THE RELATIONSHIP BETWEEN DIFFERENT ANTECEDENTS, WORK OUTCOMES AND TRUST TO DIFFERENT REFERENTS (DIRECT LEADER VERSUS ORGANIZATIONAL LEADER) IN THE DOWNSIZING CONTEXT

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ABSTRACT

Downsizing has had a significant influence on organizational life over the past 10 years in Hong Kong. When organizations downsize, two groups of employee emerge, those who are laid off and those who remain in the organization. The experiences of those remaining in the organization, or the organizational survivors, have been neglected.

This study presents examination of the experiences of survivors with regard to different antecedents (Procedural Justice, Interactional Justice, and Distributive Justice) and Perceived Organizational Support, work outcomes (Job satisfaction, Job Performance and Turnover Intention) and trust to different referents (Direct Leader and Organizational Leader) in the context of downsizing. The study develops and empirically tests a theoretical framework that examines the relationship between survivors’ perceptions of the three justices and perceived organizational support, trust in direct leader, trust in organizational leader, job satisfaction, job performance and turnover intention. The theoretical framework integrates previous research findings examining the concept of trust from management and psychology literature. A survey instrument is developed and administered to collect information and data were gathered from survivors representing a variety of organizations and industries. The theoretical model was analyzed using a partial least squares.

The results support several of the hypothesized relationships. Correlational data indicated that these antecedents and trust in both leaders all demonstrated significant correlations with the work outcomes variables, with the exception of job performance. The partial least squares analysis was adopted to find out that the mediation effects between different antecedents, work outcomes and trust to different referents. The
results revealed that trust in both leaders mediated the relationships between these antecedents and the work outcomes variables. However, it is very surprising that all antecedents and trust in direct leader did not correlate with job performance and the trust in direct leader did not act as a mediator between procedural and interactional justice and job performance. Possible explanations of the results as well as implications for practice and future research are provided.

Full Text (29,400 words)
CHAPTER 1
INTRODUCTION

1.1 Background of the Study

In Hong Kong, the longest economic recession begun in 1998 due to the impact of the Asia financial crisis. Among all major Asian Pacific economies, Hong Kong unemployment rate is only lowers than the Philippines’ in 2002. Around 14 percentages of local companies further plan to layoff the number of permanent employees in according to the survey results of The Hong Kong Institute of Human Resource Management (HKIHRM, 2002). In response to the economic downturn of the early 2000s and in an effort to become more competitive, effective and efficient, many organizations have attempted to reduce cost by downsizing, restructuring and reengineering. The current economic trends more than ever rely on downsizing to increase productivity, decision-making capabilities, entrepreneurship and communication while decreasing overhead and bureaucracy (Cascio, 1993). It is generally accepted that organizational restructuring requires the downsizing of unproductive and over-expanded departments for the purposes of the stimulation of capital turnover and the elimination of many positions for the reduction of cost and labor force (Kim, 2003).

Opposite to the organization’s intent, downsizing can have profound negative effects on the remaining employees (survivors) may also negatively impact the organization’s bottom line such as many survivors have exhibited decreased levels of trust to organization, job satisfaction, job performance and morale, as well as increased the
level of turnover intentions among the survivors (Corum, 1996). Survivors also tend to evaluate the organizational justice (i.e., Procedural Justice, Interactional Justice, and Distributive Justice) and organizational support in downsizing activities (Brockner & Greenberg, 1990). Organizational justice theory is adopted by Greenberg (1990) to explain the effects of change environment, employees evaluate conditions that have implications for their well-being, and thus respond positively while they believe the outcomes of the procedures used to implement decision (procedural justice), allocation decisions (distributive justice) and the treatment they receive form organizations (interactional justice) are fair. Cobb, Wooten and Folger (1995) propose that three dimensions of organizational justices influence a variety of employee responses such as job satisfaction, commitment, trust in organization and supervisor, acceptance of change and turnover. Researchers (e.g., Verdi, 1996, Brockner, Wiesenfeld & Martin, 1995 and Appelbaum, Everard & Hung, 1999) indicate that employees’ perceptions of organizational justice in relation to the layoffs are significantly related to how the survivors fare in the aftermath of the downsizing. Their findings support that survivors who believed laid-off workers were not treated fairly or who believed that management’s decisions were not justified, tended to have lower job satisfaction and job performance, as well as increased turnover intention.

1.2 Justification for the Dissertation Project

Much of the academic literature on downsizing deal with three perspectives (Mishra & Mishra, 1994, Mishra & Spreitzer, 1998 and Appelbaum, et al., 1999): first perspective, joint ventures, acquisitions and mergers trends are related in terms of the industry level. The second perspective lends itself to concern with implementation process of
downsizing and the expected pitfalls and benefits of downsizing on the organization’s efficiency, effectiveness and performance, in other words, this perspective focus on the organization or strategy level and final perspective focus on the individual level, which also termed the micro level such as individual stress and survivors’ responds. As downsizing trends continue to produce more people who can define themselves as survivors, the need to better understand their experiences increases. Yet, two issues that must be related to survivors that have to be thoroughly explored are perceptions of justice and experiences of trust within the organizations (Cobb et al., 1995). There also is a need to focus the research away from a managerial perspective and toward a better understanding from the perspective of the survivors (Verdi, 1996). Although there are many past researches (e.g., Freeman & Cameron, 1993, Mishra & Mishra, 1994 and Mishra & Spreitzer, 1998) about downsizing, research also needs to focus on the experience of the survivor and how they understand the organizational justice and perceived organizational support surrounding downsizing. In fact, the people or human factor seemed to be the most possible one to occur but the easiest one to be ignored by the organizations. In reality, while those who lost their jobs might seem the most affected by organizational transitions, it was more likely that the employees who remained suffered the more negative effects (Appelbaum et al., 1999). Survivors might experience psychological reactions such as survivor syndrome, loss of confidence in management, distrust, low morale and reduced loyalty etc. (Marks, 2003). Mishra and Spreitzer (1998) further grouped survivors’ behavior onto two broad categories, constructive and destructive. Constructive survivors’ behavior includes obliging responses on feeling calm, relief, commitment, trust and loyalty. Destructive responses are feelings and expressions of hopeless, withdrawal and anxiety. Others include cynicism, anger, disgust, retaliation and the tendency to badmouth the organizations. As
a result, unwritten employment contracts between employees and organizations were killing off with a remaining vacuum of mistrust - a trust gap (Horton & Reid, 1991). As stated by Mishra and Spreitzer (1998: p.568), “trust ………reduce the extent to which organizational downsizing is evaluated as a threat”.

1.3 Aims of the Dissertation

Trust has been of interest to researchers for the last four decades and has been heavily researched in the field of applied psychology and organizational science (Dirks & Ferrin, 2002). Researches have consistently found that trust leads to favourable outcomes (e.g., job satisfaction, job performance, intention to quite and commitment) (Dirks & Ferrin, 2001). The role and importance of trust in between employees and organization working relationship have been recognized in many management studies (see Muchinsky, 1977, Earley, 1986, and Mcallister, 1995), which indicated that employee behaviors have been significantly associated with trust. Several theories describe mechanisms in working relationships such as Blau’s (1964) suggestion theory of social exchange. Research has examined fair treatment or the relationship between organizations and employees in relation to organizational justice and work attitudes and behaviors (Colquitt, Conlon, Wesson, Porter & Ng, 2001, Cropanzano & Greenberg, 1997). These researchers explain the mechanisms that underpin the reported relationship between organizational justice and employee work outcomes.

Despite previous research effort, many issues remain unclear, such as the construct of trust and the position of trust in the causal framework (Rousseau, Sitkin, Burt & Camerer, 1998). The referent of trust is one of the important facets of the construct,
such as direct leader or supervisor and organizational leader. Researchers seldom include more than one referent in one study. Moreover, there may be some contextual factors that affect the relationship between trust and certain work outcomes (Dirks & Ferrin, 2002). In particular, downsizing is an interesting situation to explore under the current economic slowdown and increasing competitive marketplace. When organizations undertake downsizing which entails much uncertainty and conflict, trust becomes especially important. The extent to which employees trust their supervisors or managers impacts their responses to downsizing (Appelbaum, Everard and Hung, 1999). Adopting the concept of social exchange theory, the aims of the present study are 1) Examine the relationships between survivor’s perceptions of procedural, interactional, distributive justices and perceived organizational support and two trust referents. 2) Examine the relationships between the two trust referents and survivor’s work outcomes. 3) Test each referent as a possible mediator of the each antecedent and work outcome. 4) Test the combination of the seven hypothesised mediating effects into an overall model to examine the concurrent effects of the different variables on job performance, job satisfaction and turnover intention. This study will help advance the existing research on trust and downsizing. The findings of this study will contribute to the theories of trust, and also provide practical insights to managerial practice.

1.4 Structure of the Dissertation

This study will also address the objectives in the following way. In chapter 2, the past literatures on downsizing are reviewed, for example, the reasons that prompt organization to carry out the downsizing in different ways or activities are discussed. The organization perspective of downsizing is addressed to review the literature relating
to downsizing and survivors’ syndrome. Next, the need of trust, between organization and employees, are described while undertaking downsizing. The past literatures of trust also are reviewed, more specifically, trust in direct leader and organizational leader are to be concerned. Subsequently, the discussion of reasons that prompt the organizations to consider the actual consequences of downsizing in terms of trust: the presence of supportive from direct leader or organizational leader, the important of honest, transparency and open communication and the essential need of mutual trust in between management or supervisor and survivors are presented. Also, survivors’ perceived organizational justices and organizational support are discussed. Finally, the impact of downsizing in terms of different work outcomes such as job satisfaction, job performance and turnover intentions are discussed. In Chapter 3, development of difference hypotheses are to be discussed. Different hypotheses regarding two trust referents with different antecedents and outcomes are derived form the literature review’s conceptual foundation. The model for this study includes relationship between trust in direct leader and organizational leader with four antecedents: 1) Procedural Justice, 2) Interactional Justice, 3) Distributive Justice and 4) Perceived Organizational Support. Similarly, the model examines the relationship between trust in direct leader and organizational leader with work outcomes: 1) Job performance, 2) Job satisfaction, and 3) Turnover intention. The mediation effects of the trust in both leaders between these antecedents and work outcomes will also be examined.

In chapter 4, all major aspects of the research design and methodology are addressed and selecting the measurement technique, devolving the survey instruments, data collection techniques and analysis and generating items from previous research studies for the survey instrument will be also presented and discussed. A positivist approach is
identified and email survey is considered as appropriate method to collect the data. Primary and secondary data are discussed generally and primary data are adopted and to be gathered at one point in time. This time horizon is calling as the one-shot kind or cross-sectional. 60 organizations are randomly drawn from the Hong Kong Trade Development Council lists, which contains all registered organizations in Hong Kong. During the survey stage, data are to be collected through self-administered questionnaires, which attached style through email. All questionnaire items abbreviated version of the previous studies, which reported the coefficient alpha are good and very good internal reliability. Finally, general ethical issues are considered, in turn, ethical submission is required to assess the study is fulfill the research ethical requirement of Newcastle University.

The findings from the analyses that are conducted to test the hypotheses and descriptive statistics of the demographic variables and the variables involved in the hypotheses are presented in chapter 5. It is expected to conduct the test to the hypotheses and descriptive statistics of the demographic variables and the variables involved in the hypotheses. Different positive or negative relationships between variables are to be found out in this chapter. Furthermore, a partial least squares analysis is adopted to find out that the mediation effects between different antecedents, work outcomes and trust to different referents.

Finally, discussion of the implication of findings and contribution in both (managerial and academy) implications of the research are described in chapter 6. Moreover, limitations of this research are discussed and identified. Furthermore, possible extensions to future study and avenues to further research are explored. Basically, this
study attempts to provide the evidence to support some practical suggestions when organizations need to undertake downsizing. As stated by Spreitzer and Mishra (2002), it is important to pay attention and to provide support to those who remain in the organization.

Survivors are likely to experience significant changes in their context following an organizational downsizing. When downsizing is necessary, organizations should practice the three justice dimensions because it is demonstrated in this study that these have a positive effect on the survivors’ job satisfaction. Organizations are also encouraged to ensure that perceived organizational support is in place, as this will reduce the survivors’ turnover intentions. Meanwhile, this study also suggests that management should be drawn attention on organizational justice and perceived organizational support how to affect the trust in both leaders as areas that need consideration during planning and implementing downsizing. Moreover, the organizations should allocate the resources in providing organizational support when initiating the downsizing. Effective downsizing is not a short-term fix, but rather a long-term investment in the human resources of the organization.

1.5 General Overview

Review of the early survivorship literature indicated that employees evaluate the fairness of the downsizing activity (e.g. Brockner & Greenburg, 1990). The early studies on survivorship demonstrate that employees’ fairness perceptions of the layoffs are significantly related to how they fare in the aftermath of the downsizing. More recent research by Kernan and Hanges (2002) distinguishes the relationship between the
different dimensions of justice and perceived organizational support. The result indicates that significant relationships between these justice and work outcomes such as job satisfaction, job performance and turnover intentions in the downsizing context. However, the previous studies did not demonstrate that these justices how to work with trust in direct leader and/or trust in organizational leader to the employees’ work outcomes (i.e. job satisfaction, job performance and turnover intentions). This study is unique in the fact that it examined the influence of the trust in both leaders on the relationships between specific justice dimensions, perceived organizational support and work outcomes variables. This study contributes to the organizations for several reasons: (a) learning more about the trust in both leaders that cause the level of resistance to change situations will aid in a better understanding of survivors’ negative feelings such as job insecurity and fear in combination with guilt, anger, frustration and resentment toward the organization, and (b) learning more about justice and perceived organizational support issues for survivors can improve the understanding of employee’s needs during and after downsizing and can bring to light ways it can be improved. Lastly, organizations can adopt the findings of this study to cope with these negative feelings and to reduce risk taking as well as higher turnover intentions, lower morale, and decreased trust in organizations during planning and implementation downsizing.

Overall, in this fast changing business environment, increasing numbers of organizations are restructuring including downsizing to remain competitive in the global market, and as a results of the downsizing, many survivors are experiencing negative outcomes, which impact the organizations’ bottom-line. The study seeks to a better understanding of how to manage downsizing.
CHAPTER 2
LITERATURE REVIEW

This study focuses on the relationship between different antecedents, work outcomes and trust to different referents (direct leader vs. organizational leader) in the context of downsizing. This chapter presents a review of the literature in this area, including the concept of downsizing, different antecedents (Procedural Justice, Interactional Justice, Distributive Justice and Perceived Organizational Support), trust in both leaders (direct leader and organizational leader) and work outcomes (Job Performance and Job Satisfaction). Each of these areas provides a foundation for the theoretical basis for this research.

2.1 Downsizing

In response to economic recession in early 2000s in Hong Kong, as Freeman and Cameron (1993:p.10) state “organization downsizing has become a pervasive organizational strategy…….. to being an accepted, almost routine way of managing”, organizations are undergoing downsizing to reposition themselves to increase competitive advantage in an uncertain marketplace. Downsizing is defined as restructuring, reengineering, delayering, reductions in work force, resizing and organization decline through layoffs (Freeman, 1994). Organizations commonly downsize in attempts to remain competitive position in market through increase organization’s performance in terms of efficiency, effective and productivity (Noer, 1993). Apart from the recession of economic, technological innovations, other factor that may contribute to downsizing, that result in fewer workers required with heightened
productivity (Wagar, 1997). More and more, downsizing is even becoming common in industrialized countries (Mroczkowski & Hanaoka, 1997). Many researches examining the effects of layoffs has focused on the downsizing that took place shortly after the recessions of the late 1980s and early 1990s (Brockner, Grover & Blonder, 1988; Brockner, DeWitt, Grover & Reed, 1990). However, little research has been conducted on the effects of layoffs during the current recession. Survivors today find themselves in a different organizational environment than those of the early 1990s. For example, organizations today have flatter structures and as whole, the economy emphasizes service over manufacturing (Bowditch & Buono, 2001). Also, there has been a change in the expectations between employer and employee. Previously, employees expected that the organization provided long-term employment for good performance and offered training and career development path for promotion purposes. Today, employees are increasingly responsible for their own career development to increase their marketability and employees can no longer expect long-term employment for loyalty and good work (Noer, 1993).

