UNIVERSITI PUTRA MALAYSIA

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

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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

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

By

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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.
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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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

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