  $R^2 = 0.273 + 0.279 = 0.552$ ). Therefore, the incremental value to the variance in employee quit decisions is 0.279.

Results in Model 3 show that  $R^2 = .878$ , indicating that  $R^2$  has increased by 0.326 from .552 in Model 2 to .878 in Model 3. This demonstrates that the predictor Employee dissatisfaction accounts for 32.6% of variance in Employee Quit Decisions, after controlling for organisational restructuring and perceived unmet promises ( $R^2 = .273 + .279 + .326 = .878$ )

Overall, about 88% of the variance in the criterion variable (Employee Quit Decisions) was explained by organizational restructuring (27%), perceived unmet promises (28%) and employee dissatisfaction (33%). The incremental values that is 27, (27+28), (27+28+33) suggests that the relationship between organizational restructuring and quit decisions is hierarchical with perceived unmet promises and employee dissatisfaction as the mediating variables.

#### 4.7.8.2 Hierarchical Change in Predictor Variables with respect to Employee Quit Decisions

The results presented in Table 4.30 show that the change in  $R^2$  associated with the predictor variable in each Model were significant. This implies that the predictor variables (organisational restructuring, perceived unmet promises and employee dissatisfaction) were good predictors of the criterion variable (employee quit decisions) in the commercial banking sector in Kenya

**Table 4.30 Change statistics from the Results of Hierarchical Regression Analysis for Variables associated with Employee Quit Decisions**

Model	R value	R Square	Std. Error of the Estimate value	Change statistics				
				$\Delta R^2$	sig	F	df 1	df 2
1	.522 (a)	.273	11.6652281	.273	0.046	6.223*	1	21
2	.742 (b)	.552	12.3873403	.279	0.028	6.347*	1	20
3	.937 (c)	.878	12.7932446	.326	0.001	7.523*	1	19

\* $p < .05$

Entering the predictor variable (organizational restructuring) first, resulted in an  $R^2$  of .273, which was statistically significant ( $R^2 = 0.273$ ,  $P = 0.046$ ). Adding perceived unmet promises increased the  $R^2$  by 27.9%, which was significant ( $\Delta R^2 = 0.279$ ,  $P = 0.028$ ). Adding employee dissatisfaction in step 3 increased the  $R^2$  by an additional 32.6%, which was also statistically significant ( $\Delta R^2 = 0.326$ ,  $P = 0.001$ ). Change in  $R^2$  value in Models 1, 2 and 3 was significant suggesting a strong effect of organizational restructuring, perceived unmet promises and employee dissatisfaction on employee quit decisions.

#### 4.7.8.3 Results of the Analysis of Variance (ANOVA) for Employee Quit Decisions

The hierarchical linkages established in section 4.5.8.2 above were further analyzed using ANOVA statistical technique to confirm the accuracy of the results obtained using regression analysis. The results are presented in Table 4.31

**Table 4.31 ANOVA Results for Change in F ratio with respect to Employee Quit Decisions**

Model	Type of Test	Sum of Squares	df	Mean Square	F	$\Delta F$	Sig.
1	Regression	374.113	1	374.113	9.329	9.329*	.036 <sup>a</sup>
	Residual	4029.850	19	109.228			
	Total	4403.963	20				
2	Regression	438.227	2	221.843	19.666	10.337*	.029 <sup>b</sup>
	Residual	4144.317	17	119.337			
	Total	4582.544	19				
3	Regression	442.661	3	147.718	30.940	11.274*	.018 <sup>c</sup>
	Residual	4233.871	18	131.618			
	Total	4676.532	21				

\*p<.05

a: Predictors: (constant), Organizational Restructuring (OR)

b: Predictors: (constant), Organizational Restructuring, Perceived Unmet Promises(OR,PUP)

c: Predictors: (constant), Organizational Restructuring, Perceived Unmet Promises, Employee Dissatisfaction(OR,PUP,ED)

d:Dependent Variable: Employee Quit Decisions

The results in Table 4.31 in model 1 show that with only one predictor variable, organizational restructuring had a significant contribution to employee quit decision ( $F=9.329, p=.036$ ). Results in model 2 indicate that organizational restructuring and perceived unmet promises had significant contribution to employee quit decisions ( $\Delta F=10.337, P=.029$ ). Finally, the results in the third model which include all the three predictors showed that organizational restructuring, perceived unmet promises, employee dissatisfaction had significant contribution to employee quit decisions ( $\Delta F=11.274, P=.018$ )

The results presented in Table 4.31 reveal that all the F ratios for the three models are significant, suggesting a hierarchical relationship between organizational restructuring and employee quit decisions. These results are consistent with the findings under section 4.5.8.2 above. Therefore we accept hypothesis  $H_{4a}$  that the relationship between organizational restructuring and employee quit decisions is mediated by perceived unmet promises and hypothesis  $H_{4b}$  that the relationship

between organizational restructuring and employee quit decisions is mediated by employee dissatisfaction.

#### 4.7.9 Test of Hypotheses: H<sub>5a</sub> to H<sub>6b</sub>

Stepwise Regression Analysis was run to determine the effect of moderating factors on the relationship between organizational restructuring and quit decisions. This was done by first (step 1) running regression model for the relationship between organizational restructuring and quit decisions without the moderating variables and secondly (step 2) by inclusion of moderating factors in the regression model and comparing the results to establish if there is any significant difference between the results at step one and at step two. Stepwise regression was, therefore, used to test hypotheses: H<sub>5a</sub>, H<sub>5b</sub>, H<sub>6a</sub> and H<sub>6b</sub>. The test results for each hypothesis are discussed in subsequent subsections.

##### 4.7.9.1 Hypothesis H<sub>5a</sub>: The strength of relationship between Organizational Restructuring and Quit decisions depends on Personal Attributes

Stepwise regression model was run to determine the influence of personal attributes on the strength of relationship between restructuring and quit decisions. The results are presented in Table 4.34. The table presents the various statistics from the regression model.

**Table 4.34 Stepwise regression results for the moderating effect of personal attributes on the Relationship between Restructuring and Quit decisions**

H <sub>i</sub>	Before personal attributes				After personal attributes				Change in			Sig.
	Intercept	R <sup>2</sup>	F	Beta (β)	Intercept	R <sup>2</sup>	F	Beta (β)	Δ R <sup>2</sup>	Δ F	Δ β	
H <sub>6a</sub>	.793	.897	114.734	1.071	.801	.874	114.010	1.066	.023	-.724	-.005	.067
P < 0.05												

The results presented in Table 4.34 show that before consideration of personal attributes, about 89.7% (R<sup>2</sup> = .897) of quit decisions was explained by dissatisfaction, the value of F was 114.734 while value of β was 1.071 meaning that every unit change in restructuring concerns results in 1.071 units change in quit decisions in the same direction. After consideration of personal attributes, the value for R<sup>2</sup> decreased by .023 units, F decreased by 0.724 and β decreased by

.005 units which were all insignificant at  $p < 0.05$  implying that the strength of relationship between restructuring and quit decisions did not change after consideration of personal attributes in the regression model. We therefore reject the hypothesis ( $H_{5a}$ ), that the strength of relationship between restructuring and quit decisions depends on personal attributes.

#### 4.7.9.2 Hypothesis $H_{5b}$ : The strength of relationship between Organizational Restructuring and Quit decisions depends on cognitive interpretation.

Stepwise regression model was used to determine the influence of cognitive interpretations on the strength of relationship between organizational restructuring and quit decisions by employee. The results are presented in Table 4.33. The table presents the various statistics from the regression model.

**Table 4.33 Stepwise Regression Results for the Moderating effect of Cognitive Interpretations on the Relationship between Organizational Restructuring and Quit Decisions**

$H_i$	Before cog interpretation				After cog interpretation				Change in			Sig.
	Intercept	$R^2$	F	Beta( $\beta$ )	Intercept	$R^2$	F	Beta ( $\beta$ )	$\Delta R^2$	$\Delta F$	$\Delta \beta$	
$H_{5a}$	3.172	.171	39.225	.384	3.671	.132	28.667	.341	-.039*	-10.558*	-0.043*	0.024

\* $p < 0.05$

The results presented in Table 4.33 shows that without cognitive interpretations, about 17.1% ( $R^2 = .171$ ) of employee quit decisions was explained by organizational restructuring, the value of F was 39.225 while the value of  $\beta$  was 0.384, implying that for every one unit change in organizational restructuring there was 0.384 unit change in quit decisions in the same direction. After inclusion of cognitive interpretations, the value for  $R^2$  decreased by .039 units, F decreased by 10.558,  $\beta$  decreased by .043 units which were all significant at  $p < 0.05$  implying that the strength of relationship between organizational restructuring and quit decisions was weakened by the introduction of cognitive interpretation in the regression model. However, it must be noted that in this case, the cognitive interpretations were positive hence the weakening of the relationship. Had the interpretations been negative, the strength of relationship between

organizational restructuring and quit decisions would have been strengthened. We therefore accept the hypothesis (H<sub>5b</sub>), that the strength of relationship between organizational restructuring and employee quit decisions depends on cognitive interpretation.

**4.7.9.3 Hypothesis H<sub>6a</sub>: The strength of relationship between Organizational Restructuring and Quit Decisions by employee depends on Change Management Interventions**

Stepwise regression model was run to determine the influence of change interventions on the strength of the relationship between the respondents' concerns arising from the announcement of restructuring and their quit decisions. The results are presented in Table 4.32.

**Table 4.32 Stepwise Regression Results for the Moderating effect of Change Management Interventions on the Relationship between Organizational Restructuring and Quit Decisions**

H <sub>i</sub>	Without change mgt intervention				With change mgt intervention				Change			Sig.
	Intercept	R <sup>2</sup>	F	Beta (β)	Intercept	R <sup>2</sup>	F	Beta(β)	Δ R <sup>2</sup>	Δ F	Δ β	
H <sub>6a</sub>	2.762	.119	27.337	.563	2.993	.051	4.422	.483	.068*	-22.915*	-.080*	0.001

\*P < 0.05

The results in Table 4.32 show that before intervention, about 11.9% (R<sup>2</sup> = .119) of decision by employee to quit was explained by organizational restructuring, the value of F was 27.337 while the value of β was 0.563 meaning that 0.563 unit change in decision to quit would result from every one unit change in organizational restructuring. After change management interventions, the value of R<sup>2</sup> reduced by .068 units, F reduced by 22.915 and β reduced by .080 units which were all significant at p < 0.05, implying that the strength of the relationship between Organizational Restructuring and quit decisions was weakened by the introduction of change management interventions in the regression model. Arising from the results, we accept hypothesis (H<sub>6a</sub>), that the strength of relationship between Organizational Restructuring and employee quit decisions depends on change management interventions.

**4.7.9.4 Hypothesis H<sub>6b</sub>: The strength of relationship between Organizational Restructuring and Quit decisions depends on Organizational Characteristics**

Stepwise regression model was run to determine the influence of organizational characteristics on the strength of relationship between restructuring and quit decisions. The results are presented in Table 4.35. The table presents the various statistics from the regression model.