Much of the academic literatures on downsizing deal with three perspectives (Mishra & Mishra, 1994, Mishra & Spreitzer, 1998 and Appelbaum, et al., 1999): first perspective, mergers and acquisitions, joint ventures and national employment trends are related in terms of the industry level. The second perspective lends itself to concern with how to implement downsizing and the expected benefits and pitfalls of downsizing on the organization’s efficiency, effectiveness and performance, in other words, this perspective focus on the organization or strategy level. For example, continuous improvement is the propensity of an organization to pursue incremental and innovative improvements of its processes, products and services (Anderson and Narus, 1990). The
researchers believe, whether large or small, manufacturing or service, that increasing competition makes continuous improvement strategically important to all kinds of organizations. Final perspective focus on the individual level, which also termed the micro level such as individual stress and survivors’ responds. All in all, the impact of organizational change has been a widely concerned in the current business world.

2.1.1 Influence of Downsizing

After 20 years of growth, the longest economic expansion in Hong Kong’s history came to an end in 1997. From the Census and Statistics Department of the Hong Kong Special Administration Region Government, secondary data indicate that the economy shrank by 5.1% in 1998 due to impact of the Asia financial crisis. Hong Kong's unemployment rate rose to 7.7% in the period from April to June in 2002. However, real unemployment is estimated to be much higher, perhaps as much as double the reported rate. Hong Kong unemployment is thus higher than Canada’s 7.5%, and only lowers than the Philippines’ (13.9%) among all major Asian Pacific economies (South China Morning Post, 2002). The Hong Kong Institute of Human Resource Management (IHRM) conducted the 2002 Manpower Planning Survey, in which covered a total of over 55,000 employees of 93 local and multinational companies. From this survey, results indicated that 14 percentages indicated further plans to layoff the number of permanent full-time employees in upper management by the end of 2002. Another 29.9 percent forecast layoffs in the number of permanent full-time staff in middle management (IHRM Press release, 2002). The continued severity of the jobless situation reflects the economic
contraction and continued incidence of corporate downsizing, and pay cuts and job losses. As expected, the economic recession in Hong Kong led to the layoffs of many thousands employees in near future.

2.1.1.1 The Positive Consequence of Downsizing

While there had been debate over the impact of the Asian financial crisis, much less had been discussed on the consequent restructuring of the organizations and the economy on society, It is generally accepted that organizational restructuring requires the downsizing of unproductive and over-expanded departments for the purposes of the stimulation of capital turnover and the elimination of many positions for the reduction of cost and labor force (Kim, 2003). The previous researches (e.g., Mishra & Mishra, 1994, Mishra & Spreitzer, 1998 and Tan & Tan, 2000) revealed that downsizing has been became a significant influence on organizational life. There are four key attributes of downsizing (Freeman & Cameron, 1993). First, downsizing is an intentional endeavor, which meaning that organizations engage in it purposively to draw out specific results. Second, it usually involves a workforce reduction to downsize the expenses of the organization (Cameron, 1994). Organizations may reduce their workforce by means of permanent layoffs, transfers, cutbacks, attrition and indiscriminate downsizing (i.e. buy-out packages, early retirement or voluntary termination) (Mishra & Mishra, 1994). The third attribute is going to focus on the organization’s effectiveness (Cameron, 1994). Organizations commonly downsize in attempts to remain cost-competitive in economic slowdowns, with a view to the joint strategy of increasing short-term efficiency and productivity
while decreasing their total costs (Norer, 1993). Finally, downsizing affects the work processes of an organization. Work redesign may be involved, which consists of restructuring of the organization, eliminating functional units, divisions (Cameron, 1994). According to Burke and Cooper (2000), benefits of downsizing can include reductions in bureaucracy, lower overheads, improvement of effectiveness and efficiency, increased productivity, open communication, faster decision-making, smoother communication, greater entrepreneurship and increase value to shareholders.

2.1.1.2 The Negative Consequence of Downsizing

Although these benefit the organizations, they may also result in negative impact of downsizing - the negative effects among the organizations and survivors. Many studies (for example: Latack, Kinicki & Prussia, 1995 and Leanan & Ivancevich, 1987) extensively researches on victims of downsizing – that is, those who have been laid-off. Here, this study focuses on survivors of downsizing – that is, those who remain employed at the organizations (Mishra & Spreitzer, 1998).

The negative effects of downsizing also have been profound on the organization and the layoff survivors. According to Morris, Cascio and Young (1999), the financial reasons for implementing downsizing are not always realized as an outcome of the reduction. Downsizing might also lead to a loss of reputation, making it difficult to retain the top up performers and attract the best in the business (Ket de Vries & Balazs, 1997). Other consequences of downsizing
consist of changes in power distribution, trust levels, communication patterns, teamwork, and leadership (Cameron, 1994). For example, downsizing always is the centralization of power to upper management, which leads to decision-making leaves out the ideas and input of middle and lower employees. This consequence causes the loss of trust among members of the organization. Upper management and employees become distrustful of decision made by other groups. Next, is the restriction of communication as people are not willing to share information due to dear and distrust that results from downsizing. A lack of teamwork is the then results from the individualism that comes with uncertainty and job insecurity from the downsizing. The organizations also lost of key talent of employees under the indiscriminate downsizing, which can result in the loss of the brightest and best employees, who are high-performing and have specialized knowledge about the organizations, may choose to leave the organizations as the much more attractive opportunities available in external (Spreitzer & Mishra, 2002). Mishra and Mishra (1994) further point out that more than half of the organizations, who downsized their workforce in large portion of total employees, may have to re-hire new employees to continue projects or works. The costs may increase while searching foregone opportunities to replace the lost talent. Contrary to management’s intent, research (for example: Brockner, Grover, Reed, DeWitt & O’Malley, 1987; McElroy, Morrow & Rude, 2001) has found that downsizing can negatively influence the work attitudes and behaviors of the employees who remain, the layoff survivors, and therefore negatively impact the organizational bottom line. Noer (1998) further concluded that the survivors always experienced negative feelings, such as job insecurity and fear in combination with guilt, anger,
frustration and resentment toward the organization. Organizational change and downsizing are thus often perceived by employees to be threatening and inhumane activities resulting in harsh terminations affecting families (Saunders & Thornhill, 2003). Along with these negative feeling, survivors also experience uncertainty and ambiguity, which may induce feelings of resentment toward the organization that leads to conflict (McElroy et al., 2001). Since downsizing creates ambiguity and uncertainty, employees must learn to cope (Armstrong-Stassen, 1994), they propose that some strategies are used by survivors to cope. For example, the survivors cope is through deciding who is responsible for the layoffs, according to Brockner and Greenburg (1990), employees chose between two stances: unsympathetic and sympathetic; an unsympathetic stance denies any wrongdoing on the part of management and blames the person laid off as they did not work hard enough or produce enough; the sympathetic stance, which sides with the victims, aims to take action and restore justice on behalf of those laid off. By deciding who is responsible and placing blame on either the victims or on management, survivors try to cope with the downsizing and to protect themselves from the belief that they will be the next person laid off (Brockner & Greenburg, 1990). Thus, many researchers (e.g., Putnam & Holmer, 1992, Brockner, 1992 & Armstrong-Stassen, 1994) suggest that differences in justice process can bring about conflict between survivors who blame management versus those who blame the victims; therefore, further exploration is needed on the link between the different concepts of organizational justice and the ambiguity and uncertainty of downsizing.
Much of the academic literature (Mishra & Mishra, 1994; Appelbaum et al., 1999; and Lamsa & Savolainen, 2000) reveals that, under an uncertain business climate and an emerging global marketplace, companies prefer to reposition or restructure themselves in order to maintain competitive advantage. Organizational downsizing is a common strategy directed at improving efficiency and performance (Appelbaum et al., 1999). Some researchers, such as Robbins and Pearce (1992) and Pearce and Robbins (1993) state that downsizing helps to re-energize organizations, and may be a critical element to eliminate excessive costs, and improve market responsiveness.

Downsizing, however, may not lead to greater productivity effectiveness and efficiency as expected (Kim, 2003). Recently, many researchers (for example: Brockner et al., 1987; Kozolowski, Chao, Smith & Hedlund, 1993; Meyer, 1995) have paid increasing interest to the survivor syndrome - the social and psychological impact of downsizing on layoff survivors. Kim (2003) finds that layoff survivors suffer from the impact on their mental health, which is named the layoff survivors’ syndrome. His findings are consistent with previous researches (e.g., Zeitlin, 1995; Morishima, 1993) that the negative impact of downsizing on layoff survivors’ mental and physical health. The survivors most common emotional responses to downsizing include guilt, anger and hatred (Guiniven, 2001). Guilt is perceived to arise when survivors feel remorse at having retained their jobs when colleagues have lost them. Anger and hatred are most often perceived to be directed toward management, since it has determined the type of downsizing pursued, and ultimately who should be retained and who should go (Guiniven, 2001; Ambrose, Seabright & Schminke, 2002).
Along with these emotional responses, survivors also experience uncertainty and ambiguity such as job insecurity (Spreitzer & Mishra, 2002). According to Guest (1998), amongst employees, mistrust always comes with job insecurity. Vulnerability and wellbeing at risk are common feelings dominating whether the employees are trusting or mistrustful of management, that is often translated into perceptions that the organization favors or disfavors them. Mishra and Mishra (1994) after surveying approximately five hundred people concluded that (a) within a top management group, level of mutual trust is negatively related to downsizing; (b) between top management and employees of a department, the degree of mutual trust is positively related to downsizing and (c) downsizing is negatively related to organizational performance. Indeed, there is sufficient evidence to support the proposition that downsizing will have a negative effect on trust between organizations and the survivors. Peak (1996) further points out that downsizing has irrevocably altered the trust factor. An organization in order to successfully downsize, must enable a level of trust to be in place. Previous researches (e.g., Cook & Wall, 1980; McCauley & Kuhnert, 1992; McAllister 1995 and Mayer et al., 1995) have shown that the level of trust within organization has been focused on three categories: interpersonal trust, trust in top management and trust in the supervisor.

2.2 Need for Trust between Organization and Employees

“Trust” is the word dates back to 13th century English and expressing in terms of faithfulness and loyalty (Möllering, Backmann & Soo, 2004). Many writers in
philosophy or sociologists (e.g., Goffman, 1963, Rotter, 1967, Dunn, 1988 and Hollis, 1998) have provided insights into how trust bears out in everyday social life. Inevitably, dependence on others in various ways is necessary to accomplish personal and organizational goals. Rousseau et al., (1998) review across disciplines (e.g., the view from economists, sociologists and psychologists) and at different levels of analysis (e.g., calculative or institutional behavior and relationships among people ) and identify a widely held definition of trust: “Trust is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another” (p.395). They further explained that “trust is not a behavior (e.g., cooperation), or a choice (e.g., taking a risk), but an underlying psychological condition that can cause or result from such actions” (p.396). A three-facet definition of trust has been provided by Whitener, Brodt, Korsgaard and Werner (1998). First, trust reflects belief or an expectation that the other party or person will act generously. Second, trust involves willingness to be vulnerable while it assumes the risk that the other party or person may not fulfill that expectation. Third, trust is considered as an attitude held by employee (trustor) toward employer (trustee) while different levels of dependency on the other party or person are involved. According to these writers, such attitude is reflected from the view of trustor, their beliefs and perceptions about the trustee, which based upon the trustee’s behavior. While the trust literatures have viewed mistrust as opposites of trust, the researchers’ (Luhmann, 1979, Lewicki, McAllister & Bies, 1998) work suggests that trust and mistrust allow employees to manage the condition of uncertainty and complexity in different ways. From their findings, trust, in fact, reduces uncertainty and complexity by removing unfavorable expectations and allowing favorable expectations to be seen as certain. In contrast, mistrust only reduces uncertainty and complexity by removing favorable expectations and allowing unfavorable expectations to be seen as
certain. From this, Saunders and Thornhill (2004) further identify two typical relationship cases. During trust case, employee’s perceptions provide reasons to expect that they will be treated favourably, which promote a positive corresponding such as willingness to become vulnerable. Consequently under conditions of mistrust, employees have no reasons to expect that they will be treated favourably, which promote a negative corresponding such as unwillingness to become vulnerable.

The role and importance of trust in between employees and organization working relationship have been recognized in many management literature reviews (e.g., Muchinsky, 1977, Earley, 1986 and Mcallister, 1995), which indicated that employee behaviors have been significantly associated with trust. Several theories describe mechanisms in working relationships. Blau (1964) suggests social exchange theory - “the voluntary actions of individuals that are motivated by the returns they are expected to bring and typically do in fact bring from others” (p.91-92) to highlight the importance of understanding employees’ motivations and their relationship to the achievement of organizational goals. As early as 1964, Blau was first researcher to differentiate social exchange from economic exchange. He identified social exchange relied on the relationship that entail unspecific future obligations and generates an expectation of some future return for contributions as same as economic exchange; however, social exchange do not occur on a calculated basis. In contrast, economic exchange is based on tangible transactions. Holmes (1981) demonstrated that social exchange relationships are based on individuals’ trusting each other (e.g., leader and subordinate). Trust, in turn, is also necessary element for maintaining social exchange. Blau’s contrast of both exchanges (social and economic) parallels a difference made by Rousseau and Parks (1993) with regard to psychological contracts. They described contracts act as set of
agreements to create an obligation to state out something should be done or not done. According to their findings, contracts differ along a range anchored on one end by transactional contracts, which are short-run agreement to specify each party activities of the other, and at the other end by relational contracts, which are often long-term and include the exchange of socio-emotional elements. Therefore, it is concluded that one manifestation of social exchange is reliance on relational contracts. According to many researchers (e.g. Blau, 1964, Clark & Mills, 1979 and Rousssear & Parks, 1993), trust provide the basis for relational contracts and social exchange. Social exchange theory promotes that relationships providing more rewards than costs to produce long-term mutual trust (Friman, Garling, Millett, Mattsson & Johnston, 2002).

Social exchange in an employment relationship can be viewed as an organization’s fair treatment of its employees (Mayer, Davis & Schoorman, 1995). The theory maintains that individuals enter into relationships with others to maximize their benefits (Blau, 1964). According to Aselage & Eisenberger (2003), the resources exchange between people may be intangible, for example, socio-emotional such as communication of caring or respect. Yet, development of trust theory has been extended to range from the interpersonal to the inter-organizational (Rousseau et al., p.396, 1998).

Whitener, Brodt, Korsgaard and Werner (1998) suggest that organization should consider impact on trust building and that organization’s behaviors and actions make the first move toward to provide the foundation for trust building or build the relationship of trust. A conceptual framework of initiating organizational trustworthy behavior has been proposed by Dasgupta (1998) that includes, behavioral integrity, behavioral consistency and communication. According to Whitener et al., (1998),
behavior integrity is reflected on the belief that organization always keeps its promises and tells the truth to employees. Behavior consistency, therefore, reflects the predictability and reliability of organization’s actions while it refers to the consistency such as what organization does and what it says (Dasgupta, 1998). Both are similar to reflect that reduces employee’s perceived risk of trusting management. Three keys attributes of employees’ trust in organization have been identified as organizational communication, which include transparency, openness, accuracy of information, honest and explanation of decisions (Saunders & Thornhill, 2004).

2.3 Construct Issue: The Referent of Trust

According to Aryee et al., (2002) trust involves a relationship between two parties: the trustor and trustee. Early trust theorist Rotter (1967), who defined the characteristics of the interpersonal trust as “an expectancy held by an individual or a group that the world, promise, verbal or written statement of another individual or group can be relied upon” (p.651). Trust, in turn, refers to the beliefs that both parties maintain about the other party’s future behavior (Mayer et al., 1995). The more the trustor believes that trustee will fulfill the latter’s commitments to the relationship, the more trustor will trust trustee. Blau (1964) conclude that the initial problem of the trustor and trustee is to prove oneself trustworthy. Since social exchange requires trusting others to reciprocate, the initiates of social exchange relations is going to establish investments that constitute commitment to the other party. Consequently, a focal exchange partners’ (supervisor and senior management) fair treatment of a social exchange relationship with employee. Over the time, a history of support is constituted by these inducements to reinforce the trustworthiness of the exchange partner.
Most studies (e.g., Igbaria & Parasuraman, 1989, Yukl, 1999, Kara, Barling & Kelloway, 2001 and Dirks & Ferrin, 2002) have focused on trust in one of two referents: the direct leader (i.e. work group leaders or direct supervisor) or the organizational leader (i.e. collective set of leaders or executive leaders). Bass (1990) suggest that direct leaders tend to perform supervisory activities such as day-to-day works on the job. In contrast, organizational leaders perform more management strategic functions such as the communication goals of the organization, allocation of resource to different departments and human resource practices of the firm. By given the distinction in the roles of the different leaders’ referents, reciprocating trust in the direct leader would tend to involve job related outcomes such as increasing higher levels of job satisfaction and job performance. For example, an employee may show their helping behavior such as working longer hours to help the colleagues or their supervisor.

