

The Relationship between Job Insecurity, Shock, and Turnover Intention, amongst Survivors of Organizational Downsizing

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ABSTRACT

It is often thought that survivors of a downsized organization should be thankful for remaining in their jobs, and that they should respond positively by helping the organization to achieve its goals. However, these individuals often have the intention of leaving the organization. The purpose of this study is to examine the factors that influence the turnover intention of survivors of downsized organizations. We hypothesized that survivors were more likely to think about leaving their organization when they perceived insecurity in their jobs and considered the downsizing decision taken by top management as a “shock.” We tested this hypothesis on 187 surviving employees of downsized organizations in Malaysia. The important findings of this study are that the survivors’ turnover intention is significantly related to shock, job insecurity, and organizational level. Hence, organization leaders need to plan carefully before implementing their organization’s downsizing, as shocks do influence survivors’ turnover intention.

Keywords: Job insecurity, turnover intention, organizational downsizing

INTRODUCTION

Downsizing is a purposeful reduction in the size of an organization’s workforce (Budros, 1999). Over the years, organizational

downsizing has received extensive interest from businesses, scholars, managers, and media. In fact, it has become a widely-used approach by companies attempting to reduce costs (Cascio, 1993) and to increase effectiveness, efficiency, productivity, and competitiveness (Cameron, 1994). However, empirical studies have found that an organization’s performance is likely

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to suffer rather than improve following a downsizing (Datta, Guthries, Basuil, & Pandey, 2010). Various researchers have attributed this to the negative implications of downsizing on the organization's survivors. These survivors experience what is termed as "survivor syndrome," which is the feelings of anger, fear, distrust, and guilt (Devine, Reay, Stainton, & Collins-Nakai, 2003). As a result, survivors experience higher levels of stress, lower levels of job satisfaction, higher absenteeism, greater psychological burnout, and poorer psychological well-being (Burke, 2003; Devine *et al.*, 2003). While there have been many studies on the effects of downsizing on the employees' attitudes or organizational performance, little attention has been paid to the effects of downsizing on survivors' turnover intention (see Spreitzer & Mishra, 2002; Trevor & Nyberg, 2008). The purpose of this study is to add to previous literature by examining the factors influencing the turnover intention of survivors, following an organizational downsizing. For this purpose, we examined two of the variables often associated with downsizing, namely, job insecurity and shock, on employees (or "survivors") from organizations that have engaged in downsizing.

Over the past two decades, a considerable amount of literature has been published on downsizing and several attempts have also been made to present an overview of the consequences of downsizing (Gandolfi, 2008; Ryan & Macky, 1998). A review of empirical literature reveals that the majority of studies have been limited to examining the

direct effects (Datta *et al.*, 2010). However, there has been very little discussion on the effects of downsizing on employees' critical behaviours such as voluntary turnover that probably accompanies these attitudes (Trevor & Nyberg, 2008). Much empirical research conducted on downsizing at an individual level has examined the roles of trust and justice (see Brennan & Skarlicki, 2004; Chang, 2002; Keman & Hanges, 2002; Spreitzer & Mishra, 2002; Wiesenfeld, Brockner, & Thibault, 2000). However, these studies have ignored the role of employees' perception of job insecurity in predicting survivors' turnover intention, as a reaction to downsizing. Hence, there is a need to move beyond studying the direct effects of downsizing and these theories in order to better understand the issue of survivors' reactions to downsizing. Therefore, this study seeks to contribute to existing downsizing research by studying the effects of job insecurity on surviving employees' turnover intention.

This is an important understanding for leaders of a downsized organization because survivors are usually the brightest employees who are retained and relied upon by these leaders to move the organization forward (Levitt *et al.*, 2008). Moreover, high rates of survivor turnover can be costly for organizations that have downsized, and can lead to post-downsizing decreases in the productivity and performance of the organization (Brennan & Skarlicki, 2004). More importantly, prior research has suggested that these high-potential employees have many alternative job

opportunities and may be most tempted to leave for a more stable work environment, following a downsizing (Mishra, Spreitzer, & Mishra, 1998). By understanding the attitudes and viewpoints of these survivors, organizational leaders can develop clear strategies to retain these survivors. Therefore, this study can be helpful to organizational leaders, particularly in implementing a downsizing plan, learning about the possible human resource issues that will probably result from downsizing and appropriately implementing downsizing activities.