**Table 4.35 Stepwise regression results for the moderating effect of organizational characteristics on the strength of relationship between Restructuring and Quit Decisions**

H <sub>i</sub>	Before org characteristics				After org characteristics				Change in			Sig.
	Intercept	R <sup>2</sup>	F	Beta (β)	Intercept	R <sup>2</sup>	F	Beta (β)	Δ R <sup>2</sup>	Δ F	Δ β	
H <sub>6a</sub>	.793	.897	114.734	1.071	.868	.883	112.121	1.067	.014	-2.614	-.004	0.077
P < 0.05												

The results presented in Table 4.35 show that before consideration of organizational characteristics, about 89.7% ( $R^2 = .897$ ) quit decisions was explained by restructuring, the value of F was found to be 114.734 while the value of  $\beta$  was 1.071 implying that every unit change in restructuring results in 1.071 units change in quit decisions in the same direction. After consideration of organizational characteristics, the value for  $R^2$  decreased by .014 units, F decreased by 2.614 and  $\beta$  decreased by .004 units which were all insignificant at  $p < 0.05$  implying that the strength of relationship between restructuring and quit decisions did not change after inclusion of organizational characteristics in the regression model. We therefore reject the hypothesis H<sub>6b</sub> that the strength of relationship between restructuring and quit decisions depends on organizational characteristics.

A summary of correlation results and decision for the strength of relationship between study variables is given in Table 4.36

**Table 4.36 Summary results for test of hypotheses**

Hypothesis	Test	Result	Decision ( $P < 0.05$ )
H <sub>1a</sub> : There is a relationship between organizational restructuring and employee quit decisions	Pearson Correlation	$r = .123$ $p < 0.05$	Accept H <sub>1a</sub>
H <sub>1b</sub> : There is a relationship between organizational restructuring and employee dissatisfaction	“	$r = .301$ $p < 0.05$	Accept H <sub>1b</sub>
H <sub>1c</sub> : There is a relationship between organizational restructuring and perceived unmet promises	“	$r = .612$ $p < 0.05$	Accept H <sub>1c</sub>
H <sub>2a</sub> : There is a relationship between perceived unmet promises and employee quit decisions	“	$r = .491$ $p < 0.05$	Accept H <sub>2a</sub>
H <sub>2b</sub> : There is a relationship between perceived unmet promises and employee dissatisfaction	“	$r = .841$ $p < 0.05$	Accept H <sub>2b</sub>
H <sub>3</sub> : There is a relationship between dissatisfaction and quit decisions	“	$r = .913$ $p < 0.05$	Accept H <sub>3</sub>
H <sub>4a</sub> : The relationship between organizational restructuring and employee quit decisions is mediated by perceived unmet promises.	Hierarchical Regression Analysis	$\Delta F = 10.337$ $p < 0.05$	Accept H <sub>4a</sub>
H <sub>4b</sub> : The relationship between organizational restructuring and employee quit decisions is mediated by employee dissatisfaction	“	$\Delta F = 11.274$ $p < 0.05$	Accept H <sub>4b</sub>
H <sub>5a</sub> : The relationship between Organizational Restructuring and quit decisions depends on personal attributes	“	$\Delta \beta = -.005$ $p > 0.05$	Reject H <sub>6a</sub>
H <sub>5b</sub> : The relationship between Organizational Restructuring and quit decisions depends on cognitive interpretations	“	$\Delta \beta = -0.043$ $p < 0.05$	Accept H <sub>5a</sub>
H <sub>6a</sub> : The relationship between organizational restructuring and employee quit decisions depends on change management interventions	Stepwise Regression	$\Delta \beta = -.080$ $p < 0.05$	Accept H <sub>a</sub>
H <sub>6b</sub> : The relationship between Organizational Restructuring and quit decisions depends on Organizational Characteristics	“	$\Delta \beta = -.004$ $p > 0.05$	Reject H <sub>6b</sub>

From the summary of the results presented in Table 4.36, it can be seen that for hypotheses H<sub>1a</sub> to H<sub>1d</sub> that the strongest relationship is between employee dissatisfaction and quit decisions ( $r=.913$ ,  $p < 0.05$ ). This is followed by the relationship between perceived unmet promises and dissatisfaction ( $r=.841$ ,  $p < 0.05$ ), relationship between organizational restructuring and perceived psychological contract violation. ( $r=.612$ ,  $p < 0.05$ ), relationship between perceived unmet promises and quit decisions ( $r=.491$ ,  $p < 0.05$ ), relationship between organizational restructuring and employee dissatisfaction ( $r=.301$ ,  $p < 0.05$ ) and relationship between organizational restructuring and quit decisions ( $r=.123$ ,  $p < 0.05$ ) respectively. The strengths of relationships were found to be all statistically significant at  $p < 0.05$ . The relationship between organizational restructuring and quit decisions was found to be mediated by perceived unmet promises and dissatisfaction. The results from Tables 4.29, 4.30 and 4.31 reveal that there is a hierarchical relationship between organizational restructuring and employee quit decisions. This implies that upon announcement of organizational restructuring an employee will perceive unmet promises and become dissatisfied prior to engaging in quit decisions. However we note from Table 35 that dissatisfaction had a stronger mediation influence ( $\Delta r = 0.460$ ) on the relationship between organizational restructuring and quit decision than perceived unmet promises ( $\Delta r = 0.354$ ).

We further note, from the results on Table 4.35 with respect to hypotheses H<sub>5a</sub> to H<sub>5d</sub> that change management interventions ( $\Delta \beta = -.080$ ,  $p < 0.05$ ) and cognitive interpretations ( $\Delta \beta = 0.043$ ,  $p < 0.05$ ) had significant influence on the strength of relationship between organizational restructuring and quit decisions. However, personal attributes and organizational characteristics did not have significant influence on the strength of relationship between organizational restructuring and quit decisions. However, the results show that personal attributes had a slightly higher influence, though not statistically significant, on the strength of relationship between restructuring and quit decisions than organizational characteristics.

## CHAPTER FIVE

### DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

The rationale for this study was to examine and understand the relationships between the variables that were considered important to employee quit decision making process during organizational restructuring. The key study variables were organizational restructuring as the independent variable and employee quit decisions as the dependent variable. The mediating variables were perceived unmet promises (psychological contract violation) and employee dissatisfaction. Besides, the study aimed at investigating the influence of moderating factors namely; change management interventions, cognitive interpretations, personal attributes and organizational characteristics on the said relationships. In this chapter, a summary of key findings of the study are discussed and conclusions drawn. The chapter also covers limitations of the study, direction for future research and implication for theory, policy and practice. The thesis summary is given at the end of the chapter as an overview of the content of the study.

#### 5.2 Discussion of findings

Objective 1.3 (a) set out to establish the nature of relationship between organizational restructuring and: quit decisions, employee dissatisfaction and perceived unmet promises. Objective 1.3 (b) set out to determine the nature of relationship between perceived unmet promises and: quit decisions, and employee dissatisfaction. Objective 1.3 (c) set out to establish the nature of relationship between employee dissatisfaction and quit decisions. Objective 1.3 (d) set out to determine the mediating effect of perceived unmet promises and dissatisfaction on the relationship between organizational restructuring and quit decisions. Objective 1.3 (e) set out to determine the influence of change management interventions, cognitive interpretations, personal attributes and organizational characteristics on the relationship between organizational restructuring and quit decisions. Lastly, objective 1.3 (f) set out to establish the process through which employee quit decisions are made during organizational restructuring.

The research findings related to each objective are discussed in the subsequent sections.

## **5.2.1 Nature of relationship between Organizational Restructuring, Quit Decisions, Perceived Unmet Promises and Employee Dissatisfaction**

Objective 1.3 (a) aimed at establishing the nature of relationship between organizational restructuring and: quit decisions, employee dissatisfaction, and perceived unmet promises. It was hypothesized that there was a relationship between organizational restructuring and: quit decisions, dissatisfaction and perceived unmet promises. When each of the variables was statistically examined in relation to organizational restructuring, the results showed that the strongest relationship existed between organizational restructuring and perceived unmet promises, followed by the strength of relationship between organizational restructuring and dissatisfaction. In both cases, the nature of relationships was found to be both positive and significant. Those perceiving unmet promises or feeling dissatisfied but would wait to see what happens next would probably do so with a view to establishing whether or not the restructuring process would bring about positive outcomes for example career opportunities, better working terms and conditions, better reward and recognition process and competent leadership.

The strength of relationship between organizational restructuring and quit decisions was found to be statistically significant. Employees who would engage in quit decisions on announcement of restructuring process would probably do so due to some unfavorable experience in past either with current or previous employers. Besides, most of the employees in this category of employees are most likely to engage quit decisions even if there had been no restructuring. This argument is consistent with the views of Robinson and Rousseau (1994), Lehmann, (1979) and Lee et al. (1999) who reiterated that employees with unwritten (psychological) script or predetermined action will proceed to quit organization on the basis of such predetermined script rather than on the event in question which is restructuring in this instance. This is also consistent with the literature by Griffeth et al. (2000) who asserted that an actual career opportunity elsewhere has a positive link to turnover and is a factor influencing employee turnover while perceived alternatives can predict employee turnover decisions. As discussed in the literature review, employees would evaluate the options namely: quit decisions, feel dissatisfied or perceive unmet promises, by psychologically evaluating the expected monetary value (EMV) for each option and applying the opportunity gain/loss concept and the decision analysis model (DAM) developed by Narayanan and Rao (1987) discussed in section 2.8 under

literature review. According to Narayan and Rao, all decisions are made by assessing and evaluating the available options, before selecting the most beneficial and most likely outcome.

Objective 1.3 (b) aimed at establishing the nature of relationship between perceived unmet promises and: employee quit decisions and dissatisfaction. When each of the variables (quit decisions and dissatisfaction) was statistically examined in relation to perceived unmet promises, it was observed that there was positive and significant strength of relationship between perceived unmet promises and: quit decisions, dissatisfaction. However the relationship between perceived unmet promises and dissatisfaction was found to be stronger ( $r = .841$ ) relative to the relationship between perceived unmet promises and quit decisions ( $r = .491$ ). This implies that upon perceiving unmet promises employees are more likely to feel dissatisfied but would prefer to wait and see what happens next before engaging in quit decisions. Employees are more likely to be dissatisfied than engaging in quit decisions immediately hoping that things would improve and the restructuring process would bring about positive outcomes i.e. career opportunities, better terms and conditions of work, better reward and recognitions process, improved leadership, etc. This finding is consistent with the literature by Lewis and Smithson (2007) and Lawler and Nadler (1977). Longitudinal research by Rousseau (1995) revealed that perceived unmet promises predominantly would lead to employee dissatisfaction and turnover decisions.

As discussed in the literature review, employees who have perceived unmet promises would psychologically evaluate each of the options namely: quit decisions and dissatisfaction, by using expected monetary value (EMV) and opportunity gain/loss concepts in conjunction with the decision analysis model (DAM) developed by Narayanan and Rao (1987) who reiterated that decisions are made by assessing and evaluating the available options, before selecting the most beneficial and most likely outcome.

Objective 1.3 (c) was aimed at establishing the nature of relationship between employee dissatisfaction and quit decisions. It was hypothesized that there was a relationship between employee dissatisfaction and quit decisions. The results of hypothesis testing showed that a very strong and positive relationship exists between dissatisfaction and quit decisions. This finding is consistent with the literature by Hjalager (2003) who indicates that dissatisfaction is negatively linked with limited advancement opportunity and employees lacking promotion opportunities

were more likely to engage in quit decisions. However, as discussed in the literature review, majority would only leave the organization upon finding suitable alternative elsewhere. This category of employees is referred to as planned quitters. Some employees would leave immediately with or without finding suitable alternative elsewhere and their actions may be mainly driven by emotions and anger. This category of employees is referred to as impulsive quitters (Cascio, 1998 and Kaye, 1999).