In contrast, trust in organizational leader may reciprocate the form of organizational level such as employees’ intention to quit because their decision may involve concerns about organizational factors such as Organizational Commitment (OC) (Tett & Meyer, 1993). OC is categorized three forms by Meyer and Allen (1991). The first form is affective commitment, which denotes “the strength of an individual’s identification with and involvement in a particular organization” (Poter, Steers, Mowday and Boulian’s, p.604, 1974). The second form is continuance commitment, which refers to an awareness of the costs associated with leaving (Meyer & Allen 1991). The third form is normative commitment, which refers to a readiness to remain with an organization due to a sense of moral obligation (Wiener, 1982). Concerning the relationship between commitments with trust, according to Friman, et al., (2002), commitment refers to the
perceived importance of a relationship. In fact, if a relationship is perceived as less important, commitment is assumed to decrease. As a resulting of downsizing, Heenan (1991) argued that there is a reduction organizational commitment. In order to maintain the commitment, trust relationship must be re-established. In fact, such relationship is built on a foundation of mutual commitment (Friman et al., 2002). The past researches (Weitz, 1989, Meyer & Allen, 1991 and Tett & Meyer, 1993) have also indicated that trust also to be an antecedent of commitment. In sum, trust is an important should be associated with organizational commitment (Farrell, 2003).

Most research relates to the trustee as the direct supervisor or leader of the trustor and examines how trust mediates the relationship between leadership style and employees’ work outcomes such as OC and Intention to Quit (Aryee et al., 2002). However, the context factor such as downsizing is not included. Within the literature on downsizing Kirkpatrick and Locke (1991) suggest that trust is an important characteristic of leadership for managing a crisis. Sarros and Santora (2001) specify to examine the impact of transformational and transactional leadership on these work outcomes through perceptions of justice and trust. According to several scholars (Podsakoff, MacKenzie & Bommer, 1990 and Peterson & Hick, 1996), transformational leader engage in actions, by demonstrating individualized concern and respect, to gain the trust of their subordinators. Transformational leadership contains four characteristic: Inspirational motivation – subordinators are motivated by achievement of a common goal, Idealized influence – subordinators idealize and imitate the behaviors of their trusted leader, Individualized consideration – subordinators’ needs are to be addressed both individually and equitably. Intellectual stimulation – subordinators are encouraged to rise up any new thinking and ideas and to challenge what they believe, values and
expectation (Bass, 1985). Transactional leaders are to be said that they focus on ensuring all subordinators are rewarded fairly when the subordinators recognize that they will fulfill the work requirement (Bass, 1998). Both of leadership have been studies for nearly a half century (Yukl, 1999), there is adequate research to show that leadership behavior increases satisfaction between the leader subordinator relations.

Pearce, Branyiczki and Bakacsi (1994) find that distributive and procedural justices are related to trust in organization as human resource practices. Further, interactional justice is found to be related to trust in supervisor as they build relational contracts directly and fulfill employees’ perceptions of the organization’s obligations, employees trust in the organization grow. Dirks and Ferrin (2002) further confirm the similar findings that trust in both leadership styles were most strongly related to these work outcomes. They further provide the evidence regarding the importance of recognizing different referents of trust: - Trust in the direct leader had an equal or greater effect on job satisfaction and job performance.

Jung and Avolio (2000) conduct an experimental study to examine the causal effect of transformational and transactional leadership and the mediating role of trust and value congruence on follower performance. Other studies focus on how the leader’s characteristics, such as integrity, competence and openness, contribute to building trust. The analysis of Clark and Payne (1997) is an example of this. The underlying focus in this research is the effectiveness of leadership - that is, whether a leader capable of building trust with the subordinators will be able to gain commitment and good performance from them (Jung & Avolio, 2000).
Although the referent of direct leader is significant, being the closest organizational representative to the staff, this does not mean other referents are unimportant. There are other referents that deserve attention. The trustees can divert their trust to other referents apart from the direct leader, such as the organization itself, or the organizational leaders, like the executive leader team or collective set of leaders (Dirks & Ferrin, 2002). While there is limited research that differentiating trust in direct leader from trust in the related organization (Aryee et al., 2002; Tan & Tan, 2000), there is even less research enquiring into trust in the organizational leader.

Many studies (e.g., Brockner et al., 1995, Aryee et al., 2002; Saunders & Thornhill, 2003) identify that trust in a direct leader is more related to interactional justice and procedural justice, leading to job-related outcomes, such as job performance and job satisfaction, while trust in organizational leaders is more related to perceived organizational support, more leading to organization-level commodities, such as organizational commitment (Tett & Meyer, 1993). Extending the research focus from one referent to the others is important as this helps inform organization decisions on resources allocation. If organizations seek to achieve the aforesaid favorable outcomes, they need to be aware of the different relationships.

2.4 Context Issue: Downsizing

Following the 1998 recessions, many companies face a globally economic slowdown. Whether it is at the government, non-government, industry or organizational levels, radical change organizational is commonly used as a strategic direction to realign internal structure. Organizations adopt different strategies to achieve costs controls -
restructuring departments, downsizing, streamlining operational processes, merging or closing unprofitable units in order to respond to an increasing cost-competitive environment. Although companies’ profits increase, mergers and acquisition, process re-engineering, restructuring and downsizing are the means used to remain competitive within the dynamic marketplace of the last decade (Gaughan, 2002). In the increasingly competitive, globalize and dynamic marketplace, organizations struggle to improve their performance, efficiency and effectiveness (Appelbaum et al., 1999).

It is agreed with Mone (1997) that the survivors will have affective responses as a result of downsizing. For example, Mishra and Spreitzer (1998) finds that a wide variety of responses may be noted from survivors - two different dimensions have been classified, that is constructive and destructive survivor response to downsizing. According to their findings, constructive behavior of survivor include willing responses of feelings with relief, calm, loyalty and commitment so that they are willing to cooperate with organizations during the implementation downsizing stage as they do not view significant harm or threat from the downsizing as they are optimism and willing to take initiatives. In contrast, destructive survivors are unwilling to cooperate as they feel more threatened in implementing the downsizing as their responses are feelings with fear, anxiety and hopeless and withdrawal. Such affective responses are also reviewed within the past literatures (Mishra & Mishra, 1994 and Lamsa & Savolainen, 2000) include morale, commitment, loyalty and trust among the survivors. Amongst the key factors in terms of process, leadership and strategy of implementation of a downsizing will provide in economic aspects such as productivity, efficiency and effectiveness, however, the organizations seldom to address how to maintain the survivors’ commitment, loyalty, trust and morale within organization (Appelbaum et al., 1999). The organization is only
concerned with the expected benefits on the organizations’ increased performance. The similar findings are further supported by the available evidence, the people or human factors seem to be the most likely to occur but the easiest to be ignored by management (Spreitzer & Mishra, 2002). According to Appelbaum et al., (1999), often the remaining employees or survivors suffer more negative effects, than those who lose their employment. Survivors may experience psychological reactions such as survivor syndrome, loss of confidence in management, distrust, low morale and reduced loyalty (Marks, 2003).

Based on the cross-disciplinary review on trust, Rousseau et al., (1998) propose that the context requires attention in the research project of trust. They further find that some dynamic factors, for example, downsizing or changing situation, should be emphasis as a specific organizational context. In particular, downsizing is to be considered that is an especially interesting situation where trust in leader is even more critically challenged by the employees (survivors) than a general one. In addition, examining trust in a downsizing context has no practical implications. In the increasingly dynamic and hyper-competitive environment that organizations are now facing, downsizing is a popular means that organizations use to struggle for survival and improvement (Appelbaum et al., 1999). The results of this study will provide insights for organizations in managing the two trust referents during downsizing.

A few of studies (Mishra & Mishra, 1994, Mishra & Spreitzer, 1998 & Appelbaum, et al., 1999) have examined both of trust and downsizing. Brockner, Siegel, Daly, Tyler and Martin (1997) found that when an outcome is unfavourable, like job layoff, the level of employees’ trust in organizational management is more likely to be influenced.
Mishra and Spreitzer (1998) find that trust in organizational leader is also related to survivors’ constructive responses. Spreitzer and Mishra (2002) further confirm that trust, empowerment and justice are related to long-term attachment to the organization after downsizing. However, none of the studies referred to above examined the two referents of trust, that is the trust in a direct leader and the trust in an organizational leader, or their impact on various outcomes.

2.5 Trust with Different Antecedents and Outcomes

Although such research has contributed to explaining the social exchange basis of employee attitudes, it is not without limitations. Aryee et al., (2002) note that management research has not examined all three dimensions of justice simultaneously and trust in supervisors was examined only. There is evidence, however, that employees differentiate between multiple exchange partners such as supervisors, co-workers and senior management (Becker, 1992 and Reichers, 1985). Indeed, according to Whitener (1997), employees can develop trust in at least two different types of referents – specific individuals, such as a supervisor; and organization’s representatives, such as senior management.

In different research on trust within organizations, Tan and Tan (2000) show that there are two main foci, namely trust in the immediate supervisor and trust in top management. According to Dirk and Ferrin (2002), the above foci are in fact referring to different referents of trust: the direct leader (supervisor, work group leader) or the organizational leaders (executive leadership team, collective set of leaders). As these referents are in contact with employees at different levels of organizational issues,
different antecedents and outcomes relating to trust in direct leader and trust in organization leader are suggested (Dirk & Ferrin, 2002 and Tan & Tan, 2000). Direct leaders tend to perform supervisory activities like managing performance and day-to-day activities on the job. In contrast, organizational leaders perform more strategic functions like allocation of resources to departments, human resources practices of the firm and communication goals of the organization. In this study, it is to define trust in direct leader as the willingness of a subordinate to be vulnerable to the action of his or her supervisor whose behavior and actions the subordinate cannot control. Also, trust in organizational leaders is defined as the global evaluation of these leaders’ trustworthiness as perceived by their employees (Tan & Tan, 2000).

2.6 Antecedents of Trust in Direct Leader

Organizational justice theory is used to describe the major role of fairness because it directly relates to the workplace, focusing on the ways in which employees determine (really perceive) whether they are treated fairly during duties and the ways where those perceptions influence other organizational outcomes (Pillai et al., 1999; Saunders & Thornhill, 2003). By categorizing employees’ views and feelings, three types of organizational justice components are classified in the literature (Greenberg, 1987; Folger & Cropanzano, 1998), namely distributive justice, procedural justice and interactional justice. They have long been examined on how to work with trust on affecting different organization outcomes (Pillai et al., 1999). Greenberg (1990) use the organizational justice theory to explain the effects of change environment, employees evaluate conditions that have implications for their existing well-being, and thus respond positively if they believe the outcomes of the procedures used to implement
decision (procedural justice), allocation decisions (distributive justice) and the treatment they receive from organizations (interactional justice) are fair. Cobb et al., (1995) propose that three organizational justices influence a variety of employee responses such as job satisfaction, commitment, trust in organization and supervisor, acceptance of change and turnover.

Specific to a context of downsizing, Mishra and Spreitzer (1998) have found that procedural and interactional justice might engender higher levels of trust in supervisors over time. In addition, they propose that trust may interact with different dimensions of justice to stimulate even higher levels of survivor responses. Mishra and Spreitzer (1998) further suggest that procedural justice is a source of trust as it demonstrates respect for the employee and a valuation of the relationship. Thibaut and Walker (1975) described in their earlier research that procedural justice includes the opportunity to voice their opinions. Kernan and Hanges (2002) support such finding that many employees trust that management acted in the employee’s best interest when the employees have the opportunity to voice their opinion during the decision making process. This result matches the research finding of Greenberg (1986) - that most of employees allowed input in the decision making process, tend to be more accepting of negative outcomes and may perceive the layoff procedure as more fair. Pillai et al., (1999) evaluate that procedural justice is highly correlated with trust. The authors also suggest that procedural justice in particular, may be important in the process of building trust. In fact, employees believe their voice was considered in the process reported higher levels of procedural justice and consequently accorded more trust in management (Korsgaard, Schweiger, & Sapienza, 1995). Moreover, trust is frequently associated with the perceived fairness of leadership actions (Dirks & Ferrin, 2002). Connell, Ferres and
Travaglione (2003) show that procedural justice is one of the determinants of trust in managers. Thus, we infer that both procedural justice and interactional justice are correlated to trust in the direct leader.

Procedural justice, in general, introduced by Thibaut and Walker (1975) and further extended by Leventhal (1980) refers to the perceived fairness of the means (processes) used to determine outcomes (Aryee et al., 2002; Dirks & Ferrin, 2002). There are six rules from the previous research of Leventhal’s (1980) conceptualization that procedures are considered to be fair: a) consistence procedures rule, which have be consistence among employees and over time; b) the bias-control rule, during the allocation process, stating with employees self-interests of decision-makers should be avoided, c) during allocation process, the accuracy information should be provided, d) an unfair existence of decisions should be changed to maintain the correctability rule; e) stating with the values and needs of all employees affected, which is the representativeness rule during allocation process; f) the fundamental moral and ethical values should be compared with the allocation process in order to maintain the ethicality rule.

Procedural justice is the most researched justice dimension within the (survivorship) literature. According to Viswesvaran and Ones (2002), procedural justice is clearly linked to work outcomes, such as job performance and job satisfaction. Under the circumstances of downsizing, many survivors showed a decrease in trust toward management when they perceive the layoff process to be procedurally unfair (Verdi, 1996). According to Paterson and Cary (2002), employees’ cynical responses to change are based on the anxiety arising from uncertainty over the future and the actual or
perceived threat of loss. Therefore, the direct leader who always makes the first move and initiates the implementation of the downsizing may reduce such uncertainty, complexity or anxiety by using procedures perceived as fair by the subordinate. As the actions are more predictable, this explains why subordinates trust their direct leader when advance notice of the lay-offs is given and clearly state definite decision rules, rather than exercising favoritism or politics during downsizing (Spreitzer & Mishra, 2002). Also, as early as 1988, Lind & Tyler confirmed that on source of trust in the employee-supervisor relationship is procedural fairness.

Previous research revealed that the formal or structural procedures of the decision-making process are procedural justice and interpersonal characteristics of the decision-making procedures have been defined as the quality of interpersonal treatment received during the decision-making process and the accuracy and clarity of explanations given by the decision-makers (Bies & Moag, 1986 and Greenberg, 1990). In general, this is defined as interactional justice (Aryee et al., 2002 and Dirks & Ferrin, 2002). It is formulated into three types of social accounts, namely the causal, ideological and penitential. According to Mishra and Spreitzer (1998), these accounts offer explanations of why the unpopular events must occur, which ameliorate negative reactions and promote the belief that decision makers’ actions are fair and are resulted from good judgments. The rationales of downsizing (the causal), a clear vision of how downsizing benefits (the ideological) and humane treatment with dignity (the penitential) inject employees’ treatment with sensitivity and justifications for decisions made, ‘benevolence’ an element of towards those affected during the implementation of downsizing (Saunders & Thornhill, 2003). Several studies have examined employees’ fairness perceptions regarding communication and interpersonal treatment.
Many employees perceived an organizational change effort such as downsizing to be more fair when they have been treated with respect and kept up to date with accurate information concerning the pending changes that would affect them (Bies, Martin & Brockner, 1993). As early researches from O’Reilly and Robert (1974) and O’Reilly (1977), their findings reveal that communication is association between employees’ perception of supervisors’ or managers trustworthiness and openness, transparency and accuracy of information that come from the supervisor or manager to employees. Duron (1993) state results, indicating that positive correlation between management practices that included providing clear communication and employee morale. Wong (1999) further echoed that effective communication addressing layoff-related issues was associated with higher levels of employee morale and lower levels of turnover intentions. Therefore, it is concluded that open and honest communication channel is required during implementation of downsizing which makes employees feel respected and valued. Without communication channel, employees feel isolated as they cannot receive any information; in such circumstance, rumors or incorrect information is easy spread out among them. In deed, employees often turn to grapevine sources for information while a formal organizational information channel is not longer considered credible, and they become demoralized (Appelbaum et al., 1999). In fact, by sharing information with employees, both direct leader and organization leaders (determined by who deliver such messages) can show that all the time, their willingness to exchange or communicate information and in return a sense of honesty and trust will be established. As found by Sapienza and Korsgaard (1996), Konovsky and Cropanzano (1991), open, honest, accuracy and a free-flow of information improve employees’ trust and therefore, organizations should emphasize exchanging and sharing of information or ideas. A top-down flow should be replaced by a two directional of information and emphasized
equity of information should be implied. Taken together, both leaders may be able to
minimize negative effects often associate with downsizing, by treating employees in a
respectful manner and providing clear, accurate and timely explanations concerning the
layoffs. In such a view, interactional justice seems to associate, to a certain extent, with
trust built in both the direct leader and organizational leaders.