RESEARCH HYPOTHESES

Two major theories, the Unfolding Model of Turnover (Lee & Mitchell, 1994) and the theory of job insecurity by Greenhalgh and Rosenblatt (1984), provide the foundation of this study's research framework. The Unfolding Model of Turnover by Lee and Mitchell (1994) is considered to be one of the most promising new theories for understanding and describing how and why people leave organizations (Griffeth *et al.*, 2000). According to this model, people compare shocks and their surrounding circumstances to their own images (that is, their values, goals, and plans for goal attainment), and if the two are incompatible, thoughts of leaving will occur (Lee *et al.*, 1999). A person who has experienced a shock can leave an organization without considering his or her current attachment to the organization (Lee & Mitchell, 1994). Lee *et al.* (1999) define a shock as being a particular jarring event, which initiates the

psychological analyses involved in quitting a job, which can be positive, neutral, or negative; expected or unexpected; and internal or external, to the person who experiences it. Some examples of shock are unsolicited job offers, changes in marital status, transfers, and firm mergers (Lee *et al.*, 1999).

The theory of job insecurity, by Greenhalgh and Rosenblatt (1984) states that when an organization engages in downsizing, employees will find it threatening because some degree of job insecurity has been experienced (Greenhalgh & Rosenblatt, 1984). However, job insecurity only occurs in cases of involuntary loss (Greenhalgh & Rosenblatt, 1984). In cases of voluntary turnover, even whilst an individual gives up valued job features and experiences job loss, this individual will not be powerless to maintain continuity, and therefore, will not experience job insecurity (Greenhalgh & Rosenblatt, 1984). However, when organizations downsize, employees experience job insecurity because the event affects the continuity of the employees' current job and they are powerless to maintain their status in a job (Greenhalgh & Rosenblatt, 1984).

In this study, it is posited that job insecurity and shock experienced by employees following a downsizing influence their turnover intention. The research framework is shown in Fig.1.

Greenhalgh and Rosenblatt (1984) define job insecurity as the "perceived powerlessness to maintain the desired continuity in a threatened job situation"

(p. 438). Research on stress (e.g., Levitt *et al.*, 2008) shows how the psychological anticipation of a stressful situation (in this case, the risk of losing one's job) is a more intense source of anxiety than the event itself (Lazarus & Folkman, 1984). In line with this, job insecurity may have negative consequences for the individual as an actual job loss (Latack & Dozier, 1986). Job insecurity has been defined as a major work-related stressor because a decline in job insecurity represents increased uncertainty regarding the continuation of one's job as it currently exists (Sverke *et al.*, 2002). Hence, when an individual perceives job insecurity, he induces various coping strategies and behavioural withdrawal (Lazarus & Folkman, 1984) such as quitting the job (Latack, 1986). In this case, the individual will avoid the stress caused by job insecurity by leaving the situation. Hence, employees may begin to think about quitting an organization as job insecurity increases during organizational downsizing (Ashford *et al.*, 1989). Thus, the first hypothesis is:

H1: There is a positive relationship between job insecurity experienced by survivors during downsizing and turnover intention.

Shock refers to “an event that jars employees towards deliberate judgments about their jobs” (Lee & Mitchell, 1994, p. 60). In this study, we examined the effects of one specific kind of shock, i.e., organizational downsizing. According to the Unfolding Model of Voluntary Employee Turnover, an employee may think about quitting when he/she faces a shocking event (Lee *et al.*, 1996). The experience that survivors have during organizational downsizing shapes their willingness to remain in the organization (Lee *et al.*, 1996). Based on the Unfolding Model proposed by Lee *et al.* (1996), we posited that the employees would have the intention of leaving the organization if the downsizing was considered by them as a “shock” (i.e., a jarring event) (Holtom *et al.*, 2005). We argue that downsizing can be considered

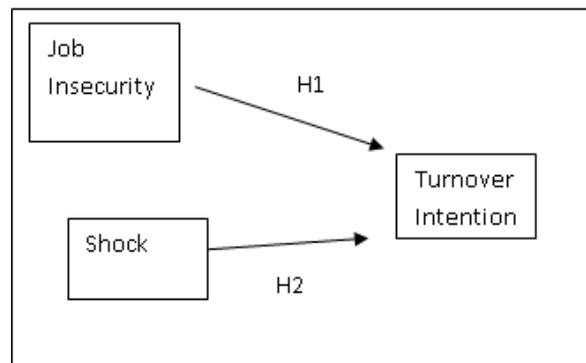


Fig.1: Research framework

as a “shock” because Lee and Mitchell’s (1994) definition of it refers to a “very distinguishable event that jars employees towards deliberate judgments about their jobs; and perhaps, to voluntarily quit their job” (p. 60). A shock will cause the survivors of an organizational downsizing to re-evaluate their current work conditions, consider job alternatives, and then leave the organization, and will usually take another job offer or pursue a likely offer (Trevor & Nyberg, 2008). Hence, we postulated that:

H2: There is a positive relationship between the shock experienced by survivors during downsizing and turnover intention

Hypotheses H1 and H2 constitute the main research questions of this study. However, this study also examined the influence of the survivor’s gender and organizational level on their turnover intention.