Dissatisfied employees who would choose to continue staying in the organization would do so perhaps due to lack of interest or inability to find alternative jobs elsewhere as a result of factors such advanced age, plateaued career progression, lack of professional qualifications etc. The employees almost attaining the retirement age would prefer to stay even if dissatisfied as they would not wish to look for another job elsewhere and therefore they would aim at completing the remaining number of service years and obtaining the maximum retirement benefits from the present organization. This is consistent with the literature by Dopson & Newell (1996) who theorized that the older the employee becomes, the less likely hood that they would want to change jobs and vice versa . In order to understand the effect of career stage on predictor-turnover relationship, Hellman (1997) conducted a meta-analytic study of US federal employees examining the effect of career stage on the relationship between job satisfaction and intent to leave the organization. Hellman found that the association between job dissatisfaction and intent to leave the organization steadily decreases as the employee's age increases.

### **5.2.2 Mediating effect of Perceived unmet promises and employee dissatisfaction on the relationship between Organizational restructuring and Quit decisions**

Objective 1.3 (d) was aimed at determining the mediating effect of perceived unmet promises and employee dissatisfaction on the relationship between organization restructuring and quit decisions. It was hypothesized that perceived unmet promises and employee dissatisfaction had mediating effect on the relationship between organization restructuring and quit decisions. The results of hypothesis testing showed that both perceived unmet promises and employee dissatisfaction had strong mediating effect on the relationship between organization restructuring and quit decisions. This implies that on announcement of organizational restructuring, employees are likely to perceive unmet promises and attain a given level of dissatisfaction before engaging in quit decisions.

However, on the announcement of restructuring, not every employee engaging in quit decisions may necessarily go through the stages of perceiving unmet promises and dissatisfaction. This is because prior to the announcement or restructuring process, some employees may have already perceived unmet promises or become dissatisfied due to previous their previous experience and therefore engagement in quit decisions may have been triggered by events or the experience the employee went through prior to announcement of restructuring. This view is supported by the study by Lee et al (1999) who found out that whenever there is an event or shock to the employee due to some changes in the organization, some employees will make a decision to quit based on the pre-existing plan or the script due to previous experience

### **5.2.3 Influence of change management interventions, cognitive interpretations, personal attributes and organizational characteristics on the relationship between Organizational Restructuring and Quit decisions**

Objective 1.3 (d) was aimed at determining the influence of change management interventions on the relationship between organizational restructuring and quit decisions. It was hypothesized that change management interventions would have influence on the relationship between organizational restructuring and quit decisions. The results from the tests showed that when change interventions were introduced, these had significant influence on the strength of

relationships between organizational restructuring and quit decisions. This is consistent with the views of Kotter (1995) and Conway & Guest, 1997 who reiterated that organizations who administer effective change management programmes during organization wide change initiative are able to minimize the desire by employee to engage in quit decisions thereby helping to retain key staff. Lee et al in their Unfolded Model did not investigate the influence of change management interventions on the relationship between an event and employee turnover. The test results show that effecting change management interventions had weakened the relationship between organizational restructuring and employee quit decisions. Lee et al (1999) in their study assumed that there are no moderating variables and therefore an event or shock would straight away lead to employee turnover. The findings of the current study contradict this view.

Objective 1.3 (b) (ii) was aimed at determining the influence of Cognitive Interpretations on the relationship between perceived unmet promises and quit decisions, employee dissatisfaction. It was hypothesized that Cognitive interpretations would have influence on these relationships. The results of the test of hypothesis showed that there was negative and significant influence of cognitive interpretations on the relationship between perceived unmet promises and; quit decisions, dissatisfaction. This means that with considerations of cognitive interpretations, the strength of relationships was reduced. However, it was observed that the degree of influence of cognitive interpretations on the relationship between perceived unmet promises and quit decisions was higher than with dissatisfaction. This means that cognitive interpretations are more influential at the point where the employees perceive unmet promises but before they feel dissatisfied. If the perceived unmet promises develop to the level of dissatisfaction, then cognitive interpretations will become less influential. This trend is consistent with the views of Conway & Guest, 1997 who reiterated that an employee who has reached dissatisfaction level is not easily motivated or influence by personal or environmental factors. It is also consistent with the findings by Lee et al. (1999) in their Unfolding Model of Voluntary Turnover. Lee at al found that, an employee who has reached a dissatisfied level will have limited choices and will be difficult to motivate.

Objectives 1.3 (b) (iii) and (iv) were aimed at determining the influence of personal attributes and organizational on the relationship between employee dissatisfaction and quit decisions. It was hypothesized that personal attributes and organizational characteristics would have influence

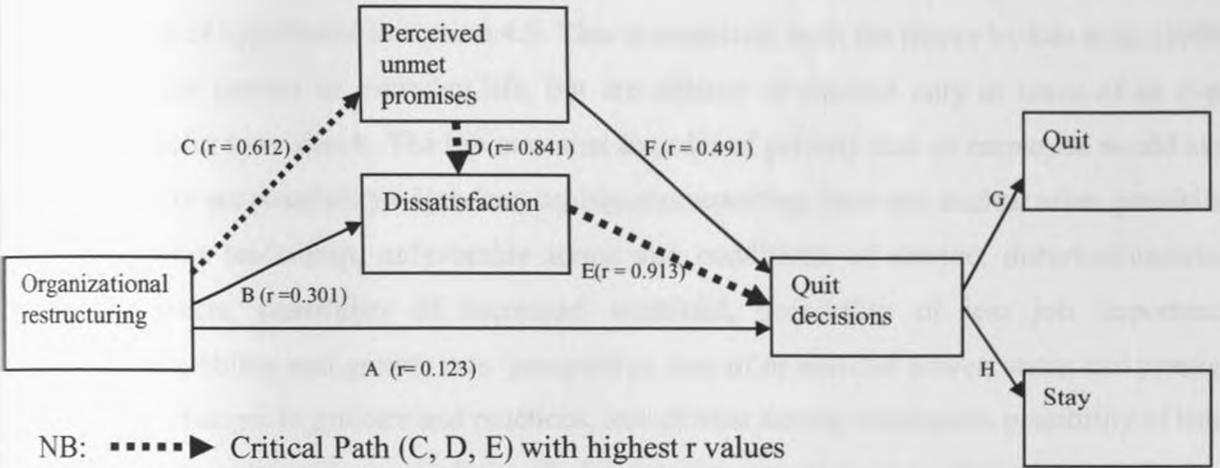
on this relationship. It had been further hypothesized that personal attributes and organizational characteristics have influence on the strength of relationship between dissatisfaction and quit decisions. The results from hypothesis testing showed that personal attributes and organizational characteristics have insignificant influence on the strength of the relationship between dissatisfaction and quit decisions. This is inconsistent with the findings of a study conducted by Booth and Hamer (2007), which asserted that individual employee attributes are critical in employee decisions concerning turnover. This is also inconsistent with the literature by Hume (2006) and Rousseau (1995) who asserted that organization characteristics such as size, ownership brand, diversity and market position have influence on decision by employee to quit or stay in the organization.

Although, it was found that statistically, the influence of both personal attributes and organizational characteristics had no influence on the relationship between organizational restructuring and quit decisions, the mean score for importance with respect of personal attributes was found to be higher (2.17) than for organizational characteristics (1.65). Therefore personal attributes would have a slightly more influence on the relationship between restructuring and quit decisions than organizational characteristics. Predictors of employee turnover such as trust and morale are considered to have a positive relationship with turnover. This is consistent with the literature by Dopson & Newell (1996) and Hellman (1997), who reiterated that trust and employee morale are key to employee's long term association with the organization.

#### **5.2.4 Quit Decision making process**

The third objective was to develop a model process for decision making by employees during organizational restructuring. The model was developed based on hypotheses test results used to determine the nature and strength of relationship between the study variables obtained through Pearson's Correlation Analysis and the hierarchical relationship between organisational restructuring and employee quit decisions through perceived unmet promises and employee dissatisfaction. The correlation patterns observed between the variables were used to identify possible decision making paths by employees during organizational restructuring. The possible decision making paths are indicated in figure 5.1 below.

**Fig 5.1 Employee quit decision making process during organizational restructuring**



Each box in the model represents a decision making point. The letters A, B, C, D, E, F, G and H represent possible decision paths available to the employee during organizational restructuring. The results obtained from hierarchical analysis show that organizational restructuring is a good predictor of perceived unmet promises. Perceived unmet promises is a good predictor of employee dissatisfaction which in turn is a good predictor of employee quit decisions and employee quit decisions. However, different employees may follow different decision paths shown in figure 5.1. For example at the point when an announcement regarding restructuring process is made, there will be three possible paths for consideration by an employee namely: Quit decisions (A), feel dissatisfied (B) or Perceiving unmet promises but wait to see what happens next (C). Those employee who engage in quit decisions (path A) employees may do so due to their past negative experience in similar situations or they may have already decided to quit the organization even prior to the restructuring process due to other reasons and had already passed through the perception of unmet promises and dissatisfaction stages prior to announcement of the restructuring process. For example, the restructuring process may have just triggered the idea of quitting but is not really the cause for their desire to quit. Similarly, those who would pursue path B; Organizational Restructuring → Dissatisfaction → Quit Decisions) would do so due to negative experience prior to the announcement of the restructuring process and may have already perceived unmet promises arising from such previous experience. On the

other hand those who would take pursue path C would do so due to the announcement of the organizational restructuring and would then get to dissatisfaction stage and eventually engage in quit decisions if concerns are not addressed. Therefore they would pursue path C, D, E. This is considered as the critical path as it has the highest values of 'r' from Pearson Correlation analysis under the test of hypotheses in section 4.5. This is consistent with the theory by Lee et al. (1999), that scripts are present in everyday life, but are utilized or enacted only in times of an event which they refer to as shock. The top concerns in order of priority that an employee would have at this juncture are possibility of job loss, ambiguous reporting lines and unclear roles, possibility of incompetent leadership, unfavorable terms and conditions of service, disturbed/uncertain career prospects, possibility of increased workload, possibility of less job importance, organization stability and growth rate (prosperity), loss of or reduced power, status and prestige, unfavorable changes in policies and practices, loss of trust among colleagues, possibility of being transferred or relocated, possibility of Job-interest misalignment, threat to or loss of interpersonal relationships and fears of inability to perform new roles.

Therefore, the most likely decisions (activity) to be adopted by an employee at the time of announcement in order of preference would therefore be C, D, E. However, possible decision paths defined above are likely to be influenced by change interventions, cognitive interpretations, and personal attributes and organizational characteristics as discussed under section 5.2.

When an employee has decided to quit, they would have two alternative paths i.e. to quit or stay. An employee who chooses to quit immediately may do so for various reasons, for example they may feel that there is no more hope for them in the organization or they may recall negative experiences in the past on similar circumstances and are therefore does no longer want to be associated with the organization. Besides, they may have already made a decision to leave the organization even prior to the announcement of restructuring. If they opt to leave the organization immediately, they would be referred to as impulsive quitters as discussed in the earlier sections. On the other hand, where the employee chooses to quit only upon finding a better or suitable opportunity elsewhere, this type of quitters as discussed in the literature review is known as planned or conditional quitters (Cascio, 1998); (Kaye, 1999). However the majority of employees who become dissatisfied may continue to work in the organization while looking for alternatives elsewhere. This is a very difficult situation for the organization as it does not

provide a conducive working environment and may in the long run affect organizational productivity as well as survival and growth prospects. The alternative decision paths that can be pursued by an employee during organizational restructuring are summarized in figure 5.2.