2.7 Outcomes of Trust in Direct Leader

Trust is an essential element in constructive human relationships (Tan & Tan, 2000). Golembiewski and McConkie (1975, p.170) stated that “there is no single variable
which so thoroughly influences interpersonal and group behavior as does trust”. Cook
and Wall (1980 p.42) conclude that “trust between individuals and groups are a highly
important ingredient in the long-term stability of the organization and the well-being of
its members.” Trust experienced by one employee may differ markedly from that
experienced by another in the same organization, depending on the associated
constituencies. Appelbaum et al., (1997) found that it is very important to support and
to take care to both the retrenched employees as well as survivors. Otherwise, the
situation may seem as if what Brockner et al., (1987) state that "when survivors
perceive that layoff victims have not been properly taken care of, they react negatively,
either by not performing or by not feeling as loyal to the firm as before”(p.530). The
negative feelings will inevitably affect to a certain extent the work outcomes such as job
satisfaction and performance. Evidence (Brockner et al., 1987) shows extra negative
feelings toward fellow survivors when there is job insecurity. As a result, uncertainties
and anxieties will increase; amount of satisfaction is reduced while survivors are much
more extensive and perceived to be negative in such circumstance (Tombaugh & White,
Indeed, direct leaders can pay a key role to alleviate the negative feeling among the survivors (Tan & Tan, 2000).

Trust is also linked to a number of attitudinal outcomes, particularly job satisfaction (Aryee et al., 2002). Lee and Teo (2005) further highlight that both employees’ trust and satisfaction in the organization declined significantly when compared to pre-downsizing levels. Rich (1997) recognize that managers are responsible for many duties that have a major effect on employees’ job satisfaction, such as performance evaluations, guidance and assistance with job responsibilities, and training. Therefore, satisfaction with work and the direct leaders are assessed as the features of job satisfaction. As the character-based perspective illustrated, focus is on how perceptions of the leader’s character affect a follower’s vulnerability in a hierarchical relationship (Mayer et al., 1995). This trust-related perspective implies that followers attempt to draw inferences about the leader’s characteristics such as integrity, dependability, fairness, and ability and that these inferences have consequences for work behavior and attitudes (Dirks & Ferrin, 2002). Therefore, trust in the direct leader should be associated with higher levels of job satisfaction (Dirks & Ferrin, 2002), especially in the unfavorable situation like downsizing, where an employee may see the direct leader as a representative of the organization and may extend this trust to organization (Tan & Tan, 2000). Direct leaders are the formal link between the organization and subordinates (Strutton, Toma & Pelton, 1993). Direct leaders are directly responsible for communicating organizational policies and goals to their subordinates. According to Pettit, Goris and Vaught (1997), the study find that a clearly communication channel plays a major role in employee’s job performance and satisfaction. Their findings support that communication is positively related to job satisfaction and performance,
particularly in immediate supervisor communication. The previous research (Pincus, 1986), therefore, is further supported that “the vital importance of employee–immediate supervisor communication on employee job satisfaction” (p.413).

Against a background of downsizing, survivors are more likely to be threatened by the uncertainties in the future and will respond in destructive ways. Under such circumstances, direct leaders appear to be a particular important referent of trust. Since direct leaders have the close working relationship with the employees, they can act as a ‘trust-developer’ between the organization and the survivors in order to encourage and give the survivors more confidence in the organization. Obviously, positive trust in a direct leader should result in positive outcomes for the individual and the organization. Satisfaction with direct leader is the facet of job satisfaction involves how people feel about various aspects of a job (Muchinsky, 1990). Thus, there is direct relationship between trust in direct leader and job satisfaction. From above literatures, we expect that the impact of trust in a direct leader on job performance and job satisfaction is significant in the downsizing context.

2.8 Antecedents of Trust in Organizational Leaders

Trust in organization was the global evaluation of an organization’s trustworthiness as perceived by the employee (Dirks & Ferrin, 2002). Organization’s trustworthiness is defined as an individual’s belief that top management can be trusted (Spreitzer & Mishra, 2002). Without this sense of trustworthiness, survivors under downsizing context may become cynical and withdraw. Several dimensions of trustworthiness such as a concern for other’s interests, competence, openness and reliability are included, that
have been documented to additively influence an individual’s trustworthiness (Spreitzer & Mishra, 2002). Survivors who believe that organizational leaders are reliable may be less threatened and develop a sense of future within the organization, because they believe that organizational leaders will be capable and promising towards its competitive position.

Distributive justice is one dimension of the organizational justice, which refers to employees’ perceptions of fairness in the allocation of resources and outcomes (Tan & Tan, 2000). It is likely that an employee who perceives a fair allocation of resources and rewards from the organization, holds positive attitudes about it. According to the social exchange principles, trust in organizational leaders involves the principle of reciprocity (Brockner et al., 1997). Moreover, there will be support for a social exchange partner in proportion to the perceived benefits provided by that partner. If employees feel ‘being appreciated’ and ‘valued’, they will reciprocate their fair treatment by trusting in the organization (Spreitzer & Mishra, 2002).

Perceived Organizational Support (POS) is the employees’ general perception of the extent to which the organization values their contributions and cares about their well-being (Spreitzer & Mishra, 2002). POS involves an exchange relationship between an individuals and the organizations that individual believes that the organization cares about them respectively (Aselage & Eisenberger, 2003). They conclude that the favorable organizational experiences contribute more to POS if employees believe them to stem from the organization’s voluntary actions. Tan and Tan (2000) found the POS to be part of a reciprocal exchange agreement between the employees and organization. With a good treatment by the organization, an obligation in employees that they should
treat the organization well in return will be created. In fact, employees were found to view favorable or unfavorable treatment received from the organization as an indication of the extent to which the organization values their contributions and well being and the POS also produces a generalized feeling to help the organization achieve its commitment to the employees (Aselage & Eisenberger, 2003). Based on the above, the employees with high perceived support are expected to be more committed to fulfilling their job requirements and less incline to leave the organization.

2.9 Outcomes of Trust in Organizational Leaders

Research shows that the salient outcome of trust in an organization is represented by turnover intentions (Tan & Tan, 2000). Turnover intention is considered as the employee’s deliberate decision and conscious willingness to leave the organization. Such intention described as employee’s thinking of quitting and intending to search for alternative employment, which is the last sequence of withdrawal cognitions (Tan & Tan, 2000). Costigan et al., (1998) found that a reduction in the employee turnover rate is one of the advantages of trust. Tan and Tan (2000) also argue that a high level of trust within the organization could assist reducing employee turnover. Konovsky and Cropanzano (1991) conclude that trust in top management is significantly correlated with turnover intentions. Thus, it appears to follow that trust in organizational leaders should be related to employees’ intention to leave.

Evidence shows that an organizational downsizing, irrespective of whether one’s job security is threatened, deeply affects how the survivors’ feel toward the organization (Spreitzer & Mishra, 2002). Surviving employees may perceive that the organization is
not committed to them, thereby reducing their willingness to remain in the organization (Niehoff & Moorman, 1993). Similarly, studies have demonstrated that the survivorship experience is associated with increased turnover intentions as it is about the employee’s confidence that top management will implement strategy or take any measurement that is beneficial to them, or at least will not damage them (Tan & Tan, 2000). When employees trust the organization, they develop confidence to the organization and have little or no intention to leave.

2.10 Mediating Roles of Trust in Direct and Organizational Leader

Within the literature on downsizing, there has been argued that the level of trust within an organization can result in resistance to change (Kirkpartrick & Locke, 1991). Trust, therefore, is very important to organizational change (Kanter, 1988). From the previous researches (e.g., Morgan & Hunt, 1994, Mishra & Mishra, 1994 and Mone 1997), trust is a central factor maintaining an organization’s performance in terms of competitive advantage, productivity, effective and efficiency while there is a reduction of morale, loyalty and commitments as a result of downsizing. With regards the relationship between trust and organizational leader and direct leader, we develop our arguments based on social exchange theory and generalized reciprocity. Our arguments are supported by the findings by Mone (1997), that the level of trust between survivors and top management has a significant effect on survivor’s work outcomes. Similarly, we also argue that the level of trust between survivor and direct supervisor also has a significant effect on survivor’s work outcomes.
Many researchers (e.g., Good, 1998, Butler, 1991, Sonnenburg, 1994 and Mayer et al., 1995) believed that subordinates may trust their supervisors but not the organization as they may have an effective working relationship with their supervisors, which enabling the subordinates to trust the supervisor as a friend. In contrast, subordinates may not trust in the organizational leader if the senior management does not provide fair treatment or recognize their contributions. In some cases, the subordinates’ trust may extend to the organization when they see the supervisor as a representative of the organization. Therefore, it is concluded that trust in direct leader and organizational leader differ in their antecedents and outcomes although they are related variables. In this study, it is argued that (a) trust in organizational will mediate the relationship between three antecedents (Interactional Justice, Distributive Justice and Perceived Organizational Support) and work outcome (Turnover intentions); and (b) trust in direct leader will mediate the relationship between two antecedents (Procedural Justice and Interactional Justice) and work outcomes (Job satisfaction and Job performance). Each work outcomes focus of trust also differ, trust in organizational leader affects level of turnover intentions whereas trust in direct leader affects the survivors’ job satisfaction and performance. Following Aryee et al., (2002), it is excepted that trust in direct leader to mediate the relationship between the procedural justice, interactional justice and job satisfaction and job performance as survivors wares for reciprocation are subject to the focal exchange partner (Masterson, Lewis, Goldman & Taylor, 2000). Accordingly, trust is a symptom of social exchange, which underpins the expression of mutual loyalty, goodwill and support, trust in organizational leader will mediate the relationship between distributive justice, interactional justice and perceived organizational support and turnover intentions (Konovshy & Pugh, 1994).
2.11 Summary

After the Asian financial crisis in 1997, many companies face a globally economic slowdown. Whether it is at the government, non-government, industry or organizational levels, organizational change such as radical change is commonly used as a strategic direction to realign internal structure. Different strategies such as downsizing, streamlining operational processes, merging or restructuring departments are going to be adopted to improve organization’s financial performance. Indeed, under the downsizing, survivors typically face uncertainty and chaos in organizations (Spreitzer & Mishra, 2002). Before and after downsizing, uncertainty and anxiety have been found that the linkage with negative emotional responses such as absenteeism, distrust, lower morale and job insecurity (Paterson & Cary, 2002). In such circumstance, trust, between survivors and organizations, becomes especially important. Whitener (1997) found that an employee can develop trust in at least two different types of referents-specific individuals (i.e. supervisor) and generalized representatives (i.e. senior management). Both leaders act as a “trust developer” to survivors in order to maintain survivor’s positive contributions and work attitudes, which are enforceable as a source of an organization’s competitive advantage during such strategic changes as downsizing. (Paterson & Cary, 2002). Specific to a context of downsizing, a fuller understanding of survivors’ work attitudes and behaviors requires simulations of all three justice dimensions (distributive, procedural and interactional) of organizational justice theory (Aryee et al., 2002) and these justices have long been examined by researchers on how to work with trust (Dirks & Ferrin, 2002; Pillai et al., 1999). This study examines the relationship between different antecedents and trust in both the organizational leader and the direct leader on work outcomes including job performance, job satisfaction and
turnover intention. This is an important question because after the downsizing episode, maintaining the survivor’s performance and well-being is critical to organizational performance (Driks & Ferrin, 2002). Different hypotheses and research models, regarding trust with different antecedents and outcomes, are presented in Chapter 3. All hypotheses are established in according to the conceptual foundation in this chapter.
CHAPTER 3

MODEL DEVELOPMENT AND HYPOTHESES

A theoretical and general conceptual framework highlighting the role of trust has been established in the previous chapter. In this chapter, different hypotheses regarding trust with different antecedents and outcomes are derived from the previous conceptual foundation. The hypotheses 1a to 1c, 2a-2b, 3a-3b and 4 for this study examine the different relationships between trust in direct leader and organizational leader with four antecedents: 1) *Procedural Justice*, 2) *Interactional Justice*, 3) *Distributive Justice* and 4) *Perceived Organizational Support*. Similarly, the model examines the relationship between trust in direct leader and organizational leader with work outcomes: 1) *Job performance*, 2) *Job satisfaction*, and 3) *Turnover intention*. The hypothesis 5 to hypothesis 12 for this study also develops to examine the mediation effects of the trust in both leaders between these antecedents and work outcomes. The next section provides an explication of each component of the models and reviews appropriate supporting theories and research. As shown, different dimensions of organizational justice are hypothesized to be differentially related to the trust foci of direct leader and organizational leader, which are in turn, are differentially related to the employee outcomes in this study. More specifically, trust in both leaders acts as a mediator between the perceived organization support, organizational justice components and the organizational related outcomes of job satisfaction, job performance and turnover intentions.
3.1 Hypothesis Development of the Antecedents, Two referent and Outcomes

The broad hypothesis is to be adopted in this study, which survivor’s perceptions of a past downsizing influence their attitudes toward working outcomes. When we further identify these important variables in the context of downsizing, the establishment of the logically and reasonable relationships among those variables through the theoretical model could be determined (Welman & Kruger, 2001). By testing these relationships scientifically through appropriate statistical analyses such as regression analyses, the reliable information are obtained base on relationships exist among the different variables, which are operating in the context situation. When we translate the research questions into a research hypothesizes that state; testable relationship statements or between two or more variables, such process is called formulating the research hypothesis (Sekaran, 2003). Hypothesis should be classified in two ways, which are directional and non-directional hypotheses: if terms such as positive, negative, more than, less than, and the like are used, then these statement of hypotheses are directional as the direction of the relationship between the variables (i.e. positive or negative) is indicated. In this study, the directional statement of hypotheses is developed widely based on theoretical model (Tizehurst & Veal, 2000).

