



**UNIVERSITI PUTRA MALAYSIA**

**DOWNSIZING AND ITS EFFECTS ON THE TURNOVER INTENTION  
OF SURVIVING EMPLOYEES IN MALAYSIA**

**LIEW EE YIN**

**GSM 2012 22**

**Downsizing and its effects on  
 the turnover intention of  
 surviving employees in Malaysia**

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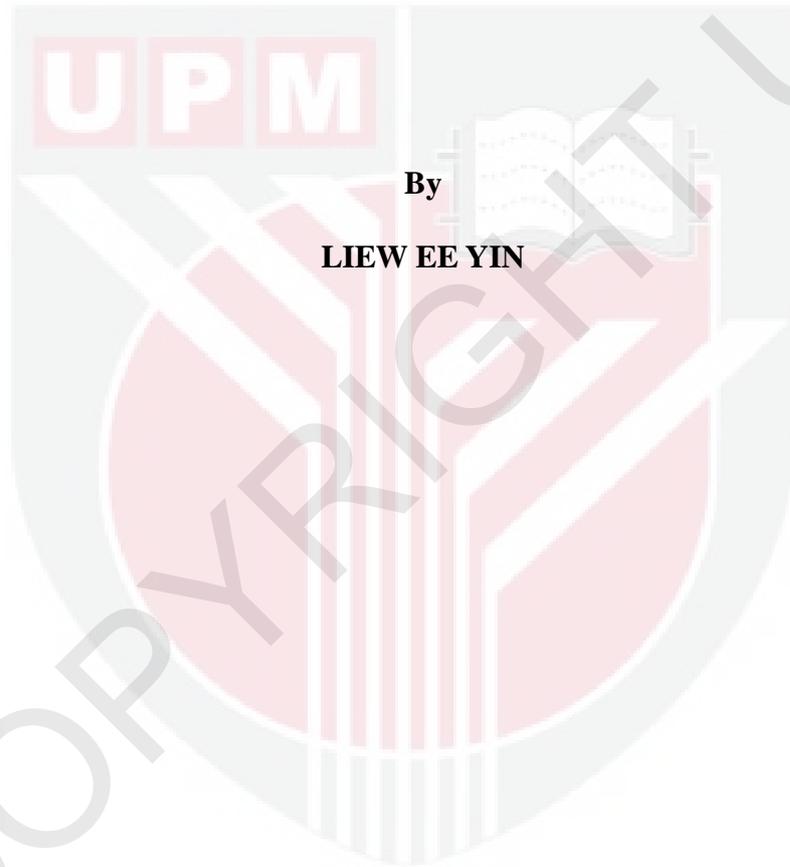
**MASTER OF SCIENCE  
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**DOWNSIZING AND ITS EFFECTS ON THE TURNOVER INTENTION OF  
SURVIVING EMPLOYEES IN MALAYSIA**

**By**

**LIEW EE YIN**



**Thesis Submitted to the Graduate School of Management,  
Universiti Putra Malaysia, in Partial Fulfillment of the  
Requirement for the Degree of Master of Science**

**August 2012**

Abstract of thesis presented to the Senate of Universiti Putra Malaysia in fulfillment of the requirement for the degree of Master of Science

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**LIEW EE YIN**

**August 2012**

**Chair: Dr Ho Jo Ann**

**Faculty: Graduate School of Management**

Downsizing is defined as a purposeful reduction in the size of organization's workforce. Organizational downsizing has increasingly occurred throughout the workplace over the past decades of years. Prior research has shown that downsizing can have profound effects on survivors' (i.e. those who remain employed subsequent to downsizing) behaviors. The purpose of this study is to examine the effects of organizational downsizing on surviving employees' turnover intention. The sample of the study was the survivors of organizational downsizing from all levels of employees. The respondents were from organizations which were involved in employee retrenchment during the year 2009. These organizations are located in Selangor, Penang and Johore. Job insecurity and shock were found significantly and positively affects the intention to leave an organization of the surviving employees.