**Figure 5.2 Possible decision paths to an employee during organizational restructuring**

Path (A) : Org Rest  $\longrightarrow$  Quit Decisions

Path (BE) : Org Rest  $\longrightarrow$  Dissat  $\longrightarrow$  Quit Decisions

Path (CDE,) : Org Rest  $\longrightarrow$  PUP  $\longrightarrow$  Dissat  $\longrightarrow$  Quit Decisions

Path (CF) : Org Rest  $\longrightarrow$  PUP  $\longrightarrow$  Quit Decisions

NB: Org Rest = Organizational Restructuring

Dissat = Dissatisfaction

PUP = Perceived Unmet Promises

There are four possible paths that can be pursued by an employee during organizational restructuring: A, BE, CDE and CF as shown in figure 5.2. From the findings, based on the strength of relationship between the variables, the path likely to be pursued by most employees is path CDE which shows that upon announcement of organizational restructuring, an employee then perceives unmet promises which gradually brings about dissatisfaction leading to quit decisions. This is the critical path as it has the highest values of  $r$  obtained from Pearson Correlation coefficients. With regard to path A, an announcement of organization restructuring would lead to employee engaging in quit decisions. As discussed under findings, this is likely where an employee had already reached the dissatisfaction level and had contemplated leaving the organization even before the announcement of restructuring was made. The announcement of restructuring in this case would have only triggered or reinforced the quit decisions.

Path BE suggests that an employee would feel dissatisfied upon announcement of restructuring without perceiving unmet promises, which then leads to quit decisions. Path CF suggests that upon announcement of restructuring, an employee would perceive unmet promises and then engage in quit decisions without going through the dissatisfaction phase. All the stated paths are in one way or the other influenced by the moderating factors namely change management

interventions, cognitive interpretations, personal attributes and organizational characteristics. The influence of the moderating factors on the relationship between the variables was hypothesized and tested accordingly.

Knowing which paths employees would most likely use in making quit decisions during restructuring may give the organization some information about how much time there may have to intervene before the individuals actually leave the organization. The Lee et al. (1999) study with accounting firms demonstrated, found that the elapsed time between the first thoughts of quitting and the ultimate decision to leave was longer for the perceived unmet promises - dissatisfaction path 3 (Shock- Image violation- Dissatisfaction- quit decisions) which can be equated to path CDE (Restructuring- Perceived unmet promises- Dissatisfaction – Quit decisions) than for any of the other paths. The findings from the current study therefore supports Lee and Mitchell's suggestion that an organization may have more time to intervene and perhaps are retain key employees if such employees choose to follow the CDE path than if they decide to quit in response to a shock (referred to as organizational restructuring in the current study).

### **5.2.5 Similarities and contrasts between findings of current study and Unfolding Model**

The current study is consistent and in contrast with the Lee et al's Unfolding model in a number of ways. Both studies define predictors and antecedents of employee quit decisions. However, whilst the key variables under the current study are organizational restructuring (independent variable), perceived psychological contract violation (unmet promises), employee dissatisfaction and quit decisions, the variables in the unfolded model are: Shock or Event (independent variable), image violations, Dissatisfaction and quit. Organizational restructuring in the current study can be equated to what Lee et al referred to as shock or an event. Similarly, perceived unmet promises in the current study can be equated to what Lee et al referred to as the image violations in the unfolded model. Dissatisfaction is noted as a key variable in both studies. However, whilst the current study identifies quit decisions as dependent variable, the Unfolding Model identifies decision to quit without due consideration to the possibility of decision to stay in the organization. In both studies alternative decisions are searched and evaluated before making a final choice. The current study is therefore an improvement in this regard. The current study identifies four possible decision paths while Lee et al in their unfolded model identified

three possible decision paths. The possible decision paths as identified by Lee et al, are as follows

Path1: Shock triggers enactment of a particular pre-existing plan or script. The person leaves the organization without researching or considering alternatives. This can be equated to Path (A) in the current study which suggests that upon announcement of restructuring some employees will leave the organization due to pre-existing plans. Employees pursuing this path are referred to as impulsive quitters and they do not give the organization an opportunity to explain the rationale behind the shock or restructuring initiative.

Path 2: Shock/Event prompts ideas of image violations and leads a person to reconsider his/her attachment to the organization; alternatives are researched or not researched and considered before the individual quits the organization. This can be equated to path (CF) in the current study which suggests that upon announcement of restructuring, some employees will perceive violation of psychological contract and consider quitting the organization.

Path 4--b an individual gradually becomes dissatisfied, which leads to a search or no search for alternatives prior to leaving the organization. This can be equated to Path (CDE) in the current study.

However, Lee et al in their Unfolding Model did not investigate Path (BE) identified under the current study. They did not take into account the possibility that an event or shock can lead directly to dissatisfaction which eventually leads to quit decisions. The Unfolded Model does not also investigate the influence of change interventions, cognitive interpretations, personal attributes and organizational characteristics. In the current study the influence of these moderating factors in the process was studied.

Arising from the above, it can be seen that the results from the current study support the findings in the unfold model in a number of ways as discussed. However, the current study provides a more comprehensive framework by introducing the moderating factors and investigating their influencing role in the quit decision making process and therefore it is an improvement over the unfolded model.

### 5.3 CONCLUSIONS

This study was designed to develop the understanding of the predictors and antecedents for voluntary employee turnover in the banking industry in Kenya during restructuring. The study revealed that employees leaving or staying in their organizations following a restructuring initiative do so for various reasons.

The key conclusion from the study is that most employees would develop the desire to quit the organization if they perceived that their expectations had been violated. Perceived unmet promises or expectations would lead the employees to perceive misfit with the organization. The results showed that the most important expectations and concerns to the employees during organizational restructuring can be categorized into five key aspects namely; Job/work related aspects, Reward and Recognition, Career and development opportunities, People and organization related aspects. At the point of announcement of organizational restructuring, the key concerns by employees would be embedded on these expectations. Likewise employee dissatisfaction would arise when the employee believes that there has been a violation of his or her expectations (unmet promises) as a result of the restructuring. The decision by employee to quit the organization or continue staying will arise at various points in the decision making process. The first level of decision making is at the point or announcement of organizational restructuring, the second level is at the point when employee perceives unmet promises and third level of decision making is at the point when employee becomes dissatisfied.

As can be seen from the data analysis, an employee will therefore not need to go through all the three levels in order to decide whether to quit or continue staying in the organization. These decisions can be made at any of the three levels depending on various reasons as discussed under literature review. However, it is observed that as the employee experiences levels one, two and three, the longer it takes before the employee finally decides whether to quit the organization or continue staying. It is observed that the probability of employee deciding to quit increases at each level i.e. lowest at level one (on announcement of restructuring) and highest at level three (point of dissatisfaction). On the other hand, the probability of employee deciding to continue staying in the organization would be highest at level one and lowest at level three. This implies that it is easier to convince an employee to continue staying in the organization at the points of

announcement of restructuring and perceived unmet promises than at the point when the employee becomes dissatisfied.

### **5.3.1 Contributions to Theory and Theory Development**

A conceptual framework developed from this study brings out a better understanding of the interrelationship amongst organizational restructuring, perceived unmet promises, employee dissatisfaction and quit decisions thereby increasing the stock of theoretical and empirical knowledge in related fields. The framework also captured the dynamics and factors influencing employee quit decision process during organizational restructuring. Besides, the findings of the study would provide useful reference guide for designing appropriate proactive change management and retention strategies for retaining key employees by organizations intending to undertake restructuring process. It will also form a basis for future research and teachings in related fields. The key contributions arising from this study are highlighted below.

John Kotter in his Eight Step Change Model says that 70% of all major change efforts in organizations fail because of lack of an effective change management framework (Kotter, 2000). According to Kotter, organizations can increase their chances of success during organizational change if they put in place a well designed change management framework. The change management framework should have relevant interventions for ensuring that key employees are retained to successfully manage and drive change. The current study investigated the influence of change management interventions, organizational characteristics, cognitive interpretations and personal attributes on employee quit decisions and the results showed that change interventions had significant influence on employee quit decisions. This finding therefore supports Kotter's view with regard to the importance of change management interventions

. With regard to the comparison between the current study and the Unfolding Model of employee turnover, the current study shows an improvement in a number of aspects. First, whilst the current study identifies quit decisions as dependent variable, the Unfolding Model identifies decision to quit without due consideration to the possibility of decision to stay in the organization. Secondly, the current study identifies four possible quit decision paths while Lee et al's Unfolding Model recognized only three key possible paths. They did not take into account the possibility that an event or shock can lead directly to dissatisfaction which eventually leads to

quit decisions. The Unfolded Model does not also investigate the influence of change interventions, cognitive interpretations, personal attributes and organizational characteristics. In the current study the influence of these moderating factors in the process was studied. Furthermore, the current study identifies quit decisions that is decision to quit or continue staying in the organization, as a dependent variable while the in the Unfolding Model, decision to quit is the dependent variable implying that only quit aspect is considered without due consideration to the possibility of decision to stay in the organization.

Victor Vroom's Expectancy theory has also been reinforced by the findings of the current study. According Vroom's theory, an individual is likely to become dissatisfied if his /her expectations are not met. The findings of the current study showed very strong association between perceived unmet promises (expectations) and employee expectations

Previous studies (Konrad, 2006; Kaye, 1999; Heider,1958) on employee turnover found that personal attributes and organizational characteristics play key role in employee quit decisions. The current study contradicts this theory. The findings from the current study suggest that personal attributes and organizational characteristics have no influence on quit decisions. We can therefore conclude that while the theory may be true in the case of the general employee turnover situation, it will not apply in the case of quit decisions arising from organizational restructuring.

Another important contribution from the current study is that fact that at any given time, even when the organization is not undergoing any change process such as restructuring, not all employees in the organization are happy and willing to stay in the organization. At any given point in time, some employees will be loyal and willing to continue working in the organization while some will be at perceived unmet promises or dissatisfaction stage. Employees can therefore engage in quit decisions as a result of having already perceived unmet promises or become dissatisfied even prior to organizational restructuring. Still for others, quit decision stage may already have been reached even prior to change process. The stage at which each employee may be at depends on the past experience by the employees either in current or previous organization. However, for the majority, the process will start at the time a major change initiative is announced and will go through the various steps that is perceived unmet promises and dissatisfaction level before engaging in quit decisions

As discussed under literature review, a number of studies on employee quit decisions or turnover have mainly focused on the content of employee quit decisions, that is, reasons why employees quit the organization and not the process through which such decisions are made. The current study through the test of various hypotheses suggests an integrated process framework likely to be followed by employees while making quit decisions.

Previous studies made huge contributions with regard to predictors and antecedents of employee quit decisions. However, these studies focused on examining one or two variables. The current study examines the interrelationship amongst four variables namely organizational restructuring as an independent variable, employee quit decisions as an independent variable and perceived unmet promises and employee dissatisfaction as intervening variables have been examined in an integrated manner. In addition, the current study investigates effect of change management interventions, cognitive interpretations, personal attributes and organizational characteristics on the said interrelationships.

As noted under literature review, most of previous studies on predictors and antecedents of employee quit decisions have been conducted in the culture of western and developed countries work settings. As pointed out by Cotton and Tuttle (1986), the findings of these studies may not be applicable to the organizations in developing countries culture due to vast differences in the economic, social, religious and cultural values. The findings of this Study would therefore be more relevant to developing countries particularly from an African and more specifically from a Kenyan context.