Based on the previous management literature, it is noted that many survivors demonstrated a decrease in trust toward organization when they perceive the layoff process to be procedurally unfair (Verdi, 1996). Therefore, the direct leader who always makes the first move to build up the foundation of trust and initiates the implementation of the downsizing may reduces complexity and uncertainly by using fair and justice
procedures. Also, in crises such as downsizing, especially, open, transparency and honest communication channel is required to make employees feel respected and valued as they often turn to grapevine sources for information when a formal channel or source of organizational information is not considered credible (Wong, 1999). In fact, by sharing accuracy of information with employees, both direct and organizational leaders can improve employees’ trust through their willingness to exchange or communicate information (Butler, 1991), therefore, the following hypotheses are presented:

**Hypothesis 1(a): Procedural justice is positively correlated with Trust in direct leader**

**Hypothesis 1(b): Interactional justice is positively correlated with Trust in direct leader**

**Hypothesis 1(c): Interactional justice is positively correlated with Trust in organizational leaders.**

Trust is linked to a number of attitudinal outcomes such as job performance and job satisfaction (Aryee *et al.*, 2002). Against a background of downsizing, survivors are more likely to be threatened by the uncertainties and complexities in the future and will respond in destructive ways. A major effect on employees’ work outcomes is recognized by Rich (1997), which indicated direct leaders are responsible for many duties that have impact on both job performance and satisfaction. Since direct leaders have the close working relationship with them, they can act as a “trust-developer” between the organization and the survivors in order to encourage the moral and confidence. It is believed that positive trust in a direct leader should result in positive
outcomes such as increasing job performance and satisfaction for the survivors. Therefore, we hypothesize the following:

*Hypothesis 2(a): Trust in direct leader is positively correlated with job performance.*

*Hypothesis 2(b): Trust in direct leader is positively correlated with job satisfaction.*

Distributive justice is one dimension to refer the fairness in the allocation of resources (Tan & Tan, 2000). Survivors perceive a fair allocation of resources and rewards from the organization, hold positive attitudes about it. After the downsizing, survivors who normally believe that organizational leaders are reliable may be less threatened and developed a confidence of future within the organization. Also, POS produces a generalized feeling to help the organization achieve its commitment to the survivors. According to Tan and Tan, 2000, with a high level of trust in organizational leader, POS to be part of a reciprocal exchange agreement between the survivors and organization. The following hypotheses are presented:

*Hypothesis 3(a): Distributive justice is positively related to Trust in organizational leaders.*

*Hypothesis 3(b): Perceived organization support is positively related to Trust in organizational leaders.*

Spreitzer and Mishra (2002) find that turnover intentions are the salient outcome of trust in an organization. Similarly, studies (Konovsky & Cropanzano, 1991 and Niehoff &
Moorman, 1993) have demonstrated that the survivorship experience is associated with increase turnover intentions as it is about the employees’ confidence that a level of trust in organizational leaders. When survivors trust the organization, they have little or no intention to leave. Therefore, we hypothesize the following:

*Hypothesis 4: Trust in organizational leaders is negatively correlated with turnover intentions.*

### 3.2 Mediating Roles of Two Referent

As noted earlier, it is contend that trust in organizational and direct leaders will mediate the relationship between different antecedents (*Procedural Justice, Interactional Justice, Distributive Justice and Perceived Organizational Support*) and work outcomes (*Job Satisfaction, Job Performance and Turnover Intentions*). From the previous organizational justice and trust literature (e.g., McCauley & Kuhnert, 1992, Konovsky & Pugh, 1994, Geyskens & Steenkamp, 1995 & Gilbert 1995) suggest that trust in direct leader has mediating the relationship in between the procedural justice, interactional justice and job satisfaction and job performance. According to Wong, Wong and Ngo (2002), if supervisors treats their subordinates well, this will in the long run have a positive effect on the subordinates’ trust as they wares for reciprocation are subject to the focal exchange partner (Masterson, Lewis, Goldman & Taylor, 2000). In fact, many researches (e.g., Konovsky & Pugh, 1994, Cropanzano & Greenberg, 1997 and Masterson *et al.*, 2000) have examined the relationship between organizational justices and work attitudes and behaviors. These streams of research have contributed substantially to explicating the social exchange basis of work attitudes and behaviors.
However, their findings only explain the mechanisms that underpin the reported relationship between organizational justice and employee work outcomes, it is not without limitation such as these researches have not examined all three dimensions of justices simultaneously with key component of social exchange - Trust. Aryee et al., (2002) find that colleagues, supervisors and top management are distinguished as multiple exchange partners by employees at the workplace. There is evidence to support that trust in at least two different types of referents can be identified by employees; specifically, trust in direct leader (immediate supervisor) and trust in organizational leader (top management) (Whitener, 1997). This study not only focus on mediating effects of trust in direct leader, but also provides a more complete understanding of how trust in organizational leader act as a mediator in between organizational justice and work outcomes. Consequently, we hypothesize the following:

*Hypothesis 5 : Trust in direct leader mediates the relationship between procedural justice and job performance;*
**Hypothesis 6:** Trust in direct leader mediates the relationship between procedural justice and job satisfaction

**Hypothesis 7:** Trust in direct leader mediates the relationship between procedural justice and job performance
Hypothesis 8: Trust in direct leader mediates the relationship between interactional justice and satisfaction;

By the same logic, trust in organizational leader is expected to mediate the relationship between Interactional justice, Distributive justice and Perceive organizational support and turnover intention.

Hypothesis 9: Trust in organizational leader mediates the relationship between interactional justice and turnover intention;
Hypothesis 10: Trust in organizational leader mediates the relationship between distributive justice and turnover intention;

Hypothesis 11: Trust in organizational leader mediates the relationship between perceived organizational support and turnover intention.

Finally, the combination of hypotheses all together examines the relationship between different antecedents, work outcomes and trust to different referents (direct leader and organizational leader) in the context of downsizing.
Hypothesis 12: Combination of overall model

Procedural Justice

Interactional Justice

Distributive Justice

Perceived Organizational Support

Trust in Direct Leader

Job Satisfaction

Job Performance

Trust in Organizational Leader

Turnover Intention
3.3 Summary

This chapter presented a group model and a set of hypotheses of trust in direct and organizational leaders with different antecedences and work outcomes based on the conceptual and theoretical literature review of trust in Chapter 2. Hypotheses 1 through 4 represent the correlation in between trust in direct and organizational leaders and the different organizational justices and perceived organizational support; and the relationships involving the trust in both leaders and work outcomes. Hypotheses 5 through 11 represent the theoretically based mediating effects that trust in both leaders will mediate the relationships in between different organizational justices and perceived organizational support and work outcomes. Finally, seven hypothesised mediating effects are combined into an integrated model to examine the concurrent effects of the different variables on job performance, satisfaction and turnover intentions. The research methodology will be described in the next chapter (Chapter 4), that is utilized in this study and presents the analysis plan for estimating the model and testing the hypotheses outlined in this chapter.
CHAPTER 4
RESEARCH DESIGN AND METHODOLOGY

The purpose of this chapter is to explore research design and methodology to examine on the relationships among different antecedents, work outcomes and trust to different referents (direct leader and organizational leader) in the context of downsizing. The chapter 2 reviewed the existing literatures to the trust in organizational and direct leaders, different organizational justices and work outcomes. From the literature review, research gaps were developed. With reference to the resultant research gaps as fundamental ground, the theoretical framework was concluded in the model development and hypotheses chapter (Chapter 3). Twelve hypotheses have been developed for the study based on the theoretical and conceptual framework. In this chapter, all major aspects of the research design and methodology are addressed including measurement techniques, the survey instruments, data collection techniques and analysis. Based on previous research studies, the items used in the survey instrument are presented and discussed.

4.1 Research Process

A blueprint can indicate as the map of a research design that provides the details of guideline for research work towards its objectives (Aaker, Kumar & Day, 1995). Tull and Hawkins (1993) and Churchill (2001) suggest, when designing a research project, that are sequence of stages can be followed. According to the writers, it is necessary to determine the research design during the first stage, which requires a decision making on whether to undertake these natures of study. Classification of study by purpose:
positivist and the interpretive approaches are to be chosen in according to the research nature. Selecting an appropriate research technique is to be involved in second stage, which requires the decisions to be made (i.e. type of investigation, time horizon of study, and qualitative and quantitative methods). Developing the research approach is the purpose of the third stage, in which follows logically with stage 2. Determining the sample size and unit of analysis are the main purpose in the fourth stage. This stage focuses on the contents associated with selecting suitable sample for the research study while the fifth stage is going to involves selecting an appropriate analytical approach (i.e. Partial Least Squares (PLS)) to address the hypotheses. The last stage is going to prepare the questionnaire design. The generation of an initial pool of items are to be explored and development of scaling, sequencing and formatting of items in this stage. Finally, ethical issues should be address to indicate the study is fulfilling the requirement of ethic. General ethical principles are presented and the details of ethical consideration are discussed in this stage. The following sections are included in each stage and more detail in the context will be discussed as below:

4.2 Positivism and Interpretivism

According to Ticehurst and Veal (2000), two central paradigms in social science research are known as the positivist and the interpretive approaches. In positivist approach, researchers take the view to the world is external and objective, which is similar to the position adopted in the natural sciences and they are conducting the approach focuses on description, explanation and uncovering facts. Researchers find that behaviors are explained on the basis of the facts and observations gathered by researchers, using theories and models that they have developed. The positivist
paradigm is also referred to as scientific, experimental, empiricist, quantitative or deductive. The other position is known as the interpretive paradigm, which takes the view that the world is socially constructed and subjective, researchers are conducting the approach more reliance on the people being studied to provide their own explanation of their situation or behavior. In short, this approach is indicated that the researchers should get inside the minds of their subjects and see the world from their point of view. Yet, alternative names have been given to this position that includes hermeneutic, qualitative, phenomenological, interpretive, reflective, inductive and ethnographic or action research (Welman & Kruger, 2001).

4.3 Research Design

By using the positivist approach in this study, we will prefer “working with an observable social reality and that the end product of such research can be law-like generalizations similar to those produced by the physical and natural scientists” (Remenyi, Williams, Money & Swartz, 1998, p.32). Churchill (2001) state that three types of research designs are basically in research study, which are Descriptive, Exploratory and Causal. The nature of study, according to Cavana, Delahaye and Sekaran (2001), whether it is Exploratory, Descriptive and Causal, depends on the stage to which knowledge about the research topic has advanced. Classification of study by purpose: The design decisions become more rigorous as if we proceed from the exploratory stage, where we attempt to explore new areas of organizational research, to the descriptive stage, where we try to describe certain characteristics of the phenomena on which interest centers, to the causal approach such as hypotheses testing stage, where we examine whether or not the conjectured relationships have been substantiated and an
answer to the research question has been obtained (Gay, 1992). All research studies may be either exploratory in nature or descriptive or may be conducted to casual relationship between variables such as test hypotheses (Ticehurst & Veal (2000). As discussed in this chapter and the hypotheses presented to explain the certain relationships in nature and setting the differences among the independence groups of two or more antecedents in a downsizing situation. This research is seeking to determine the effects of variables and is essentially casual in nature. In fact, dependent and independent variables are defined clearly and a precious theoretical framework model of the expected relationships is identified (Ranjit, 1996). The theory model further includes an element of cause and effect in that it not only assumes that relations exist between the variables, but also assumes directionality such as the relationship is negative or positive, or the variables A influences variable B. From this view, the most appropriate to address the objectives of this study is therefore a causal research design.

4.3.1 Quantitative Research

The quantitative approach usually involves statistical analysis and it relies on numerical evidence to draw the findings and conclusions. In order to confirm the reliability of the research results, it is often to study relatively large number of population or organizations and to use computers to help the analysis the data, which can be derived from questionnaire surveys or observation or secondary data (Adèr & Mellenbergh, 1999). However, this approach is not concerned with this sort of statistical analysis. It involves gathering a great deal of information about a small number of people organizations rather than a limited amount of information about a large number of people or organizations as the traditional
belief that a full and rounded understanding of the organizational experiences and situations of a few individuals is more value than a limited understanding of a large number of people or organizations (Welman & Kruger, 2001).

### 4.3.2 Type of Investigation: Causal versus Correlational

According to Cavanaet et al., (2001), the study in which the researcher would like to describe the cause of problems is called a causal study when the researcher is interested in describing the important variables associated with the problems, the study is called a correlational study. In some case, a causal study is going to be conducted in order to state the cause relationship between variable X and variable Y (Adèr & Mellenbergh, 1999). Therefore, when variable X is altered or removed in some aspects, problem Y is solved. Quite often, however, it is not just one or more variables that cause a problem in organizations. In studying, correlation is used to examine the relationships between two variables for Hypotheses 1 to 4. In fact, it is adopted that two phenomena are related in a systematic way they are said to be correlated: positively or negatively correlated. According to Herzog (1996), correlation can be measured by means of the correlation coefficient, which is usually represented by the letter $r$. In this study, there are multiple factors that influence one another and the model is going to find out the crucial factors associated with the problems, rather than establish a cause and effect relationship.
4.3.3 Time Horizon of Study

This study utilizes a cross-sectional email attachment survey. According to Cavana et al., (2001), a study can be done in which data are gathered only one time, or perhaps periodical in terms of days or weeks or months, in order to answer a research question. Such studies are called one-shot or cross-sectional studies. In this study, we would like to study employees’ outcomes after a change level of trust; data have to be gathered at one point in time. This defines as the one-shot kind or cross-sectional study (Sekaran, 2003). But if we would like to know about employee’s outcomes before and after a change level of trust, data are required to collect at more than one point in time such as two or more points in time, the study, which is carried longitudinal are gathered to answer the research question, are called longitudinal studies (Saunders, Lewis & Thornhill, 2007). The goals of this study are congruent with the use of a cross-sectional email attachment survey distributed to 60 organisations, which are selected randomly from the list of Hong Kong Trade Development Council (HKTDC) and those organizations will be approached to obtain their consent for the participation of their employees in this research. Respondents are requested to supply information as to their perceptions of the relationship between three organizational justices, perceived organizational support and trust in direct leader and organizational leader with different work outcomes. Although a longitudinal research design is conceptually preferred given that the variables relationships are a time dependent process, it is necessary to consider that the length of time and resources required for this research (Creswell, 1994).
Also, with reference to the theoretical model, when the survey are to be designed to put data together on the all variables, it is required that the use of cross-sectional format to collect the data to test the causal hypotheses.

4.4 Sampling

There are tow major traditional methods of sampling designs: non-probability (or judgmental sampling) and probability sampling (or representative sampling) (Sekaran, 2003). Probability sampling has a known as sample by chance, random, population and equal probability of being selected in some situation (Bradley, 1999). The most popular probability techniques include systematic, random, sorting and cluster. Oppositional, human intervention such as judgment, quota sampling or convenience sampling and purposive sampling are commonly used in non-probability sampling. The last but not least kinds of non-probability sampling technique are snowballing effect, whereby respondents voluntary to undertake the research, whereby contacts provide self selection sampling and other respondent names (Bradley, 1999). According the writer (Saunders et al., 2007), probability sampling is often associated with survey and experimental research strategies and for non-probability sampling, is more frequently used when adopting a case study strategy. In this study, probability sampling is most associated with survey-based research strategies.

The sampling frame for any probability sample is a complete list of all the cases in the population from which the sample will be drawn (Creswell, 1994). It is important to ensure that the sampling frame is unbiased, current and accurate (Saunders et al., 2007).
Therefore, we will not decide to use a telephone directory as the sampling frame form which to select a sample of Hong Kong Company as the telephone directory covers only subscribers in one company who rent a telephone landline. As the results, the survey will be biased towards companies who have a landline telephone. Also, the telephone directory is only published annually, the sampling frame will be out of date (non-current). As some companies may choose to be ex-directory or only have another telecom’s landline, it will be inaccurate as it does not include all those telephone users.

In Hong Kong, all registered organizations will be on HKTDC’s list as requested by regulation. Therefore, the three selection criteria of sampling frame (unbiased, current and accurate) can be fulfilled. The lists contend all organizations and will be updated monthly.

4.4.1 Sample Size

There are several recommendations for sample sizes from previous researchers (e.g., Hair, Anderson, Tatham & Black, 1998; Lohr, 1993 Foreman, 1991 and Anderson & Gerbing, 1988) suggest that the appropriate use of covariance structure analysis. Three groups are suggested by those researchers. Hair et al. (1998) proposes that a minimum sample size of 100 at least five observations for each estimated parameter. Anderson and Gerbing (1988) suggests that a sample size of 150, which have standard errors small enough to be of practical use. Foremen (1991) recommend a sample size of 200 or more. In fact, structural equation models of inter-organizational relationships described in the previous studies (e.g., Anderson & Narus, 1990, Ganesan 1994 and Morgan & Hunt, 1994) have been examined successfully with observations ranging from
124 to 353. By estimated that this study has a sample in between 120 to 200 from 60 organizations, it is considered that the sample sizes are valid.