Job embeddedness moderates the relationship between job insecurity and turnover intention, specifically the sacrifice-community and sacrifice-organization sub-dimensions of job embeddedness. In terms of moderating roles of employees' demographic variables, only age was found to have moderating effects on the relationship between job insecurity and turnover intention. The implications of this

study from both theoretical and managerial perspective were discussed. Managers within organizations should plan for downsizing as an effort to reduce shocks for the surviving employees. Resources should be focused on the human resource practices which foster employees' job embeddedness by increasing their links, fits and sacrifices with the organization and community. Limitations and directions for future research are also discussed.



Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk Ijazah Master Sains

**PENGECILAN ORGANISASI DAN KESAN-KESANNYA  
TERHADAP NIAT UNTUK PUSING GANTI  
DI KALANGAN PEKERJA-PERKERJA DI MALAYSIA**

Oleh

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Pengecilan organisasi ditakrifkan sebagai pengurangan dalam saiz tenaga kerja organisasi. Pengecilan organisasi semakin kerap berlaku di tempat-tempat kerja pada dekad yang lalu. Penyelidikan sebelum ini telah menunjukkan bahawa pengecilan organisasi boleh memberi kesan yang ketara kepada tingkah laku pekerja yang terselamat (iaitu mereka yang masih bekerja selepas pengecilan organisasi). Tujuan kajian ini adalah untuk mengkaji kesan pengecilan organisasi terhadap niat pekerja untuk pusing ganti dalam organisasi. Sampel kajian ini adalah pekerja yang masih bekerja selepas pengecilan organisasi dari semua peringkat. Responden adalah dari organisasi yang terlibat dalam pemberhentian pekerja pada tahun 2009. Organisasi-organisasi itu terletak di negeri Selangor, Pulau Pinang dan Johor. Ketidakpastian tentang jaminan pekerjaan dan kejutan yang dialami oleh pekerja mempengaruhi niat pekerja untuk meninggalkan organisasi. Tahap penjerumusan pekerjaan menyederhanakan hubungan antara ketidakpastian jaminan pekerjaan dan niat untuk pusing ganti, khususnya sub-dimensi penjerumusan kerja iaitu pengorbanan-masyarakat dan pengorbanan-organisasi. Dari segi peranan

pembolehubah demografi pekerja, hanya umur didapati menyederhanakan kesan ke atas hubungan antara ketidakpastian jaminan pekerjaan dan niat untuk pusing ganti. Implikasi kajian ini dari perspektif teori dan pengurusan telah dibincangkan. Pengurus dalam organisasi perlu merancang program pengecilan organisasi sebagai usaha untuk mengurangkan kejutan untuk pekerja yang masih bekerja dalam organisasi. Sumber-sumber organisasi perlu diberi tumpuan kepada amalan sumber tenaga manusia yang memupuk penjerumusan pekerjaan pekerja dengan meningkatkan perhubungan, penyesuaian dan pengorbanan pekerja dengan organisasi dan masyarakat. Had-had kajian ini dan cadangan untuk kajian akan datang juga telah dibincangkan.

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Last but not least, I want to thank all people who have been helping me whose names are not mentioned here in direct or indirectly. Your assistance, I will never forget. Thanks for everything.

I certify that an Examination Committee met on **30 August 2012** to conduct the final examination of **Liew Ee Yin** on her **Master of Science** thesis entitled “**Downsizing and Its Effects on the Turnover Intention of Surviving Employees in Malaysia**” in accordance with Universities and University Colleges Act 1971 and the Constitution of the Universiti Putra Malaysia [P.U. (A) 106] 15 March 2008. The Committee recommends that the candidate be awarded the Master of Science degree. Members of the Examination Committee are as follows:

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## DECLARATION

I hereby declare that the thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at UPM or any other institutions.

\_\_\_\_\_  
**LIEW EE YIN**

Date:



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