METHODOLOGY

Participants and Data Collection

A list of companies that were involved in employee retrenchment from January to May 2009 was obtained from the Retrenchment Management unit of the Ministry of Human Resources, and was utilized to select the study sample. Organizations located in Selangor, Penang, and Johor were chosen for the study because the retrenchment statistics provided by the Ministry of Human Resources showed that these three states had the highest number of retrenchment cases in Malaysia in 2009 (Ministry of Human

Resources Malaysia, 2009). Judgmental sampling was utilized during the first phase of sampling, in which the researcher chose the companies that had retrenched 10 or more local employees from the list obtained, regardless of the size of the downsized organization. A total of 130 companies were chosen using this type of sampling. Five managerial employees and 10 non-managerial employees were targeted from each selected company. As a result, questionnaires were sent to a total of 1,950 surviving employees in the organizations identified. Meanwhile, human resource managers or company executives from the chosen companies were contacted by the first researcher to assist in the distribution of the questionnaires. The managers were requested to distribute the questionnaires to 15 surviving employees in their respective organizations.

A total of 187 useable questionnaires were returned, yielding a response rate of 9.6%. This response rate is, according to McDonald and Kan (1997), within the range of response rates for studies previously conducted in Malaysia, which were between 7.6 and 27.4%. Since the response rate was less than 30%, we checked for non-response bias (Armstrong & Overton, 1977), but found no indication of such bias in this study.

Measures

The questionnaire was in both English and Bahasa Melayu. English was used because it is one of the main languages used in Malaysia, especially in the private sector.

Meanwhile, a Bahasa Melayu version was also deemed to be more appropriate for lower level employees (i.e., non-managerial). The items in the questionnaire were adapted from previous studies.

Job insecurity was measured using four items from Caplan, Cobb, French, Van Harrison, and Pinneau (1975, as cited in Lim, 1996). Responses to these four items were based on a 5-point Likert scale, ranging from 1 (extremely uncertain) to 5 (extremely certain). Examples of the items used to measure job insecurity included, “How certain are you, of the opportunities for promotion and advancement, which will exist in the next few years, with this organization?”, “How certain are you, about what your future career picture looks like, with this organization?”, and “How certain are you, about what your responsibilities will be six months from now?” The reliability of this scale, measured using Cronbach’s alpha, was 0.861.

Three questions that were adapted from Morrell, Loan-Clarke, and Wilkinson (2004) were used to measure shock, whereby the respondents were asked to indicate the extent to which the downsizing event was either expected or a shock to them, using a scale ranging from 1 (strongly agree) to 5 (strongly disagree). For instance, one of the questions from Morrell *et al.* (2004) was “to what extent was the event expected or unexpected?” The Cronbach’s alpha score of reliability for the items used to measure shock was 0.609.

Turnover intention was measured using three items that were adapted from Hom,

Griffeth, and Sellaro (1984). The three items were: 1) “I intend to leave this organization within the next 12 months”; 2) “I feel strongly about leaving this organization within the next 12 months”, and 3) “I will leave this organization within the next 12 months.” The respondents were required to answer the three questions using a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The reliability obtained using Cronbach’s alpha was 0.960.

Questions to determine the respondents’ pertinent demographic information (such as age, gender, ethnicity, highest academic qualification, position in the organization, and industry of the organization) were also included in the questionnaire.

RESULTS AND DISCUSSION

Profile of the Respondents

The characteristics of 187 respondents are given in Table 1.