Lastly, the findings of the current study will provide reference material and a platform for future studies in related fields. Future researchers intending to conduct research in related fields may further want to build on or critique the findings of the current study.

### **5.3.2 Contribution to Policy and Practice**

In order to minimize instances or discourage employees from deciding to quit the organization and maximize instances or encourage talented employees to continue working in the

organization, the management of the restructuring organization must ensure that there are appropriate change management interventions with a view to ensuring high levels of employee engagement and commitment. As discussed under literature review, where the employee is highly engaged with the organization, they will have high levels of commitment, trust and sense of belonging if they believe that their expectations will be met by the organization. A highly engaged employee will therefore be less likely to leave the organizations. During organizational restructuring, the engagement level of the employees will be tested. This may lead to perception of unmet promises, dissatisfaction and engagement in quit decisions by the employees arising from uncertainties associated with organizational restructuring.

In order to maintain high level of employee engagement and commitment, communication plays a key role during organizational restructuring process. Without effective communication, there will be a disconnect between what the organization is trying to achieve and expectations of the employees. It is therefore important for organizations intending to undertake restructuring process to ensure that there is effective continuous communication between the management and employees in order to build trust and commitment amongst employees and create confidence in the leadership. Effective communication ensures that the right message is disseminated at the right time. The communication should include; What is changing ,why the change is necessary, when the change will take place , who will be impacted and the support programmes put in place to support those likely to be negatively impacted, and how (process) the change will be effected. Regular updates and feedback throughout the restructuring exercise is necessary to ensure transparency and fairness. Effective communication programme will ensure that there is clarity and transparency at each and every stage of the restructuring process so as to avoid vagueness and possibility of employees having negative cognitive interpretations. Every decision that impacts on the employees must be communicated openly, transparently and tactfully.

As we have observed from the study test results, change interventions, cognitive interpretations, personal attributes and organizational characteristics have some influence on the strength of relationships between organizational restructuring and quit decisions. Change interventions have the highest influence, followed by cognitive interpretations, personal attributes and organizational characteristics. Although, the test results show that personal attributes and organizational characteristics do not have significant influence on the strength of relationships

between the organizational restructuring and quit decisions by employees, their inclusion in the overall employee strategy should not be undermined. It is, therefore, important that in addition to the change management program and consideration of cognitive interpretations, restructuring organizations should consider personal attributes and organizational characteristics while designing appropriate change management framework. In addition, an effective communication programme must be built in within the change management framework. The change management and communication plans must be put in place by the organizations intending to go through restructuring prior to the announcement of the restructuring. Initiating a restructuring process without a proper change management programme and effective communication plan, is a recipe for failure of the restructuring process as there is a high risks of losing talented and key staff who may be critical to successful restructuring process.

Therefore, before an organization embarks on a restructuring exercise, an appropriate change management programme must be put in place. Banks planning to undertake restructuring process must ensure that there is a change management programme covering the five aspects mentioned above to help keep the employee engagement levels high. The interventions that must be included in the change management program under each of the five aspects are:

**i) Work related interventions**

Employees would want to know how the restructuring exercise will impact on their jobs i.e. whether their jobs are secure, their role in the new organization, any changes in job contents, importance of their jobs, job challenges, if they have the required skills to perform their new job and training or up skilling opportunities, changes in job locations, job interest alignment and whether there will be any work life balance in light of the changes in work loads. The restructuring organization must therefore ensure that these expectations are addressed

**(ii) Reward and Recognition related interventions**

Employee engagement can also be enhanced through reward and recognition initiatives i.e. where employees are rewarded and promoted based on their achievements, fairness and the impact of the reward and recognition programmes. There must be a clear link between performance and reward where reward and recognition is based on contributions made by

individuals and teams. Employees must be made aware that reward and recognition will be based on individual as well as team contributions.

**(iii) Career and Development opportunities interventions**

During organizational restructuring, employee engagement can be enhanced by communicating the career and development opportunities available to them presently and in future. The job opportunities may be available within the current job environment or location or in other locations of the business. The highly talented individuals must be identified and engaged appropriately with a view to letting them know the available career and development plans in place for them. The high performing individuals must be retained through competitive compensation structures.

**(iv) Leadership and employee relations interventions**

During organizational restructuring, employee engagement can be enhance through the employee's manager i.e. the quality of leadership and how employees are treated by their managers, employee empowerment i.e. the level of involvement employees have in decisions that affect their job and career, creating an atmosphere where employees feel supported by their colleagues i.e. team oriented and collaborative environment. The organizations planning restructuring must therefore ensure that these attributes are embedded in the change management programmes.

**(v) Organizational related interventions**

The organizational attributes that may enhance employee engagement during restructuring include; Organization's ability to maintain its brand and reputation, organizational stability, the extent to which the organization shows respect to employees, the organization's culture i.e. level of commitment to having a diverse workforce. The organizations planning to undertake restructuring process must therefore ensure presence of these organizational attributes and ensure that the right cultures, diversity and inclusion programs are in place attract and retain talent. These aspects must not only be part of the change management interventions put in place during the restructuring process but also embedded in the organization's employee value proposition.

### 5.3.3 Limitations of the study

Despite the contribution of this study to theory, policy and practice, like any other previous studies, some limitations were noted during the research. Firstly, the survey was conducted and data collected from the respondents only once. The current study therefore did not take into consideration longitudinal aspect, for example it did not investigate whether, the results obtained would be significantly be different if the study was to be repeated say after three years. Had the survey been repeated over a period of time say after five years by surveying the same individuals surveyed in the first instance, It would have been interesting to compare the results arising from the these individual at two different points in time

Secondly, the target population for the study was employees of commercial Banks in Kenya. The study did not therefore cover employees of other sectors such as manufacturing, mining and agriculture. It would have been interesting to compare results from different industries with a view to finding out if the same results would be similar. Each industry may have unique circumstances which may impact the outcome of such studies. For example, the working environment in the banking and mining industries are quite different which again impact on the nature of employment contract, reward policies, leadership and qualifications required.

Thirdly, the current study assumes that restructuring organizations will make every effort to retain the services of all employees. This may not be the case as the outcome of restructuring may call for a reduction of head count. In this case, the restructuring organization will have to ensure that the restructuring is conducted in such a manner that the employees with the required key skills are retained while those who may not fit in the new organization due to lack of required key skills are treated with respect and exited though appropriate exit strategies for instance having exit support programme and counseling sessions. The process of retaining key staff and relieving those who do not fit within the new organization is a delicate one. Motivating the survivors becomes a challenge when some of their friends and colleagues are asked to leave through retrenchment exercise.

Fourthly, the current study although established the various stages and employee would go through during quit decision process , the length of time taken to move from one stage to another for instance the length of time it would take an employee to perceive unmet promises on

announcement of organizational restructuring has not been investigated. Likewise the length of time it will take an employee who has perceived unmet promises to become dissatisfied and an employee who has become dissatisfied to begin engaging in quit decisions has not been investigated in the current study and neither has this been done in previous study.

Finally, the current study covered only the white collar employees i.e. clerical staff, officers and managers and therefore excluded the blue collar employees. A comparison was therefore not made to see if the findings would differ with respect to the two categories of employees. Cotton and Tuttle (1986) attempted to contrast the employee turnover process experience by white collar and blue collar and theorized that a less reliable relationship existed between satisfaction, the job and employee turnover when comparing blue collar employees to white collar employees.

#### **5.3.4 Direction for Future Research**

The results of this study suggest a variety of implications for future research. First, it would be useful conduct a similar study on a longitudinal basis using similar procedures with the same respondents after several years say five years. This would allow researchers to determine whether the strength of relationship between the variables and the influence of moderating factors on the strength of relationships would have changed over time.

Secondly, the questionnaire return rate in the current study could have been better. Future studies should consider introducing some sort of incentives and the respondents who respond and return the questionnaires promptly rewarded. The respondents can be advised of the existence of such incentives in advance. Such an initiative will help improving the questionnaire return rate. A chance for a cash reward or a small prize could encourage more people to respond to and return the questionnaires promptly

Thirdly, the target population for the current study was bank employees .Furthermore, only white collar employees within the commercial banks were included in the study. A repeat of this study in different industries and sectors in future studies for example manufacturing, transport, commercial, tourism and agriculture would be useful to compare and contrast the results from different industries and sectors. Future empirical studies should also include blue collar workers

with a view to finding if the results obtained would be different from the results obtained from the current study

Fourthly, the assumption made under the current study is that restructuring organizations would be keen in retaining all employees in the organization. However, this may not be the case especially where the restructuring may result in downsizing thereby a reduction in the number of employees. Future studies in related areas should include the aspect of retrenchment and consider inclusion of voluntary retirement schemes as part of change management and employee support programmes. This way, those who are not willing to continue working in the new organization due to lack of new skills required or unable to keep pace with the new ways of doing things can be managed out in a respectful and dignified manner.

Finally, the current study identifies the process through which employees may engage in quit decisions. The process starts with perception of unmet promises upon announcement of organizational restructuring, then the employee attains dissatisfaction level after which engagement in quit decisions follows. However, the current study did not investigate the duration one would take in order to move from one stage to the other. Future researchers should consider including this aspect in their studies with a view of investigating the length of time that would be taken by an employee during organizational restructuring to shift from one stage to the other in the quit decision process. For example the length of time an employee would take to perceive unmet promises after the announcement of restructuring and also the length of time an employee would take to reach dissatisfaction level and engage in quit decisions respectively. However, it must be noted that the time one may take to shift from one stage to another can be highly subjective and therefore caution must be taken before including this aspect in the study.

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## APPENDICES

**Appendix 1: List of Commercial Banks in Kenya and number of staff as at 31<sup>st</sup> December, 2007**

	BANK	No. of employees
1	Kenya Commercial Bank Ltd	2,990
2	Barclays Bank of Kenya	2,785
3	Equity Bank Ltd	2,237
4	Co-operative Bank of Kenya ltd	1,691
5	Standard Chartered Bank (K) ltd	1,279
6	National Bank of Kenya ltd	996
7	K- Rep Bank ltd	664
8	Family Bank Ltd	612
9	Diamond Trust Bank Ltd	364
10	Commercial Bank of Africa ltd	358
11	National Industrial Credit Bank Ltd	298
12	Stanbic Bank Kenya ltd	278
13	Investment & Mortgages Bank ltd	276
14	CfC C Bank ltd	268
15	Imperial Bank Ltd	256
16	African Banking Corporation	191
17	Prime Bank ltd	186
18	Consolidated Bank of Kenya ltd	171
19	EABS Bank ltd	169
20	Southern Credit Bank corporation	161
21	Citi Bank N.A	143
22	Fina Bank ltd	140
23	Bank of Baroda ( Kenya)	128
24	Chase Bank ltd	119
25	Trans-national Bank ltd	108
26	Giro Commercial Bank	101
27	Guardian Bank Ltd	98
28	Bank of Africa Kenya ltd	77
29	Gulf African Bank ltd	76
30	Bank of India	67
31	Credit Bank ltd	67
32	Habib Bank A.G Zurich	65
33	Fidelity Commercial Bank ltd	64
34	Equatorial commercial Bank ltd	59
35	Oriental commercial Bank ltd	58
36	Habib Bank ltd	52
37	Middle East Bank Kenya ltd	51
38	Victoria commercial Bank	49
39	Development Bank Kenya ltd	46
40	Paramount Universal Bank ltd	43
41	Dubai Bank td	35
42	City Finance Bank ltd	15
	Total number of staff	17,891

Source: Central Bank of Kenya Annual Report, 2007/8 and Kenya Bankers Association Annual Reports, 2007/8