4.4.2 Unit of Analysis - Individuals

According to Pinsonneault and Kraemer (1993), the most important critical element, the sampling procedures, is to choose the sample frame, where must adequately represent the unit of analysis. This means that the other critical issue is determining the units of analysis in research design. From Sekaran (2003), we know that unit of analysis refers to the aggregation level of data, which collected during the upcoming data analysis stage, which may be an individual, group, sector industries or organization. In studying, around 60 organisations are randomly chosen from the list of HKTDC, in which all registered organizations will be on list, and those organizations will be approached to obtain their consent for the participation of their employees in this research. The unit of analysis for the study is the individual. The respondents are those individuals who are survivor after the downsizing in organizations; and then we are interested in individual employees’ (survivor) trust in direct leader or organizational leader under the context of downsizing; and would have to find out what we can do to raise the trust between individual and those leaders. Here the unit of analysis is the individual. We are going to look at the data gathered from each individual and treating each employee’s response as an individual data source. Regardless of the unit of analysis, the unit in the research is individual sample from a population.
4.5 Data

4.5.1 Data Collection Methods

Depending upon the nature of the research, different data collection methods are to be adopted such as telephone interviews, mail questionnaire or face-to-face interviews (Saunders et al., 2007). The data collection methods are to be determined the nature of the data that obtained from primary or secondary sources (Bob, 2002). According to the writers (e.g., Gerhard, 1991, Bradley, 1999, McBurney, 2001 and Saunders et al., 2007), primary data is widely defined as information obtained firsthand by the research on the variables of interest for the study; and secondary data refer to information gathered from the existing sources (e.g., libraries, newspapers, publications and previous researches). Pervez and Kijell (2005) find out that the primary advantage of using secondary data obviously is the enormous saving the money and time. The researchers needs only go the library and locate and utilize the sources, in other words, the reliability of the information and conclusions is greatly enhanced (Pervez & Kijell, 2005). Moreover, the secondary data provide excellent historical information in case a longitudinal study is needed. There are some serious drawbacks in working with secondary data (Saunders et al., 2007), for example, these data are collected for another study with different objectives and they may not completed suit in this study, even if both studies with same objectives, the terms of definition may different. In Hong Kong, for instance, firms with fewer than 50 to 100 employees are defined as Small and Medium Enterprises (HKTDC, 2006), while in the United South American (USA) firms with fewer than 500 employees are regarded as Small firms. In such case, it is impossible to compare the findings with USA studies although both studies are using same measurement unit. In fact, it is
commonly that researchers using secondary data or comparing and supporting their findings with the help of these data should be aware of the problems and make the comparison with some caution (Bradley, 1999). While we have to collect the data that are relevant to the particular study and research questions, these data are called primary data (Bob, 2002). Sometimes, the secondary data may not available or unable to help answer the research questions. The major advantage of primary data is that they are collected purposely for the specify topic and more consistent with out research objectives (Gerhard, 1991). In this study, it is necessary to know the demographic information about respondents such as educational level, age group, current position and ownership of organizations. This type of information may not be included in a census report (or any other secondary source). Moreover, we would like to know about respondents attitudes (i.e. trust in organizational leaders and direct leaders) or specify behavior for the particular work outcomes (i.e. job performance and turnover intentions), only primary data can answer these questions. The main drawbacks of the primary data that are the time and cost constrain, which means the data can take a long time and cost a lot to collect (Pervez & Kijell, 2005). Furthermore, the writers (e.g., Sekaran, 2003 and Saunders et al., 2007) point out that it is difficult to get access such as to find respondents, organizations or other target groups who are willing to cooperate and answer the surveys. Especially, in this study, this is particularly difficult to deal with sensitive issues (e.g., downsizing and trust within your organization). Another major weakness in the quality of primary data that is all information to be gathered fully dependent on the willingness and ability of respondents, for example, respondents may lack of time or incentive, they may consider it a waste of their valuable time or there may be fear of any negative consequences if they are honest
in their answers and fear of embarrassment in case of sensitive questions (McBurney, 2001). In this study, in order to reduce their fear, information sheet will be attached with questionnaire to explain the purposes of the research and describe how preserve respondents’ confidentiality, privacy and anonymity.

In this study, although information can be gathered by talking to the survivors, observing their behavior or interview with group of them, it is noted that certain type of information (i.e. the perceptions and attitudes of survivors) is best obtained by administering questionnaires as time constrain (Gerhard, 1991). Due to difficulties obtaining permission to entry different organizations, it is decided to contact the respondents via email. More often, it is more popular in using questionnaire through Internet today (Sheehan & McMillan, 1999). The important notice from a viewpoint of sampling under the context of the Internet is the self-completion method during the data collection process. According to Schaefer and Dillman, (1998), email can provide a promising means for conducting future surveys due to the proportion of users continues to rise. Researchers (Sheehan & McMillan, 1999) have recognized that the benefits of email provides over traditional postal mail such as cost reduction from paperless and mailing, in other words, the method is inexpensive since it totally eliminates all printing works. The most important advantage is the rapid speed of response (Parker, 1992). In fact, previous studies (Sheehan & McMillan, 1999) find out that comparison with response return time of surveys delivered postal mail via and email, email response speeds are much faster than postal mail responses. Bradley (1999) further states that six main alternatives internet techniques can deliver an email through Internet such as shown:
Table 4.1: Six alternatives internet techniques

<table>
<thead>
<tr>
<th>Web Site</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed web (i.e. Respondents are invited)</td>
<td>Simple email</td>
</tr>
<tr>
<td>Open web (i.e. Banner invitation)</td>
<td>email attachment</td>
</tr>
<tr>
<td>Hidden web (i.e. date, interest in specific page)</td>
<td>email URL embedded</td>
</tr>
</tbody>
</table>

In this study, 60 organizations will be randomly selected from HKTDC’ lists, an information sheet with email attachment style questionnaires are to be sent to those organizations as well. In turn, if the permissions are granted by organizations, the questionnaire is to be distributed to their employers through internet or intranet. The respondents to the survey are to be targeted from layoff survivors in various companies. The questionnaires return rates are expected from 120 to 200 out of 500. Individuals who survive from organizational downsizing in the past twelve months are the target group of study. All questionnaires are to be returned through email to the researcher.

4.5.2 Data Analyses

Partial Least Square (PLS) is, data analysis method, designed to handle ill-posed linear regression problems with one response variable (y). In such problems, one typically has a matrix of predictors (x) with more variables than objects and/or presence of collinearity problems in the variables (Indahl, 2005). PLS present scores and loadings corresponding to the selected set of components. These features support interpretation of underlying phenomena or structures, hence
giving PLS both a graphical and an interpretational edge over competing modeling strategies with similar prediction accuracy (Hoskuldsson, 1988). According to Lazraq and Cleroux (2001), the PLS is proved useful to explain or predict a set of dependent variables from a set of predictors, particularly when the number of predictors is large and the number of observations is not so large. Their results indicate that the PLS can be used with small group of sample sizes (i.e. sample sizes are less 200). PLS also is based on a component construct concept and this method is better suited for explaining complex relationships (Bagozzi and Fornell, 1982).

As discussed elsewhere Fornell (1987) there are several other methods. Researchers can choose the appropriate analytical technique such as Sequential Equation Modeling (SEM), which requires significantly more statistical specification than PLS and thus places many demands on the data. It has also been suggested that the estimation of SEM is used only when sample sizes are at least 200 (Anderson & Gerbing, 1988) as the researchers note that larger number sample sizes provide increased sensitivity to detect differences in data. As mentioned in Section 4.4.1, the number of returned questionnaires may be less 200. Therefore, the SEM may not be an appropriate technique in this study.

### 4.6 Questionnaire Design

Questionnaire is to be divided into four sections and constructed from theoretical framework, which is subject to the variables. Each variable is to be covered by three to seven questions. The survey questionnaire contains four sections, which is presented in
Appendix I. First section is about how the downsizing is handled in respondent’s organization. Second section is about respondent opinions in organizational leaders and direct supervisors. Third section is about how they feel about their job after the downsizing was initiated. The last section is designed for demographics variables collection, which is including the respondent’s gender, age, educational background and organization size etc. are collected as control variables.

When designing questionnaires, it is necessary to seek out the questions as much previous research on the same or related topics. Because of the study have some points of comparison with other related studies; data will need to be collected in a similar fashion. Therefore, questionnaires from previous studies then become the input into the questionnaire design process (Cavana et al., 2001).

4.6.1 Developing Scaling and Sequence

In this study, the major aspects in questionnaire are identified as the measurement of attitudes and opinions. A range of scaling techniques exists to explore respondent’s attitudes and opinions such as Likert scales and Attitude statements, which formats presented require comments from respondents (Cavana et al., 2001). Within this research, questionnaire contends the exploring of respondents’ attitudes towards a wide range of possibly complex issues, including a series of statements. Therefore, Likert scales and Attitudes statement are adopted in questionnaire.
The scaling techniques are basically designed upon the information available. It is necessary to consider a number of issues such as the wording and balance of scales (Tull & Hawkins, 1993). Although many scaling techniques are available (i.e. Thurstone, Guttman and Rank Order Scales), within social sciences study, Likert Scale is considered most widely accepted (Churchill & Iacobucci, 2002; Tull & Hawkins, 1993). The Likert scale is defined as a bipolar scale method, used on measuring either positive and negative response to a statement (Hinkin, 1995). In other words, respondents are asked to indicate their agreement or disagreement with a proposition or the importance they attach to a factor. This scale is easily constructed and administered in the form of a questionnaire as well as being simple for the respondents to interpret and understand (Tull & Hawkins, 1993). Moreover, the Likert Scale has been identified as an appropriate method for using in online environment (Sheehan & McMillan, 1999).

For survey questions, all items include in a scale are of five-point Likert type (Hinkin, 1995), such as a scale of 5 point is used based on the how strongly agree or disagree and some itemized rating scale of 5 point also is used to let respondent circle the appropriate number on the side of each item that most closely reflected the attitudes of respondents on a certain statement. In short, responses to both Likert scale questions and attitude statements can be scored.
4.6.2 Measurement of Variables

The measurement scales are operationalized and adapted primarily from previous studies in management and psychology. Notable in this regard is the relationship trust literature focusing on the concept of trust in leadership (e.g., Aryee et al., 2002) and organizational justices and perceived organizational support (e.g., Brockner et al., 1995 and Eisenberger, Cummings, Armeli & Lynch, 1997). The measures and their descriptions are categorized into four groups: descriptive measures, mediators measurers dependent measures and independent measures.

4.6.3 Generating Items for the Survey Instrument

Generating a pool of items for the survey instrument is to tap the antecedents, mediators and outcomes identified in the theoretical model. The initial source of a pool of items are quoted from the existing research studies’ scales, after carefully reviewed and analyzed for contents and validity against the definition of the variables. Following paragraph is outlined different exiting sources and numbers of item of scales for each variable are to be discussed in detail (Saunders et al., 2007).

According to Sekaran (2003), by testing for both stability and consistency, reliability of a measure is adopted. The writer further explained that consistency of items indicate how good its measuring a concept hang together as a set and a reliability coefficient (Cronbach’s alpha) that indicates a degree of significant in
a set of the items are positively correlated to one another. In my case, it is
adopted some items, which abbreviated version of previous studies with higher
Cronbach’s coefficient (i.e. closer Cronbach’s coefficient is to 1). According to
Nunnally (1978), these alpha coefficients exceed the acceptable level of 0.7 is
good enough for newly developed scales. Appendix I presents the format and
details of questionnaire.

Descriptive measures
Several variables are not, directly associated with the hypotheses testing,
included in the survey. However, these variables provide the information to help
development or classification and comparison purposes in this research (i.e.
socio-demographics and demographic measures). Socioeconomic characteristics
and demographic are to be gathered such as range of age, gender, educational
background, type and size of organization, working experience and position
(Saunders et al., 2007). These measures are seeking out the information about
some characteristics of individuals and its organizations. A dichotomous
question format is used in gender, which is characterized as male or female. By
asking a multichotomuous format question, the respondents should choose range
from secondary school to postgraduate educational background, while age is
categorized four groups. Question of size of organization is designed to collect
the data of scale of company. In Hong Kong, according to HKTDC,
manufacturing enterprises with fewer than 100 employees and
non-manufacturing enterprises with fewer than 50 employees are regarded as
Small and Medium Enterprises. The respondents are also asked the ownership
type of organization, which categorized three major groups, and the years of working and current position in organization are to be collected as reference.

Independent Measures
This section describes the independent variables associated with testing the hypotheses. According to writers (e.g., Creswell, 1994, Bob, 2002 and Sekaran, 2003) an independent variable is one that influences the dependent variable in either a positive or negative way. In this study, these independent variables included the various dimensions of organizational justices (Procedural Justice, Interactional Justice, Distributive justice and Perceived organizational support), determinants the relationship with different workouts (Job satisfaction, Job performance and Turnover intention). Additionally, variables measuring the mediating relationship are collected. All measures used are adapted from the previous studies addressing trust relationships.

Procedural Justice: A 7-item abbreviated version of Brockner et al., (1995) scale will be used to measure different structural elements of procedural justice. Cronbach’s alpha was reported for this scale equal to 0.92 in according to previous study by Brockner et al., (1995), which means very good internal reliability. Example items are “To what extent were consistent standards followed in deciding which employees to layoff?” and “To what extent have accurate information been provided to show the decision of layoff being necessary?”
Interactional Justice: A 4-item abbreviated version adapted from Niehoff and Moorman (1993) justice scale will be used with slight modification on the wordings to fit the context of downsizing. Example items are “When downsizing decisions were made, staffs were treated with respect and dignity.” and “Adequate justification for decisions was offered during the downsizing process.”

Distributive justice: A 7-item abbreviated version of Niehoff and Moorman (1993) scale will be used to measure distributive justice. In fact, as cited by Aryee et al., (2002), this scale was developed by Price and Mueller (1986). The fairness of different work outcomes is assessed by this scale and all internal reliabilities test results have been indicated above 0.90 (Niehoff & Moorman, 1993). Example items are “You (survivor) are being taken care of by the company” and “Your Company is offering adequate severance pay to separated employees”.

Perceived organizational support: Eisenberger et al., (1997) reported the high internal reliability for the survey of POS that the alpha was found equal to 0.90. A 7-item abbreviated version of Eisenberger et al., (1997) scale will be used to measure perceived organizational support. Example items are “My organization strongly considers my goals and values” and “My organization shows very little concern for me”.
Dependent variables

The dependent variable refers to the variable of primary interest to the researchers whose goal is to understand and describe the dependent variable or to explain its variability, or predict it (Saunders et al., 2007). In this study, three dependent variables (job satisfaction, job performance and turnover intentions) lend itself for investigation as a viable factor. Through the analysis of the dependent variables (i.e. finding what variables influence it), it is possible to find the answer of hypotheses (Sekaran, 2003).

Job Satisfaction: A 4-item abbreviated version of 18-item scale, which were developed by Brayfield and Rothe (1951), will used to measure job satisfaction. Example items are “Most days I am enthusiastic about my job.” and “I am satisfied with my job for the time being.”

Job Performance: Job performance is going to be measured by individuals’ self-reported performance ratings. Three items from the scale that was developed by Farh and Jeng (1997) were used to measure job performance. The three items are as follows: i) I am among the top performers in my department; ii) I always fail to perform up to my organization’s standard; and iii) I always miss the task deadlines set by my supervisor.

Turnover intentions: A 3-item scale by Aryee et al., (2002) will be used to measure turnover intentions. The scale of alpha was reported around 0.79, which is good enough to internal reliability. The items are “I often think about quitting my job from my present organization”, “I will probably look for a new job
within the next year” and “How likely is it that you will actively look for a new
job in the next year?”

Mediator variables
According to Baron and Kenny (1986), a given variable, in general, can be said
to function as a mediator to the extent that it accounts for the relation between
the predictor and the criterion. They further identify that a variable functions as a
mediator when it meets the three conditions as following: 1) variations in the
presumed mediator is significantly accounted by variations in levels of the
independent variable (i.e. path of procedural justice to trust in direct leaders); 2)
variations in the dependent variable is significantly accounted by variations on
the mediator (i.e. path of trust in direct leaders to job satisfaction) and 3) a
previously significant relations between the independent and dependent
variables is no longer significant when all of independent, mediator and
dependent variables are controlled, or with the strongest demonstration of
mediation occurring when the casual path of independent is zero to dependent
variable. In this study, Hypotheses 5 to 11 will be developed based on above
three conditions. The basic causal chain involved in mediation is presented in
Chapter 3.

Trust in organizational leaders: Aryee et al., (2002) cited a 7-item scale, which
had been developed by Gabarrro and Athos (1978) and used by Robinson (1996),
to measure trust in organization and reported the internal reliability alpha in their
study was 0.84, which indicate good and very good internal reliability.
Therefore, we will use the 7 items to measure trust in organizational leaders.
Items are to be slightly modified in order to suit the purpose of this study (i.e. “top management” is replacing “employer”). Example items are “I believe the top management has high integrity”, “I can expect the top management to treat me in a consistent and predictable fashion” and “The top management is not always honest and truthful”.