TABLE 1
Profile of the respondents

	N	(%)
Age		
Below 25	27	14
26-35	80	43
36-45	59	32
45 and above	21	11
Gender		
Male	64	34
Female	123	66
Education Level		
Primary School Certificate	1	1
Secondary School Certificate	41	22
Diploma/Technical School Certificate	68	36

TABLE 1 (continue)

Bachelor's Degree	65	35
Master's Degree or higher	12	6
Race		
Malay	77	41
Chinese	91	49
Indian	15	8
Other	4	2
Position in Organization		
Non-manager	57	30
First-line Supervisor	50	27
Middle Management	62	33
Top Management	16	9
Other	1	1

RESULTS AND DISCUSSION

A simple multiple regression analysis was conducted to test the hypotheses. Table 2 shows that the turnover intention model was statistically significant, with $p < 0.01$ and $F = 16.95$. The model revealed an R^2 of 0.16.

TABLE 2
Results of the multiple regression analysis for turnover intention

Independent Variables	Dependent Variable = Turnover Intention
Job Insecurity	0.25*
Shock	0.27*
R^2	0.16
F-Change	16.95*

Note: Standardized regression coefficients are provided

* $p < 0.01$

Job Insecurity and Turnover Intention

Hypothesis 1 proposes that job insecurity positively influences surviving employees' turnover intention. As can be seen in Table 2, job insecurity was found to significantly

influence the turnover intention of surviving employees ($\beta = 0.25$ and $p < 0.01$). The relationship was positive, indicating that the higher the surviving employees' level of job insecurity, the higher their intention would be to leave their current organization following organizational downsizing. Hence, Hypothesis 1 is supported.

Based on the results, the job insecurity experienced by the surviving employees following an organizational downsizing prompts them into thinking about leaving the organization. This finding is consistent with that of Ashford *et al.* (1989) and Leung and Chang (2002). By referring to Lazarus and Folkman's (1984) coping and stress model, job insecurity induces various coping strategies, with behavioural withdrawal being one of them. The perceived powerlessness to maintain a desired continuity experienced by the surviving employees, and their concern over the loss of desirable job featured in a threatened job situation (i.e., the possibility of being retrenched in the future) probably prompts them to have the intention of quitting the organization since job insecurity increases during organizational downsizing (Greenhalgh & Rosenblatt, 1984; Ashford *et al.*, 1989; Leung & Chang, 2002).

Shock and Turnover Intention

Hypothesis 2 proposes that there is a positive relationship between the shock experienced by the surviving employees during downsizing and their turnover intention. The results revealed that shock contributed to 27% ($p < 0.01$) of the variance

(see Table 2). The stronger the shock experienced by these surviving employees during organizational downsizing, the stronger their intention to leave their current organization would be following an organizational downsizing. Therefore, H2 is supported. The finding of a significant positive correlation between the shock experienced by the survivors and their turnover intention indicates that they have a high propensity to leave an organization following the organizational downsizing. These results conform generally to the Unfolding Model of Turnover by Lee and Mitchell (1994), in which shock is a jarring event that prompts employees to think about leaving their jobs (Lee & Mitchell, 1994).

Gender, Organizational Level, and Turnover Intention

In terms of gender influence on turnover intention, an independent sample t-test was conducted to determine the turnover intention scores for both males and females. Nonetheless, there was no significant difference at $p < 0.05$ level in the turnover intention for the males (mean = 2.987, SD = 1.376) and the females (mean = 2.810, SD = 1.186) (refer to Table 3). The findings of the current study are consistent with those of Ryan, Ghazali, and Mohsin (2011), who found no differences between genders in their intentions to quit.

A one-way between group Analysis of Variance (ANOVA) was conducted to explore the impacts of an individual's organizational level on turnover intention. The respondents were divided into five

categories (i.e., non-managers, first-line supervisors, middle management, top management, and others). There were statistically significant differences at $p < 0.05$ level in the turnover intention for the five groups ($F = 4.096$, $p = 0.003$) (refer to Table 4). Non-managers (mean = 3.228, SD = 1.177) had the highest turnover intention of all survivor groups, and this is possibly because they feel the brunt of an organizational downsize, and may perceive themselves as being less qualified than the managerial employees. As such, employees from the non-management level tended to feel a higher threat of job loss and would cope with such job insecurity by looking for more secure employment elsewhere.