## Appendix 2: List of restructured banks from 1998 to 2008

<b>Restructured Banks</b>	<b>Nature of restructuring</b>	<b>New/Adopted Name</b>
Barclays Bank	Downsizing	No change
Standard Chartered	Downsizing	No change
Cooperative Bank	Downsizing	No Change
National Bank of Kenya	Downsizing	No Change
Kenya Commercial Bank	Downsizing	No change
Citibank	Downsizing	No change
Investment & Mortgages (I & M) with Biashara	Merger	I & M Bank
Guardian with First National	Merger	Guardian Bank Ltd
NIC with Ambank	Merger	NIC Bank Ltd
Stanbic with CFC Bank	Merger	CfC Stanbic Bank
East African Building Society (EABS) with Eco Bank	Acquisition	Ecobank
Dubai Bank with Mashreq Bank	Acquisition	Dubai Bank
First American Bank with Commercial Bank of Africa	Acquisition	CBA
Diamond Trust Finance	Conversion	Diamond Trust Bank
Equity Building Society	Conversion	Equity Bank Ltd
K-Rep Finance	Conversion	K-Rep Bank Ltd
City Finance	Conversion	City Finance Bank
Delphis Bank	Reconstruction	Oriental Commercial Bank

Source: Central Bank of Kenya and Kenya Bankers Association Annual Reports 1998 -2008

**Appendix 3: Categorization of banks and employee cadre included in the study**

<b>Bank</b>	<b>Managers</b>	<b>Non managers</b>	<b>Total</b>
<b>Large Local Banks</b> Kenya Commercial Bank ,National Bank, Cooperative Bank, Equity Bank	2019	5895	7914
<b>Large Foreign Banks</b> Barclays Bank ,Standard Chartered Bank	1693	2371	4064
<b>Medium Size Local Banks</b> Commercial Bank of Africa, Diamond Trust Bank , K- Rep Bank	556	830	1386
<b>Medium Size foreign Banks</b> CfC Stanbic Bank	479	67	546
<b>Small Local Banks</b> NIC Bank, Oriental Commercial Bank ,Investment & Mortgages Bank, Guardian Bank, City Finance Bank	523	237	760
<b>Small Foreign Bank</b> Eco Bank, Citibank and Dubai Bank	189	158	347

#### Appendix 4: Operational definition of study variables

A)Independent variable	Definition	Measurement	Questionnaire item
Organizational Restructuring	This is the process of reviewing/changing the structure of the organization as well as Job (work) designs, systems, policies and practices in order to make its operations more effective and efficient.	These have been measured in terms of employee concerns arising from restructuring. Given concerns are rated on a likert scale by the respondents	3,4,5,6
<b>B)Dependent variable</b>			
Quit decisions	These are choices an employee would make arising from the organizational restructuring as whether or not to quit the organization	These have been measured in terms of reasons why employees engaged in quit decisions. Given reasons are rated on a likert scale by the respondents	6,9,11
<b>(C)Mediating Variables</b>			
i) Employee dissatisfaction	This refers to the level of unhappiness the employee experiences as a result of the perceived unmet expectations	These have been measured in terms of reasons why employees become dissatisfied and are rated on a likert scale .	7,10
ii) Perceived Unmet Promises	This is when an employee perceives that a given set of psychological expectations have been breached or violated by the employer as a result of restructuring.	These have been measured in terms of promises or expectations by employees. Given expectations are rated on a likert scale by the respondents	8,9,10

<b>(D) Moderating factors</b>			
i) Change management interventions	These refer to the interventions initiated by management to successfully manage change process.	These have been measured in terms of importance of the given interventions and are rated on a likert scale by the respondents	12a ,12b
ii) Cognitive Interpretations	This refers to the employee's understanding of the implications arising from the organizational restructuring	These have been measured in terms of importance of the given interpretations and are rated on a likert scale by the respondents	13a,13b
iii) Personal Attributes	These are factors which describe an individual in terms of what they are or possess, for instance: age, gender, marital status and qualifications	These have been measured in terms of the given attributes and are rated on a likert scale by the respondents	14a,14b
iv) Organizational characteristics	These are factors that describe the organizational status such as size, age ownership, diversity, market position and stability.	These have been measured in terms of importance of the given characteristics and are rated on a likert scale by the respondents	15a,15b

**Appendix 5: Letter of introduction**

Date.....

The Respondent

.....  
Nairobi.

Dear Sir/Madam

**RE: REQUEST FOR YOUR PARTICIPATION IN MY RESEARCH WORK**

I am a post graduate student in the Faculty of Commerce, University of Nairobi pursuing a Doctor of Philosophy Degree Program. In order to fulfill the degree requirements, I am currently undertaking a research project on:

**ORGANIZATIONAL RESTRUCTURING PROCESS AND EMPLOYEE QUIT DECISIONS IN COMMERCIAL BANKS IN KENYA.**

Your Bank is among those selected for the study. I therefore kindly request you to spare some time and complete the attached questionnaire for me

Please be assured that the information you will provide is strictly for academic purposes and is highly confidential. You are not required to indicate your name on the questionnaire and your identity shall not be revealed to a third party nor will it appear in the report.

Yours Sincerely

Wilson O. Odadi

## Appendix 6: Survey questionnaire

### ORGANISATIONAL RESTRUCTURING PROCESS AND EMPLOYEE QUIT DECISIONS:

Kindly spare a few minutes and respond to the following questions

Instructions on how to answer the questions are given at the beginning of each question. It is anticipated that the questionnaire will take you less than 15 minutes to answer.

Questions 1.0 – 1.2 relate to your personal details while questions 2.0 – 9.1 relate to the research objectives

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#### A) Personal Details

Please place a tick in the box corresponding to the appropriate alternative you wish to choose)

1. Which is your age bracket (years)

(1)	(2)	(3)	(4)	(5)
Less than 25	25 - 34	35 - 44	45 - 54	55 and above

2. Your gender

(1) Male	(2)Female

**B) Restructuring**

3. Have you experienced organizational restructuring process with your present or previous ployer?

(1) Yes	(2) No

4. If your answer in 1 (a) is Yes, what form of restructuring was undertaken?

(1) Merger	(2) Acquisition	(3) Downsizing	(4) Other (specify)	(5) N/A

5.

Arising from the announcement of restructuring, indicate on a scale of (1-5) the extent to which you were/would be concerned about the following dimensions	Great extent (5)	large Extent (4)	moderate extent (3)	Small Extent (2)	Not at all (1)
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	<i>Example 1: My personal life will be interrupted</i>	4
	<i>Example 2: The new environment will not favour me</i>	2
5.1	Possibility of job loss or demotion	
5.2	Possibility of transfer or relocation	
5.3	Possibility of inability to perform new roles	
5.4	Possibility of Job –interest misalignment	
5.5	Possibility of less job impact and importance to overall organization performance	
5.6	Possibility of increased workload resulting in lack of work life balance	
5.7	Possibility of damaged interpersonal relationships due to changes in reporting lines.	
5.8	Possibility of loss of trust and friendship among colleagues	
5.9	Possibility of incompetent leadership	
5.10	Uncertainty on development and future career prospects in the organization	
5.11	Possibility of unclear roles and ambiguous reporting lines	
5.12	Possibility of loss of or reduced power, status and prestige	
5.13	Possibility of unfavorable changes in terms and conditions of service	
5.14	Possibility of loss of organizational identity	
5.15	Possibility of decrease/increase in organizational size	
5.16	Possibility of unfavorable changes in policies and practices and work environment	
5.17	Possibility of negative impact on organization stability and growth rate	
5.18	Possibility of negative impact on organization brand and market reputation	
5.19	Possibility of Negative impact on organization values and ethics	

## 6. Quit Decisions arising from the concerns upon announcement of Organizational Restructuring

On announcement of restructuring, indicate on a scale of (1-5) the extent to which each of the following reasons influenced /would influence your desire to engage in quit decisions	Great extent (5)	large Extent (4)	moderate extent (3)	Small Extent (2)	Not at all (1)
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	<i>Example 1: My personal life will be interrupted</i>				4
	<i>Example 2: The new environment will not favour me</i>				2
6.1	Fear of job loss				
6.2	Transfer or relocation to new work station				
6.3	Inability to perform new roles				
6.4	Misalignment between new role and career interest				
6.5	Less importance of my job to overall organization performance				
6.6	Lack of work -life balance due to increased workload				
6.7	Broken interpersonal relationships due to changes in reporting lines.				
6.8	Mistrust among colleagues				
6.9	Incompetent leadership				
6.10	uncertain career prospects				
6.11	Ambiguous reporting systems and unclear roles				
6.12	Loss of power, status and prestige				
6.13	Less attractive terms and conditions of service (pay, benefits etc)				
6.14	Lost organizational identity				
6.15	Change in size of organization				
6.16	Less favorable policies , practices and work environment				
6.17	Organization instability				
6.18	Negative impact on organizational brand and market reputation				
6.19	Loss of organizational values and ethics				

**7. Employee Dissatisfaction arising from the concerns upon announcement of Organizational Restructuring**

On announcement restructuring , please indicate on a scale of (1 – 5) , the extent to which you were/would be dissatisfied with regard to each of the following dimensions	Great extent (5)	large Extent (4)	moderate extent (3)	Small Extent (2)	Not at all (1)
--	------------------	------------------	---------------------	------------------	----------------

	<i>Example 1: My personal life will be interrupted</i>				4
	<i>Example 2: The new environment will not favour me</i>				2
7.1	I will lose my Job loss				
7.2	I will be transferred to a new location				
7.3	I do not have adequate skills to perform new roles				
7.4	There is no alignment between my job and my personal interest				
7.5	My new role has less importance and impact in the organiastion				
7.6	There is no work life imbalance i				
7.7	I have broken interpersonal relationships due to changes in reporting lines.				
7.8	There is mistrust among colleagues				
7.9	The leadership is incompetent to successfully manage the restructuring process				
7.10	My future career prospects have been diminished				
7.11	There is lack of clarity for my new role and reporting lines				
7.12	My influence , status and prestige have been reduced				
7.13	The terms and conditions of service have become less attractive				
7.14	The organization has lost its identity				
7.15	The size of the organization has been negatively affected				
7.16	The policies , practices and work environment have become less favourable				
7.17	The organization has become unstable				
7.18	The organizational brand and market reputation have been negatively impacted				
7.19	Loss of organizational values and ethics				

## 8. Perceived unmet promises arising from the concerns upon announcement of Organizational Restructuring

On announcement of restructuring process ,please indite on a scale of (1 – 5) the extent to which you felt that each of the following expectations/promises was/would be breached/unmet	Great extent (5)	large Extent (4)	moderate extent (3)	Small Extent (2)	Not at all (1)
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	<i>Example 1: My personal life will be interrupted</i>				4
	<i>Example 2: The new environment will not favour me</i>				2
8.1	There is job security in my organization				
8.2	I will remain working in the location I'm comfortable in				
8.3	I have the required skills to perform job				
8.4	There is alignment between my Job and career interest				
8.5	My job is considered important and key to overall organizational performance				
8.6	There is work life balance in my organization				
8.7	My interpersonal relationship with colleagues will always remain uninterrupted				
8.8	There is trust among colleagues in the organization				
8.9	The leadership is competent to manage any organizational change				
8.10	I have bright career development prospects in this organization				
8.11	There are clear roles definition and reporting lines				
8.12	My status and prestige will always be protected				
8.13	Terms and conditions of service in the organization will remain attractive				
8.14	The organization will always maintain its identity				
8.15	Change in organizational size will not affect me in any way				
8.16	Policies , practices and work environment will always be conducive				
8.17	The organization will always be stable				
8.18	Organization brand and market reputation will always remain strong				
8.19	Organization values and ethics will always be maintained				