Trust in direct leader: again, Aryee et al., (2002) cited a 7-item scale, which had been developed by Gabararro and Athos (1978) and used by Robinson (1996), to measure trust in organization and reported the internal reliability alpha in their study was 0.84, which indicate good and very good internal reliability. Therefore, we will use these 7 items to measure trust in direct leader. Items are to be slightly modified in order to suit the purpose of this study (“supervisor” is replacing “employer”). Example items are “I believe my supervisor has high integrity”, “I can expect my supervisor to treat me in a consistent and predictable fashion” and “My supervisor is not always honest and truthful”.

4.6.4 Questionnaire Analysis Methods

According to McBurney (2001), internal consistency of measures is indicative of the homogeneity of the items in the measure that tap the construct. In other words, this can be seen by examining if the items and the subsets of items in the measuring instrument are correlated highly and consistency can be examined through the internal reliability tests and split-half reliability tests (Tzafrir & Dolan, 2004). The most popular internal reliability test is the Cronbach’s coefficient alpha (Cronbach’s alpha; Cronbach, 1946, cited by Tzafrir & Dolan,
2004), which is used for multipoint-scale items, and the Kuder-Richardson formulas (Kuder & Richardson, 1937, cited by Tzafrir & Dolan, 2004), used for dichotomous items. The higher the coefficients, the better the measuring instrument (Sekaran, 2003). By using Cronbach’s coefficient $\alpha$, once we get the data, the reliability and validity of the measures can be tested. As discussed on the above section, the closer Cronbach’s alpha is to 1, the higher the internal consistency reliability.

4.7 Ethical Consideration

Ethical behavior is important in research as it relates many human activities (Saunders et al., 2007). In fact, the ethical application was submitted and approved by the ethical committees of the Newcastle University prior to commencement of the research works. In this study, in according to Sekaran (2003), two general ethical principles usually are considered. First principle: Harm, the question of harm arises particularly in biological or medical research, when individual’s health may be put at dangers or risk by an experimental procedure. Such hazards can also arises in psychological research, where stress and distress can arise and in social psychological research where inter-personal relationships can be destroyed. As a management research study, the “harm” is more likely to arise in the use of data rather than in the collection process, in particular over the issue of confidentiality and privacy. Although no serious harm is apparently done, people can still be offended and suffer stress if their affairs are made public or divulged to certain third parties. In this study, questionnaire survey is adopted, the issue of confidentiality of data does not arise since the data are collected anonymously, however, informants may be reluctant to give certain types of information to “a complete
stranger”. A consent letter and information sheet will be attached with questionnaire, in which state that the data only can be accessed by related the researcher and authority of University of Newcastle and the data will be stored securely in a locked cabinet at home and the softcopy of the data will be stored in a personal computer file with password. Furthermore, the data only will be stored five years. After five years, paper recorded, data will be shredded and disposed of properly and data stored on electronic devices will be completely erased. Second principle, Informed consent, although the risk of harm in this study is lower, it is necessary for the respondents to be fully aware of the risks involved. In this study setting, verbal and written explanations of the nature of the research are given to the respondents and they are asked to sign a document indicating their agreement to being involved in the research. The details information sheet to the respondents are provided: 1) be anonymous; 2) involve fairly innocuous and non-personal question; and 3) feel free to withdraw at anytime without any being disadvantaged in any possible ways.

Research ethics play an important part in the planning, design and conduct of research projects (Saunders et al., 2007). Ethical considerations such as plagiarism and honesty occur in all research but additional issues arise when the research involves human subjects. The general principles usually invoked in this study are, first that no harm should befall the respondents and second that all respondents should participate in research projects freely, based on informed consent.
4.8 Summary

The research area is to study about the relationship between different antecedents, work outcomes and trust to different referents (direct leader and organizational leader) in the context of downsizing. In this chapter, methodology is generally reviewed and discussed. A positivist approach is identified and email survey is considered as appropriate method to collect the data. Primary and secondary data are discussed generally and primary data are adopted and to be gathered at one point in time. This time horizon is calling as the one-shot kind or cross-sectional. 60 organizations are randomly drawn from the HKTDC lists, which contend all registered organizations in Hong Kong. During the survey stage, data are to be collected through self-administered questionnaires, which attached style through email. All questionnaire items abbreviated version of the previous studies, which reported the coefficient alpha are good and very good internal reliability. These alpha coefficients exceed or near the acceptable level of 0.7 for newly developed scale. Finally, two general ethical principles usually are considered to use in this study in order to fulfill the research ethical requirement of Newcastle University.

While the methodology is chosen to undertake the study, the following chapter (chapter 5) is going to discuss the results of survey and findings from the data analysis of the study.
CHAPTER 5

RESULTS

The findings from the analyses that were conducted to test the hypotheses and descriptive statistics of the demographic variables and the variables involved in the hypotheses are presented in this chapter. Chapter 5 is structured as follows: Section 5.1 contains information on the demographic variables. Section 5.2 contains descriptive statistics of the variables involved in the hypotheses. The findings of the correlation analyses are presented in Section 5.3. The findings from the partial least squares analysis are provided in Section 5.4. A summary of the chapter is provided in Section 5.5.

5.1 Respondent Characteristics

Of the 280 questionnaires that were distributed, 187 were returned. However, 39 of the returned questionnaires were not included in the analyses as not all of the questions were completed. The final number of usable questionnaires is 148, yielding a response rate of 52.9 percent.

Participants were asked about their age, gender, educational background, work experience, position, organization type and organisation size. As shown in Table 5.1, almost half of the respondents are aged between 30 years and 40 years. Furthermore, most of the participants were aged 50 years or less. There is approximately the same number of males (i.e., 73) in the sample as there are females (i.e., 75).
Table 5.1: Age of the respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 to 29 years</td>
<td>29</td>
<td>19.6</td>
</tr>
<tr>
<td>30 to 39 years</td>
<td>66</td>
<td>44.6</td>
</tr>
<tr>
<td>40 to 49 years</td>
<td>42</td>
<td>28.4</td>
</tr>
<tr>
<td>50 to 59 years</td>
<td>11</td>
<td>7.4</td>
</tr>
<tr>
<td>Total</td>
<td>148</td>
<td>100.0</td>
</tr>
</tbody>
</table>

As shown in Table 5.2, most of the respondents had worked in their organizations for less than ten years. Approximately half (i.e., 54%) of the respondents have had tertiary education whilst secondary education was the highest level of education for the remainder of the respondents. Moreover, Approximately 72 percentage of the respondents had worked as top management to supervisor level, the rest 28 percentage is working in different position in their organization.

Table 5.2: Work experience

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 2 years</td>
<td>20</td>
<td>13.5</td>
</tr>
<tr>
<td>2 to 4 years</td>
<td>43</td>
<td>29.1</td>
</tr>
<tr>
<td>5 to 9 years</td>
<td>44</td>
<td>29.7</td>
</tr>
<tr>
<td>10 years or more</td>
<td>41</td>
<td>27.7</td>
</tr>
<tr>
<td>Total</td>
<td>148</td>
<td>100.0</td>
</tr>
</tbody>
</table>
The majority of the respondents worked in the private sector (74%), 18 percent worked in the public sector and the remainder worked in organisations in the non-government sector. Thirty-nine percent of the respondents worked in organisations with less than 50 employees, 25 percent worked in organisations that had between 50 and 100 employees, and 37 percent worked in organisations that have more than 100 employees.

### 5.2 Descriptive Statistics

Table 5.3 outlines the descriptive statistics for the variables the hypotheses. The descriptive statistics for each variable such as Interactional Justice (IJ), Distributive Justice (DJ), Perceived Organizational Support (POS), Procedural Justice (PJ), Trust in Organizational Leaders (TOD), Trust in Direct Leaders (TD), Turnover Intention(TU), Joe Performance (JP) and Job Satisfaction (JA); provides the central tendencies and dispersion of each variable in relation to the population.

<table>
<thead>
<tr>
<th>Variable</th>
<th>IJ</th>
<th>DJ</th>
<th>POS</th>
<th>PJ</th>
<th>TOD</th>
<th>TD</th>
<th>TU</th>
<th>JP</th>
<th>JA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>2.87</td>
<td>2.91</td>
<td>2.67</td>
<td>2.55</td>
<td>2.95</td>
<td>3.19</td>
<td>3.20</td>
<td>3.15</td>
<td>3.16</td>
</tr>
<tr>
<td>Median</td>
<td>2.67</td>
<td>3.00</td>
<td>2.75</td>
<td>2.67</td>
<td>3.00</td>
<td>3.13</td>
<td>3.50</td>
<td>3.00</td>
<td>3.00</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>0.95</td>
<td>0.93</td>
<td>0.90</td>
<td>0.86</td>
<td>0.79</td>
<td>0.80</td>
<td>1.04</td>
<td>0.84</td>
<td>0.95</td>
</tr>
<tr>
<td>Skewness</td>
<td>0.26</td>
<td>-0.09</td>
<td>0.01</td>
<td>0.22</td>
<td>0.03</td>
<td>-0.16</td>
<td>-0.57</td>
<td>0.31</td>
<td>0.25</td>
</tr>
<tr>
<td>Std. Error of</td>
<td>0.20</td>
<td>0.20</td>
<td>0.20</td>
<td>0.20</td>
<td>0.20</td>
<td>0.20</td>
<td>0.20</td>
<td>0.20</td>
<td>0.20</td>
</tr>
<tr>
<td>Skewness</td>
<td>0.10</td>
<td>-0.20</td>
<td>-0.11</td>
<td>0.08</td>
<td>0.33</td>
<td>-0.10</td>
<td>-0.20</td>
<td>0.17</td>
<td>-0.28</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
</tr>
<tr>
<td>Std. Error of</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
</tr>
<tr>
<td>Range</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Minimum</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
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<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
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</tr>
</tbody>
</table>
The mean, standard deviation, skewness and kurtosis are the important in the descriptive statistics. The standard deviation indicates the spread of distribution of the data. When the mean is larger than the median, positive skewness occurs. When median is larger than the mean, in contrast, negative skewness occurs (Hair, Anderson, Tatham, & Black, 1998). Kurtosis refers to the degree of the peak in a distribution. Positive kurtosis scores indicate that the distribution is more peaked than the normal distribution whereas negative kurtosis scores indicate the distribution is flatter than the normal distribution. A distribution with an asymmetric tail either indicates towards more positive values or negative values in terms of positive and negative skewness. Normal distributions produce a skewness statistic very close to or about zero, for example, skewness value (-0.016) will be accepted as it is near zero and is probably just a chance fluctuation from zero (Hair et al., 1998). The writers further revealed that if skewness value is more than twice its standard error, then the skewness is significant. Similarly, if kurtosis value is more than twice its standard error, then the kurtosis is significant. The following histograms of the frequency distributions of different variables in the hypothesised model are shown as below:
According to De Veaux, Velleman and Bock (2005), the median is the most appropriate measure of the central tendency of the data if the histogram is not symmetrically distributed. As shown in Figure 5.1.1, the data of Interactional Justice are symmetrically distributed and the Interactional Justice variable has a mean of 2.87 and a median of 2.67, with a standard deviation of .95. The skewness is less than twice of the standard error of skewness (.26 < .40), then the skewness is not significant. Similarly, the kurtosis is also less than twice of the standard error of kurtosis (.1 < .80), then the kurtosis is not significant.
As shown in Figure 5.1.2, the data of Distributive Justice variable are symmetrically distributed and the Distributive Justice variable has a mean of 2.91 and a median of 3.00, with a standard deviation of .93. The skewness is less than twice of the standard error of skewness \((-0.09 < 0.40)\), then the skewness is not significant. Similarly, the kurtosis is also less than twice of the standard error of kurtosis \((-0.2 < 0.80)\), then the kurtosis is not significant.
As shown in Figure 5.1.3, the data of Perceived Organizational Support are symmetrically distributed and the Perceived Organizational Support variable has a mean of 2.67 and a median of 2.75, with a standard deviation of .90. The skewness is less than twice of the standard error of skewness (.01 < .40), then the skewness is not significant. Similarly, the kurtosis is also less than twice of the standard error of kurtosis (-.11 < .80), then the kurtosis is not significant.
As shown in Figure 5.1.4, the data of Procedural Justice are not symmetrically distributed and the Procedural Justice variable has a mean of 2.55 and a median of 2.67, with a standard deviation of .86. The skewness is less than twice the standard error of skewness (.22 < .40), then the skewness is not significant. Similarly, the kurtosis is also less than twice of the standard error of kurtosis (.08 < .80), then the kurtosis is not significant.

Figure 5.1.4: Histogram of Procedural Justice
As shown in Figure 5.1.5, the data of Trust in Organizational Leader are symmetrically distributed and the Trust in Organizational Leader variable has a mean of 2.95 and a median of 3.00, with a standard deviation of .79. The skewness is less than twice of the standard error of skewness (.03 < .40), then the skewness is not significant. Similarly, the kurtosis is also less than twice of the standard error of kurtosis (.33 < .80), then the kurtosis is not significant.

Figure 5.1.5: Histogram of Trust in Organizational Leader
As shown in Figure 5.1.6, the data of Trust in Direct Leader are symmetrically distributed and the Trust in Direct Leader variable has a mean of 3.19 and a median of 3.13, with a standard deviation of .80. The skewness is less than twice of the standard error of skewness (\(-.16 < .40\)), then the skewness is not significant. Similarly, the kurtosis is also less than twice of the standard error of kurtosis (\(-.10 < .80\)), then the kurtosis is not significant.
As shown in Figure 5.1.7, the data of Turnover Intention are not symmetrically distributed and the Turnover Intention variable has a mean of 3.20 and a median of 3.50, with a standard deviation of 1.0. The skewness is more than twice of the standard error of skewness (-.57 > .40), then the skewness is significant. In turn, the kurtosis is less than twice of standard error of kurtosis (-.20 < .80), then the kurtosis is not significant.
As shown in Figure 5.1.8, the data of Job Performance are symmetrically distributed and the Job Performance variable has a mean of 3.15 and a median of 3.00, with a standard deviation of .84. The skewness is less than twice of the standard error of skewness (.31 < .40), then the skewness is not significant. Similarly, the kurtosis is also less than twice of the standard error of kurtosis (.17 < .80), then the kurtosis is not significant.
As shown in Figure 5.1.9, the data of the Job Satisfaction are symmetrically distributed and the Job Satisfaction variable has a mean of 3.16 and a median of 3.00, with a standard deviation of .95. The skewness is less than twice of the standard error of skewness (.25 < .40), then the skewness is not significant. Similarly, the kurtosis is also less than twice of the standard error of kurtosis (-.28 < .80), then the kurtosis is not significant.
5.3 Correlation Analyses

First, means, standard deviations and correlations for the variables are shown in Table 5.4, which also indicated that correlation coefficients and findings in relation to the hypotheses: i) Procedural justice has a significant positive correlation with Trust in Direct Leader—Hypothesis 1a is thus supported ($p<.001$); ii) Interactional justice is positively correlated to Trust in direct leader—Hypothesis 1b is thus supported ($p<.001$); iii) Interactional justice is positively correlated to Trust in organizational leaders—Hypothesis 1c is thus supported ($p<.001$); iv) Trust in direct leader is not correlated with job performance—Hypothesis 2a is thus not supported ($p>.05$); v) Trust in direct leader is positively correlated with job satisfaction—Hypothesis 2b is thus supported ($p<.001$); vi) Distributive justice is positively related to Trust in organizational leaders—Hypothesis 3a is thus supported ($p<.001$); vii) Perceived organization support is positively related to Trust in organizational leaders—Hypothesis 3b is thus supported ($p<.001$); viii) Trust in organizational leaders is negatively correlated with turnover intentions—Hypothesis 4 is thus supported ($p<.001$).
Table 5.4: Means, standard deviations and correlations