IMPLICATIONS

Organizations can utilize the findings of this study to design specific interventions aimed at reducing the voluntary turnover of surviving employees following an organizational downsizing. The results from this study suggest that survivors' turnover intentions are positively related to job insecurity and shock. Downsizing can lead to increased turnover intention amongst survivors since it can be perceived as a shocking event, and one that leads to increased job insecurity. Hence, organizational leaders need to plan carefully before implementing their organization's downsizing. Since shocks do matter in influencing a survivor's turnover intention, organizations could benefit from better preparing their employees for events that are potentially perceived as shocks; in this case, downsizing. In an effort to reduce

the shock resulting from downsizing for the surviving employees, management should use both formal and informal communication channels before, during, and even after the downsizing event has taken place to assure their valued employees of what their places will be within the downsized organization (Mone, 1994). Such communication needs to be clear, honest, and frequent. By keeping their employees well-informed, organizations not only reduce the feelings of shock experienced by the employees, but also lower any uncertainty or associated fear; thus, also decreasing the level of job insecurity, which is another factor shown in this study to result in increased turnover intention. In addition, downsized organizations can also foster job security amongst their survivors by sharing with them the career development plans that the organization has in store.

It is thought that female survivors find downsizing more stressful than their male counterparts (Armstrong-Stassen, 1998) and are more likely to leave an organization following downsizing. However, this study was unable to demonstrate that gender does play an important role in predicting an individual's turnover intention. Overall, the male and female survivors did not differ in terms of their perceived turnover intentions. Hence, the results of this study seem to indicate that an individual's intention to leave an organization is a response to other factors such as procedural injustices or job dissatisfaction, and not on the basis of gender.

In terms of organizational level, the results of this study have shown that non-management employees have a significantly higher turnover intention than management-level employees. These findings have implications for the types of intervention programmes to be designed to assist remaining employees in dealing with organizational downsizing. The needs of various groups of survivors within an organization differ depending on their organizational levels. Hence, when the management of a downsized organization develops strategies to retain surviving employees, such as revisions in employee training and development, compensation, incentive systems, and work place redesign, following organizational downsizing (Mone, 1994), they have to customize these programmes to meet the needs of these specific groups of survivors. Generic intervention programmes targeted at all employees will be less successful in reducing the turnover intention of employees.

LIMITATIONS AND DIRECTION FOR FUTURE RESEARCH

This research has limitations, of which we have identified three. First, data were obtained from a self-administered questionnaire, and as such, raised possible common method variance issues. The respondents might have a tendency to respond in a consistent manner. Therefore, future researchers could use a longitudinal design to examine the impacts of downsizing on turnover intention. Researchers could

TABLE 3
Independent t-Test Results for Gender and Turnover Intention

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Turnover Intention	1 Male	64	2.9870	1.37639	.17205
	2 Female	123	2.8103	1.18589	.10693

Independent Samples t-Test

	Levene's Test for Equality of Variances		t-test for Equality of Means				95% Confidence Interval of the Difference	
	F	Sig.	t	df	Mean Difference	Std. Error Difference	Lower	Upper
Turnover Intention	2.120	.147	.914	185	.17668	.19328	-.20463	.55799
Equal variances assumed			.872	112.408	.385	.20257	-.22467	.57803
Equal variances not assumed								

Table 4
ANOVA Results

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
1 Non-manager	57	3.2281	1.17709	.15591	2.9157	3.5404
2 First-line Supervisor	50	2.9000	1.09057	.15423	2.5901	3.2099
3 Middle Management	62	2.7930	1.32809	.16867	2.4557	3.1303
4 Top Management	17	1.9608	1.24098	.30098	1.3227	2.5988
5 Others	1	1.3333
Total	187	2.8708	1.25346	.09166	2.6899	3.0516

ANOVA

Organizational Level and Turnover Intention

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	24.135	4	6.034	4.096	.003
Within Groups	268.103	182	1.473		
Total	292.238	186			

also use a mixed method approach to provide a deeper understanding of the results obtained.

Second, since we adapted the measures for shock from Morrell *et al.* (2004) and reworded some of their items, it could have somewhat affected their reliability. Although the reliability of shock, using Cronbach's alpha, was 0.60 and considered acceptable (Nunnally, 1978), a higher level of reliability would have been preferred. Therefore, further development and validation of the measures used for shock would be beneficial.

Third, although we strived to include a wide variety of industries as the study's sample, the majority of our respondents were from the manufacturing industry. Therefore, it may not be appropriate to generalize the findings. Hence, future researchers need to include a wider variety of industries so as to provide a more comprehensive view of how job insecurity and shock affect turnover intention.

CONCLUSION

Whilst many organizations use downsizing in the hope of improving their organization's effectiveness, efficiency, and productivity, the opposite may actually happen. Failure to manage survivors following a downsizing exercise has been cited as one of the primary reasons for this. We hope that this study has provided academics and organizational leaders with the knowledge to help them understand the causes of turnover intention amongst survivors of downsized organizations.

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