**9. Quit Decisions arising from Perceived unmet promises during Organizational Restructuring process**

Upon perceiving unmet promises, please indicate on a scale of (1-5) the extent to which each of the following dimensions influenced your desire to engage in quit decisions.	Great extent (5)	large Extent (4)	moderate extent (3)	Small Extent (2)	Not at all (1)
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	<i>Example 1: My personal life will be interrupted</i>					4
	<i>Example 2: The new environment will not favour me</i>					2
9.1	Fear of job loss					
9.2	Transfer or relocation to new work station					
9.3	Inability to perform new roles					
9.4	Misalignment between new role and career interest					
9.5	Less importance of my job to overall organization performance					
9.6	Lack of work -life balance due to increased workload					
9.7	Broken interpersonal relationships due to changes in reporting lines.					
9.8	Mistrust among colleagues					
9.9	Incompetent leadership					
9.10	uncertain career prospects					
9.11	Ambiguous reporting systems and unclear roles					
9.12	Loss of power, status and prestige					
9.13	Less attractive terms and conditions of service (pay, benefits etc)					
9.14	Lost organizational identity					
9.15	Change in size of organization					
9.16	Less favorable policies , practices and work environment					
9.17	Organization instability					
9.18	Negative impact on organizational brand and market reputation					
9.19	Loss of organizational values and ethics					

## 10. Employee Dissatisfaction arising from Perceived unmet promises

Upon perceiving unmet promises , please indicate on a scale of (1 – 5) , the extent to which you were/would be dissatisfied with regard to each of the following dimensions	Great extent (5)	large Extent (4)	moderate extent (3)	Small Extent (2)	Not at all (1)
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	<i>Example 1: My personal life will be interrupted</i>					4
	<i>Example 2: The new environment will not favour me</i>					2
10.1	I will lose my Job loss					
10.2	I will be transferred to a new location					
10.3	I do not have adequate skills to perform new roles					
10.4	There is no alignment between my job and my personal interest					
10.5	My new role has less importance and impact in the organiastion					
10.6	There is no work life imbalance i					
10.7	I have broken interpersonal relationships due to changes in reporting lines.					
10.8	There is mistrust among colleagues					
10.9	The leadership is incompetent to successfully manage the restructuring process					
10.10	My future career prospects have been diminished					
10.11	There is lack of clarity for my new role and reporting lines					
10.12	My influence , status and prestige have been reduced					
10.13	The terms and conditions of service have become less attractive					
10.14	The organization has lost its identity					
10.15	The size of the organization has been negatively affected					
10.16	The policies , practices and work environment have become less favourable					
10.17	The organization has become unstable					
10.18	The organizational brand and market reputation have been negatively impacted					
10.19	Loss of organizational values and ethics					

## 11. Quit decisions arising from employee dissatisfaction

Upon feeling dissatisfied during organizational restructuring , please indicate on a scale of (1 – 5) , the extent to which the following reasons influenced /would influence your desire to engage in quit.	Great extent (5)	large Extent (4)	moderate extent (3)	Small Extent (2)	Not at all (1)
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	<i>Example 1: My personal life will be interrupted</i>				4
	<i>Example 2: The new environment will not favour me</i>				2
11.1	Fear of job loss				
11.2	Transfer or relocation to new work station				
11.3	Inability to perform new roles				
11.4	Misalignment between new role and career interest				
11.5	Less importance of my job to overall organization performance				
11.6	Lack of work -life balance due to increased workload				
11.7	Broken interpersonal relationships due to changes in reporting lines.				
11.8	Mistrust among colleagues				
11.9	Incompetent leadership				
11.10	uncertain career prospects				
11.11	Ambiguous reporting systems and unclear roles				
11.12	Loss of power, status and prestige				
11.13	Less attractive terms and conditions of service (pay, benefits etc)				
11.14	Lost organizational identity				
11.15	Change in size of organization				
11.16	Less favorable policies , practices and work environment				
11.17	Organization instability				
11.18	Negative impact on organizational brand and market reputation				
11.19	Loss of organizational values and ethics				

## 12 a. Change management interventions

On a scale of (1 – 5) please indicate the extent to which you considered/would consider each of the following change management interventions initiated by management during the restructuring process as important	Great extent (5)	large Extent (4)	moderate extent (3)	Small Extent (2)	Not at all (1)
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	<i>Example : I have been provided with all the information I need to know</i>				<b>5</b>
12.1a	Clear vision and reason for change				
12.2a	Clarity of my role & performance targets in new structure				
12.3a	Availability and fairness of grievance handling channels for sharing my concerns				
12.4a	Efforts by employer/organization to retain me in service				
12.5a	Availability of employee support initiatives i.e. counseling services, up skilling initiatives to cope with new ways of doing things as well as fair treatment and respect etc.				
12.6a	Clarity of change management process				
12.7a	Degree of my involvement in the change process				
12.8a	Clarity of what is in it for me i.e how I will benefit from the proposed change				

**12b. Influence of change management interventions in quit decisions arising from the concerns upon announcement of Organizational Restructuring**

On announcement of restructuring , indicate on a scale of (1-5) the extent to which each of the following reasons influenced your desire to engage in quit decisions if change management interventions outlined in Q 12a were implemented	Great extent (5)	large Extent (4)	moderate extent (3)	Small Extent (2)	Not at all (1)
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	<i>Example 1: My personal life will be interrupted</i>	4
	<i>Example 2: The new environment will not favour me</i>	2
12.1b	Fear of job loss	
12.2b	Transfer or relocation to new work station	
12.3b	Inability to perform new roles	
12.4b	Misalignment between new role and career interest	
12.5b	Less importance of my job to overall organization performance	
12.6b	Lack of work -life balance due to increased workload	
12.7b	Broken interpersonal relationships due to changes in reporting lines.	
12.8b	Mistrust among colleagues	
12.9b	Incompetent leadership	
12.10b	uncertain career prospects	
12.11b	Ambiguous reporting systems and unclear roles	
12.12b	Loss of power, status and prestige	
12.13b	Less attractive terms and conditions of service (pay, benefits etc)	
12.14b	Lost organizational identity	
12.15b	Change in size of organization	
12.16b	Less favorable policies , practices and work environment	
12.17b	Organization instability	
12.18b	Negative impact on organizational brand and market reputation	
12.19b	Loss of organizational values and ethics	

### 13a. Cognitive Interpretations

On a scale of (1 – 5) please indicate the extent to which you considered/would rate the importance of each of the following cognitive interpretations during the restructuring process.	Great extent (5)	large Extent (4)	moderate extent (3)	Small Extent (2)	Not at all (1)
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	<i>Example 1: I have no future in this organization</i>	<b>2</b>
	<i>Example 2: Despite the changes, I know things will be fine</i>	<b>1</b>
13.1a	The magnitude (size) of violated promise/expectation is insignificant	
13.2a	The violated promise does not have serious implications in my life	
13.3a	My past relationship with immediate supervisor/ top management is cordial	
13.4a	There is high level of trust between me and my manager	
13.5a	My employer is not responsible for the unmet promise	
13.6a	I'm confident the current change process will be professionally managed based on my past experience with the employer	
13.7a	There are fair procedures and process for managing change effectively	
13.8a	There is clear and regular communication (updates) by management regarding the change process	
13.9a	There is fair distribution of resources and benefits equal opportunities for all	
13.10a	My new role and performance targets are clear to me	
13.11a	I have been handled with honesty and respectfully	
13.12a	I have received adequate justification as to why change is necessary	
13.13a	I have been involved and given an opportunity to participate in the change process	

**13b. Influence of cognitive interpretations in quit decisions arising from the concerns upon announcement of Organizational Restructuring**

On announcement of restructuring, indicate on a scale of (1-5) the extent to which each of the following reasons influenced your desire to engage in quit decisions if cognitive interpretations outlined in Q 13a were considered.	Great extent (5)	large Extent (4)	moderate extent (3)	Small Extent (2)	Not at all (1)
---	------------------	------------------	---------------------	------------------	----------------

	<i>Example 1: My personal life will be interrupted</i>	4
	<i>Example 2: The new environment will not favour me</i>	2
13.1b	Fear of job loss	
13.2b	Transfer or relocation to new work station	
13.3b	Inability to perform new roles	
13.4b	Misalignment between new role and career interest	
13.5b	Less importance of my job to overall organization performance	
13.6b	Lack of work -life balance due to increased workload	
13.7b	Broken interpersonal relationships due to changes in reporting lines.	
13.8b	Mistrust among colleagues	
13.9b	Incompetent leadership	
13.10b	uncertain career prospects	
13.11b	Ambiguous reporting systems and unclear roles	
13.12b	Loss of power, status and prestige	
13.13b	Less attractive terms and conditions of service (pay, benefits etc)	
13.14b	Lost organizational identity	
13.15b	Change in size of organization	
13.16b	Less favorable policies , practices and work environment	
13.17b	Organization instability	
13.18b	Negative impact on organizational brand and market reputation	
13.19b	Loss of organizational values and ethics	

**14a. Personal attributes**

On a scale of (1 – 5) please indicate the extent to which you considered/would consider each of the following dimensions as important to you as a result of restructuring process?	Great extent (5)	large Extent (4)	moderate extent (3)	Small Extent (2)	Not at all (1)
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	<i>Example 1: My height</i>	<b>4</b>
	<i>Example 2: My weight</i>	<b>5</b>
14.1a	Engagement (commitment & loyalty) level to the organization	
14.2a	Gender	
14.3a	Work experience in the organization	
14.4a	Age	
14.5a	Career stage (Emerging, Developing, Mature or Declining stage)	
14.6a	Marital status	
14.7a	Length of service in the organization	
14.8a	Seniority level in the organization	
14.9a	Academic & professional qualifications	
14.10a	Availability of alternative courses of action	

**14b. Influence of personal attributes in quit decisions arising from the concerns upon announcement of Organizational Restructuring**

On announcement of restructuring , indicate on a scale of (1-5) the extent to which each of the following reasons influenced your desire to engage in quit decisions if personal attributes outlined in Q 14a were considered	Great extent (5)	large Extent (4)	moderate extent (3)	Small Extent (2)	Not at all (1)
---	------------------	------------------	---------------------	------------------	----------------

	<i>Example 1: My personal life will be interrupted</i>	4
	<i>Example 2: The new environment will not favour me</i>	2
14.1b	Fear of job loss	
14.2b	Transfer or relocation to new work station	
14.3b	Inability to perform new roles	
14.4b	Misalignment between new role and career interest	
14.5b	Less importance of my job to overall organization performance	
14.6b	Lack of work -life balance due to increased workload	
14.7b	Broken interpersonal relationships due to changes in reporting lines.	
14.8b	Mistrust among colleagues	
45.9b	Incompetent leadership	
14.10b	uncertain career prospects	
14.11b	Ambiguous reporting systems and unclear roles	
14.12b	Loss of power, status and prestige	
14.13b	Less attractive terms and conditions of service (pay, benefits etc)	
14.14b	Lost organizational identity	
14.15b	Change in size of organization	
14.16b	Less favorable policies , practices and work environment	
14.17b	Organization instability	
14.18b	Negative impact on organizational brand and market reputation	
14.19b	Loss of organizational values and ethics	

### 15a. Organizational Characteristics

On a scale of (1 – 5) please indicate the extent to which you considered/would consider each of the following dimensions as important to you as a result of restructuring process?	Great extent (5)	large Extent (4)	moderate extent (3)	Small Extent (2)	Not at all (1)
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	<i>Example the location of the Head office</i>	4
15.1a	Organization's size	
15.2a	Organization's age (number of years of operation in Kenya)	
15.3a	Ownership of the organization (foreign or locally owned)	
15.4a	Organization's brand	
15.5a	Level of diversity in the organization	
15.6a	Organization's market position	

### 15b. Influence of organizational characteristics in quit decisions arising from the concerns upon announcement of Organizational Restructuring

On announcement of restructuring , indicate on a scale of (1-5) the extent to which each of the following reasons influenced your desire to engage in quit decisions if organizational characteristics outlined in Q 15a were considered.	Great extent (5)	large Extent (4)	moderate extent (3)	Small Extent (2)	Not at all (1)
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15.1b	Fear of job loss	
15.2b	Transfer or relocation to new work station	
15.3b	Inability to perform new roles	
15.4b	Misalignment between new role and career interest	
15.5b	Less importance of my job to overall organization performance	
15.6b	Lack of work -life balance due to increased workload	
15.7b	Broken interpersonal relationships due to changes in reporting lines.	
15.8b	Mistrust among colleagues	
15.9b	Incompetent leadership	
15.10b	uncertain career prospects	
15.11b	Ambiguous reporting systems and unclear roles	
15.12b	Loss of power, status and prestige	
15.13b	Less attractive terms and conditions of service (pay, benefits etc)	
15.14b	Lost organizational identity	
15.15b	Change in size of organization	
15.16b	Less favorable policies , practices and work environment	
15.17b	Organization instability	
15.18b	Negative impact on organizational brand and market reputation	
15.19b	Loss of organizational values and ethics	

**Thank you for sparing a few minutes to respond to this Questionnaire**

**Appendix 7 Pearson's Product Moment Correlation matrix for interval scale variables**

Variables		Org restructure	Perc unmet promises	Dissatisfaction	Quit decision
Org Restructure	Pearson correlation (r) Sig. (2-tailed) N	1 .375			
Perc unmet promises	Pearson correlation (r) Sig. (2-tailed) N	.612* .001 375	1		
Dissatisfaction	Pearson correlation (r) Sig. (2-tailed) N	.301* .001 375	.841* .001 375	1	
Quit decisions	Pearson correlation (r) Sig. (2-tailed) N	.123* .011 375	.491* .006 375	.913* .001 375	1 .375

\*Correlation is significant at the 0.05 level (2-tailed)

## Appendix 8 Cronbach's Alpha Reliability Tests

Reliability -Measuring concerns due to announcement of organizational restructuring

### RELIABILITY ANALYSIS –SCALE (ALPHA)

- 1 Q 5.1 Concern due to Possibility of job loss
- 2 Q 5.2 Concern due to Ambiguous reporting systems and unclear roles
- 3 Q 5.3 Concern due to Possibility of incompetent Leadership
- 4 Q 5.4 Concern due to Unfavorable terms and conditions of service
- 5 Q 5.5 Concern due to Disturbed/uncertain career prospects
- 6 Q 5.6 Concern due to Possibility of increased workload
- 7 Q 5.7 Concern due to Possibility of less importance of the job
- 8 Q 5.8 Concern due to Extent of organization stability and growth in profitability
- 9 Q 5.9 Concern due to Loss of or reduced power, status and prestige
- 10 Q 5.10 Concern due to Unfavorable changes in policies and practices
- 11 Q 5.11 Concern due to Loss of Trust among colleagues
- 12 Q 5.12 Concern due to Possibility of being transferred or relocated
- 13 Q 5.13 Concern due to Possibility of Job-interest misalignment
- 14 Q 5.14 Concern due to Threat to or loss of interpersonal relationships
- 15 Q 5.15 Concern due to Fears of inability to perform new roles
- 16 Q 5.16 Concern due to Organization values and ethics
- 17 Q 5.17 Concern due to Organization brand and market reputation
- 18 Q 5.18 Concern due to change in size of organization
- 19 Q 5.19 Concern due to Loss of organizational and personal identity

Reliability Coefficients

No. of Cases =21

No. of Items =19

Alpha =0.73

Verdict: Reliable, Accept

## *Reliability –Measuring employee quit decisions*

### RELIABILITY ANALYSIS –SCALE (ALPHA)

1. Q 7.1 Quit decision due to Fear of job loss
2. Q 7.2 Quit decision due to Ambiguous reporting systems and unclear roles
3. Q 7.3 Quit decision due to Incompetent Leadership
4. Q 7.4 Quit decision due to Unfavorable terms and conditions of service
5. Q 7.5 Quit decision due to uncertain career prospects
6. Q 7.6 Quit decision due to Increased workload
7. Q 7.7 Quit decision due to Less importance of the job
8. Q 7.8 Quit decision due to Organizational instability
9. Q 7.9 Quit decision due to Reduced power, status and prestige
10. Q 7.10 Quit decision due to Unfavorable new policies
11. Q 7.11 Quit decision due to Lack of Trust among colleagues
12. Q 7.12 Quit decision due to Transfer or relocation to new work station
13. Q 7.13 Quit decision due to Misalignment between new role and career interest
14. Q 7.14 Quit decision due to Loss of interpersonal relationships
15. Q 7.15 Quit decision due to Inability to perform new roles
16. Q 7.1 Quit decision due to Lack of organizational values and ethics
17. Q 7.1 Quit decision due to Negative organizational brand and market reputation
18. Q 7.1 Quit decision due to change in size of organization
19. Q 7.1 Quit decision due to Loss of organizational and personal identity

#### Reliability Coefficients

No. of Cases =21

No. of Items =19

Alpha =0.81

Verdict: Reliable, Accept

## *Reliability –Measuring employee dissatisfaction*

### RELIABILITY ANALYSIS –SCALE (ALPHA)

- 1 Q 8.1 Dissatisfaction due to job insecurity
- 2 Q 8.2 Dissatisfaction due to lack of role clarity
- 3 Q 8.3 Dissatisfaction due to incompetent leadership
- 4 Q 8.4 Dissatisfaction due to unfavorable terms/conditions of service
- 5 Q 8.5 Dissatisfaction due to Uncertain career prospects
- 6 Q 8.6 Dissatisfaction due to Absence work life balance
- 7 Q 8.7 Dissatisfaction due to less job impact and recognition
- 8 Q 8.8 Dissatisfaction due to organizational instability
- 9 Q 8.9 Dissatisfaction due to loss of power/status
- 10 Q 8.10 Dissatisfaction due to unfavorable policies/procedures
- 11 Q 8.11 Dissatisfaction due to mistrust between me and colleagues/manager
- 12 Q 8.12 Dissatisfaction due to transfer to another location
- 13 Q 8.13 Dissatisfaction due to no job-interest alignment
- 14 Q 8.14 Dissatisfaction due to broken relationships with colleagues
- 15 Q 8.15 Dissatisfaction due to inability to perform new role
- 16 Q 8.16 Dissatisfaction due to no organizational values
- 17 Q 8.17 Dissatisfaction due to organizational brand damaged
- 18 Q 8.18 Dissatisfaction due to organizational size changed
- 19 Q 8.19 Dissatisfaction due to Lack of support from my colleagues

#### Reliability Coefficients

No. of Cases =21

No. of Items =19

Alpha =0.79

Verdict: Reliable, Accept

*Reliability –Measuring employee perceived unmet prpmiese*

RELIABILITY ANALYSIS –SCALE (ALPHA)

- 1 Q 9.1 Lack of Job security
- 2 Q 9.2 unclear reporting lines and roles
- 3 Q 9.3 incompetent leadership
- 4 Q 9.4 unfavorable terms and conditions of service
- 5 Q 9.5 no future career prospects
- 6 Q 9.6 no Work life balance
- 7 Q 9.7 diminished Job importance
- 8 Q 9.8 unstable organization
- 9 Q 9.9 unfavorable policies and practices
- 10 Q 9.10 reduced Power, status and prestige
- 11 Q 9.11 lack of trust
- 12 Q 9.12 Transfer to a new location
- 13 Q 9.13 No Job- interest alignment
- 14 Q 9.14 Brocken interpersonal relationships
- 15 Q 9.15 Unmatched abilities to job
- 16 Q 9.16 Loss of organizational values and ethics
- 17 Q 9.17 Damaged organization brand
- 18 Q 9.18 Loss of corporate/organization identity
- 19 Q 9.19 Change organization size

Reliability Coefficients

No. of Cases =21

No. of Items =19

Alpha =0.88

Verdict: Reliable, Accept

## ***Reliability –Measuring change management intervention***

### **RELIABILITY ANALYSIS –SCALE (ALPHA)**

1. Q 6.1 Clarity of change management process
2. Q 6.2 Clear vision and reason for change
3. Q 6.3 Clarity of role and performance targets
4. Q 6.4 Degree of my involvement in change process
5. Q 6.5 Clarity of what is in it for me (WIIFM)
6. Q 6.6 Availability of employee support initiatives
7. Q 6.7 Efforts by employer to retain me in service
8. Q 6.8 Availability of grievance handling channels

#### **Reliability Coefficients**

No. of Cases =10

No. of Items =8

Alpha =0.94

Verdict: Reliable, Accept

## *Reliability –Measuring cognitive interpretation by employee*

### RELIABILITY ANALYSIS –SCALE (ALPHA)

1. Q 10.1 There is justification for change
2. Q 10.2 There is clarity of performance targets
3. Q 10.3 Nature of past relationship with manager
4. Q 10.4 There is open, clear and honest communication by mgt regarding change
5. Q 10.5 I'm involved and allowed to participate in the change process
6. Q 10.6 I'm respect by my colleagues and management
7. Q 10.7 There is trust between me and my colleagues/ management
8. Q 10.8 There is a fair change management process in place
9. Q 10.9 There is fair distribution of resources, benefits and equal opportunities for all
10. Q 10.10 Similar situations have been professionally and fairly managed in the past
11. Q 10.11 My employer is not responsible for the situation
12. Q 10.12 The magnitude of perceived violation of expectation is important to me
13. Q 10.13 The implication/impact of perceived violation of expectation is important to me

#### Reliability Coefficients

No. of Cases =15

No. of Items =13

Alpha =0.80

Verdict: Reliable, Accept

***Reliability –Measuring employee personal attributes***

**RELIABILITY ANALYSIS –SCALE (ALPHA)**

1. Q. 13.1 Engagement (commitment ) level
2. Q. 13.2 Work experience
3. Q. 13.3 Qualifications
4. Q. 13.4 Age
5. Q. 13.5 Career stage
6. Q. 13.6 Seniority level
7. Q. 13.7 Length of service in current organization
8. Q. 13.8 Marital status
9. Q. 13.9 Gender

Reliability Coefficients

No. of Cases =12

No. of Items =9

Alpha =0.75

Verdict: Reliable, Accept

***Reliability –Measuring Organizational characteristics***

**RELIABILITY ANALYSIS –SCALE (ALPHA)**

1. Q 14.1 Diversity
2. Q 14.2 Brand
3. Q 14.3 Market position
4. Q 14.4 Ownership
5. Q 14.5 Age
6. Q 14.6 Size

Reliability Coefficients

No. of Cases =9

No. of Items =6

Alpha =0.71

Verdict: Reliable, Accept