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean (Std. Dev.)</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
</tr>
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</tr>
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<td>-.10</td>
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</tr>
<tr>
<td>4. Working years</td>
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<td>.30***</td>
<td>-.14*</td>
<td>.17*</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>5. Organization size</td>
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<td>-.04</td>
<td>.28***</td>
<td>.23***</td>
<td></td>
<td></td>
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<td>6. Position</td>
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<td>.09</td>
<td>-.34***</td>
<td>-.30***</td>
<td>-.07</td>
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</tr>
<tr>
<td>7. Interactional Justice</td>
<td>2.87 (.95)</td>
<td>.06</td>
<td>-.13</td>
<td>.14</td>
<td>.08</td>
<td>.12</td>
<td>-.14*</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>8. Distributive Justice</td>
<td>2.91 (.93)</td>
<td>.13</td>
<td>-.08</td>
<td>.02**</td>
<td>.11</td>
<td>.16*</td>
<td>-.17*</td>
<td>.63***</td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>9. POS</td>
<td>2.67 (.90)</td>
<td>.11</td>
<td>-.08</td>
<td>.01</td>
<td>.05</td>
<td>.13</td>
<td>.12</td>
<td>.63***</td>
<td>.68***</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>10. Procedural Justice</td>
<td>2.55 (.86)</td>
<td>.07</td>
<td>-.06</td>
<td>.01</td>
<td>.01</td>
<td>.05</td>
<td>-.18*</td>
<td>.55***</td>
<td>.56***</td>
<td>.58***</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. TOL</td>
<td>2.95 (.79)</td>
<td>.13</td>
<td>-.03</td>
<td>.03***</td>
<td>.04</td>
<td>.16*</td>
<td>-.14</td>
<td>.47***</td>
<td>.52***</td>
<td>.55***</td>
<td>.47***</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. TDL</td>
<td>3.19 (.80)</td>
<td>.23**</td>
<td>-.14</td>
<td>.38***</td>
<td>.03</td>
<td>.13</td>
<td>-.14*</td>
<td>.41***</td>
<td>.35***</td>
<td>.38***</td>
<td>.32***</td>
<td>.63***</td>
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<tr>
<td>13. Turnover Intentions</td>
<td>3.2 (1.04)</td>
<td>-.12</td>
<td>.02</td>
<td>.03</td>
<td>-.04</td>
<td>.13</td>
<td>.08</td>
<td>-.25**</td>
<td>-.27***</td>
<td>-.29***</td>
<td>-.27**</td>
<td>-.35***</td>
<td>-.25**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Job performance</td>
<td>3.15 (.84)</td>
<td>-.02</td>
<td>.01</td>
<td>.01</td>
<td>-.28***</td>
<td>.08</td>
<td>-.11</td>
<td>.08</td>
<td>.12</td>
<td>.07</td>
<td>.24</td>
<td>.01</td>
<td>.03</td>
<td>.05</td>
<td></td>
</tr>
<tr>
<td>15. Job satisfaction</td>
<td>3.16 (.95)</td>
<td>.06</td>
<td>-.01</td>
<td>.14*</td>
<td>.18</td>
<td>.20**</td>
<td>-.28***</td>
<td>.29***</td>
<td>.24**</td>
<td>.25**</td>
<td>.20**</td>
<td>.31***</td>
<td>-.32***</td>
<td>-.33***</td>
<td>.02</td>
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</tbody>
</table>

*p<.05, **p<.01 and ***p<.001

POS—Perceived Organisational support; TOL—Trust in Organisational Leaders; TDL—Trust in Direct Leader
5.4 Partial Least Squares Analyses

A partial least squares (PLS) analysis was conducted to examine the mediation hypotheses because PLS can be used when there is a lack of multivariate normality and/or when there is multicollinearity between the variables. Furthermore, PLS was used because it is suitable for small samples (Chin, 1998).

A separate Partial Least Squares (PLS) analysis was conducted to examine each of the following: i) the mediation effect of trust in direct leader on the relationship between procedural justice and performance; ii) the mediation effect of trust in direct leader on the relationship between procedural justice and job satisfaction; iii) the mediation effect of trust in direct leader on the relationship between interactional justice and job performance; iv) the mediation effect of trust in direct leader on the relationship between interactional justice and satisfaction; v) the mediation effect of trust in organizational leader on the relationship between interactional justice and turnover intention; vi) the mediation effect of trust in organizational leader on the relationship between distributive justice and turnover intention; vi) the mediation effect of trust in organizational leader on the relationship between perceive organizational support and turnover intention; and vii) the final overall model.

From the previous research (Reichardt & Coleman, 1995), it is noted that two definitions of convergent validity are adopted; 1) in a general sense, if the two variables are both measures of the given construct, both variables have convergent validity with respect to that construct. 2) In a restrictive sense, if the two variables are correlated and if both variables have convergent validity according to the general definition, both
variables have convergent validity. In fact, the writers identify that both definitions (general and restrictive) make convergent validity a dichotomy: either it exists or it does not exist. Their research echoed that the early research from Campbell and Fiske (1959), their research are also based on the definitions of convergent validity as a dichotomy. Also, The discriminant validity is defined as the following: two variables (A and B) have discriminant validity with respect to constructs X and Y if and only if; 1) variable A is a measure of construct X but not of construct Y; 2) variable B is a measure of construct Y but not of construct X; and 3) constructs X and Y are not perfectly correlated (Reichardt & Coleman, 1995). More specifically, if and only if the two constructs are not perfectly correlated, two measures of different constructs have discriminant validity. As same as convergent validity, this explanation makes discriminant validity a dichotomy; either it exists or it does not exist.

The average variance explained (AVE) represents the average proportion of variance in the items that are used to measure a latent construct that is explained by the latent construct. In other words, the AVE is the average squared loading of the items of a latent construct. An AVE of .50 indicates that 50% of the variance in the items used to measure a latent construct is explained by the latent construct. A .50 cut-off point is used as an index of satisfactory convergent validity because an AVE value that is less than .50 indicates that the proportion of variance in the items that is explained by the latent construct is less than the error variance (Chin, 1998).

As shown in Table 5.5, all of the constructs have AVEs that are greater than .50 and thus all of the constructs have adequate convergent validity. The discriminant validity of each latent construct was assessed by comparing its AVE to its squared correlation
coefficients with the other latent constructs. The AVE represents the average proportion of variance in the items that is explained by the latent construct whilst the squared correlation coefficient represents the proportion of variance in one latent construct that is explained by another latent construct. If the AVE of a latent construct is larger than all of its squared correlation coefficients with the other latent constructs, then the latent construct can be claimed to have acceptable discriminant validity (Chin, 1998). As shown in Table 5.5 for all of the latent constructs, the AVE is greater than its largest squared correlation coefficient. All of the latent constructs thus have acceptable discriminant validity. Composite reliability is a measure of internal reliability and value of 0.70 or more indicates satisfactory internal consistency. All of the latent constructs have satisfactory internal reliability as indicated by the composite reliability index.
Table 5.5: AVEs, composite reliabilities and item loadings for the Latent Constructs

<table>
<thead>
<tr>
<th>Construct</th>
<th>Loading</th>
<th>Composite Reliability</th>
<th>AVE</th>
</tr>
</thead>
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<tr>
<td><em>Procedural Justice</em></td>
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<td></td>
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</tr>
<tr>
<td>PJ1</td>
<td>.75</td>
<td></td>
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</tr>
<tr>
<td>PJ2</td>
<td>.91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PJ3</td>
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<tr>
<td><em>Interactional Justice</em></td>
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<td>.62</td>
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<tr>
<td>IJ1</td>
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<tr>
<td>IJ2</td>
<td>.81</td>
<td></td>
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</tr>
<tr>
<td>IJ3</td>
<td>.85</td>
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</tr>
<tr>
<td>IJ4</td>
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<td></td>
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<tr>
<td><em>Distributive Justice</em></td>
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<td>.56</td>
</tr>
<tr>
<td>DJ1</td>
<td>.81</td>
<td></td>
<td></td>
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<tr>
<td>DJ3</td>
<td>.64</td>
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<tr>
<td>DJ4</td>
<td>.79</td>
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<td></td>
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<tr>
<td><em>Perceived organization support</em></td>
<td></td>
<td>.90</td>
<td>.69</td>
</tr>
<tr>
<td>POS1</td>
<td>.83</td>
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</tr>
<tr>
<td>POS4</td>
<td>.84</td>
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<tr>
<td><em>Trust in direct leaders</em></td>
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<td>.56</td>
</tr>
<tr>
<td>TD1</td>
<td>.78</td>
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<tr>
<td>TD2</td>
<td>.59</td>
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<td>TD6</td>
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<tr>
<td><em>Perceived organization support</em></td>
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<td>.69</td>
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<tr>
<td>POS1</td>
<td>.83</td>
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<td>POS2</td>
<td>.82</td>
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<tr>
<td>POS3</td>
<td>.84</td>
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</tr>
<tr>
<td>POS4</td>
<td>.84</td>
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<tr>
<td><strong>Job satisfaction</strong></td>
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<td>.71</td>
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<tr>
<td>JA1</td>
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<td></td>
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<tr>
<td>JA2</td>
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<tr>
<td><strong>Turnover intention</strong></td>
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<td>.73</td>
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<tr>
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</tr>
<tr>
<td>TU2</td>
<td>.83</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trust in organizational leaders</strong></td>
<td>.82</td>
<td>.54</td>
<td></td>
</tr>
<tr>
<td>TOD1</td>
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<td>TOD2</td>
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<tr>
<td>TOD6</td>
<td>.70</td>
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</tbody>
</table>
The loadings, AVE and composite reliability are not presented for performance because it was treated as a formative indicator. The reasons for regarding the indicators of performance as formative are as follows: i) the three items of performance are defining elements of performance rather than manifestations of performance; ii) if changes in the items are expected to cause changes in performance; iii) the different items do not share a common theme; iv) removing one of the items would alter the domain of the performance construct; v) a change in value for one of one of the items is not expected to be associated with a change in all a change in all of the other items; and vi) the different items arguably do not have the same antecedents and consequences (Podsakoff, MacKenzie, Podsakoff & Lee, 2003).

The findings from the PLS analysis on the mediating effect of Trust in Direct Leader on the relationship between Procedural Justice and Job Performance are presented in Figure 5.2, which shows that Trust in Direct Leader does not mediate the relationship between Procedural Justice and Job Performance. Specifically, neither Trust in the Direct Leader nor Procedural Justice has a significant effect on Performance—Hypothesis 5 is therefore not supported. Procedural Justice and Trust in Direct Leader account for 4 percent of the variance in Performance.

Figure 5.2. PLS results for the mediating effect of Trust in Direct leader on the relationship between Procedural Justice and Job Performance.
The findings from the PLS analysis on the mediating effect of Trust in Direct Leader on the relationship between Procedural Justice and Satisfaction are presented in Figure 5.3, which shows that Trust in Direct Leader mediates the relationship between Procedural Justice and Satisfaction—Hypothesis 6 is therefore supported. Procedural Justice and Trust in Direct Leader account for 12 percent of the variance in Satisfaction.

![Figure 5.3. PLS results for the mediating effect of Trust in Direct leader on the relationship between Procedural Justice and Satisfaction.](image)

The findings from the PLS analysis on the mediating effect of Trust in Direct Leader on the relationship between Interactional Justice and Performance are presented in Figure 5.4, which shows that Trust in Direct Leader does not mediate the relationship between Interactional Justice and Job Performance. Specifically, neither Trust in the Direct Leader nor Interactional Justice has a significant effect on Performance—Hypothesis 7 is therefore not supported. Interactional Justice and Trust in Direct Leader account for 4 percent of the variance in Performance.
The findings from the PLS analysis on the mediating effect of Trust in Direct Leader on the relationship between Interactional Justice and Satisfaction are presented in Figure 5.5, which shows that Trust in Direct Leader partially mediates the relationship between Interactional Justice and Satisfaction—Hypothesis 8 is therefore partially supported. Interactional Justice and Trust in Direct Leader account for 14 percent of the variance in Satisfaction.

Figure 5.4. PLS results for the mediating effect of Trust in Direct leader on the relationship between Interactional Justice and Performance.

Figure 5.5. PLS results for the mediating effect of Trust in Direct leader on the relationship between Interactional Justice and Satisfaction.
The findings from the PLS analysis on the mediating effect of Trust in Organizational Leader on the relationship between Interactional Justice and Turnover Intention are presented in Figure 5.6, which shows that Trust in Organizational Leaders mediates the relationship between Interactional Justice and Turnover Intention—Hypothesis 9 is therefore supported. Interactional Justice and Trust in Organizational Leader account for 15 percent of the variance in Turnover Intention.

![Figure 5.6. PLS results for the mediating effect of Trust in Organizational leader on the relationship between Interactional Justice and Turnover Intention.](image)

The findings from the PLS analysis on the mediating effect of Trust in Organizational Leader on the relationship between Distributive Justice and Turnover Intention are presented in Figure 5.7, which shows that Trust in Organizational Leaders mediates the relationship between Distributive Justice and Turnover Intention—Hypothesis 10 is therefore supported. Distributive Justice and Trust in Organizational Leader account for 14 percent of the variance in Turnover Intention.
Figure 5.7. PLS results for the mediating effect of Trust in Organizational leader on the relationship between Distributive Justice and Turnover Intention.

The findings from the PLS analysis on the mediating effect of Trust in Organizational Leader on the relationship between Perceived Organizational Support and Turnover Intention are presented in Figure 5.8, which shows that Trust in Organizational Leaders mediates the relationship between Perceived Organizational Support and Turnover Intention—Hypothesis 11 is therefore supported. Perceived Organizational Support and Trust in Organizational Leader account for 14 percent of the variance in Turnover Intention.

Figure 5.8. PLS results for the mediating effect of Trust in Organizational leader on the relationship between Perceived Organizational Support and Turnover Intention.
It is of interest to combine the seven hypothesised mediating effects into an overall model to examine the concurrent effects of the different variables on Performance, Satisfaction and Turnover Intentions. Figure 5.9 contains the PLS findings for the overall model and shows the following: i) Procedural Justice and Interactional Justice have significant unique effects on Trust in Direct Leader; ii) neither Procedural Justice, Interactional Justice nor Trust in Direct Leader has a significant unique effect on Performance; iii) when the effects of Procedural Justice, Interactional Justice and Trust in Direct Leader on Satisfaction are considered simultaneously, only Trust in Direct Leader has a significant unique effect; iv) when the effects of Interactional Justice, Distributive Justice and Perceived Organisational Support on Trust in Organisational Leaders are considered simultaneously, only Distributive Justice and Perceived Organisational Support have significant unique effects; and v) when the effects of Interactional Justice, Distributive Justice, Perceived Organisational Support and Trust in Organisational Leaders on Turnover Intentions are considered simultaneously, only Trust in Organisational Leaders has a significant unique effect. In sum, Performance is not predicted by Procedural Justice, Interactional Justice or Trust in Direct Leader. The effects of Procedural Justice and Interactional Justice on Satisfaction are mediated by Trust in Direct Leader. With respect to Turnover intention, the effects of Distributive and Perceived Organisational Support are mediated by Trust in Organisational Leaders whilst the effects of Interactional Justice are rendered non-significant.
Figure 5.9: PLS results for the overall model of the hypothesised mediating effects.
5.5 Summary

In sum, this chapter reported the results of all hypothesis testing. Hypothesis 1a; Procedural justice is positively correlated to Trust in direct leader, is supported; Hypothesis 1b; Interactional justice is positively correlated to Trust in direct leader, is supported; Hypothesis 1c; Interactional justice is positively correlated to Trust in organizational leaders, is supported; Hypothesis 2a; Trust in direct leader is positively correlated with Job performance; is not supported. Hypothesis 2b; Trust in direct leader is positively correlated with Job satisfaction, is supported. Hypothesis 3a; Distributive justice is positively related to Trust in organizational leaders, is supported; Hypothesis 3b; Perceived organization support is positively related to Trust in organizational leaders, is supported. Hypothesis 4; Trust in organizational leaders is negatively correlated with Turnover intentions, is supported.

The PLS analysis was adopted to find out that the mediation effects between different antecedents, work outcomes and trust to different referents. The results indicated; Hypothesis 5; the mediation effect of Trust in direct leader on the relationship between Procedural justice and Job performance, is not supported. Hypothesis 6; the mediation effect of Trust in direct leader on the relationship between Procedural justice and Job satisfaction, is supported. Hypothesis 7; the results indicated that neither Trust in the direct leader nor Interactional justice has a significant effect on Job performance, therefore the mediation effect of Trust in direct leader on the relationship between Interactional justice and Job performance is not supported. Hypothesis 8; the results indicated that neither Trust in the direct leader nor Interactional justice has a significant effect on Job satisfaction, therefore the mediation effect of Trust in direct leader on the
relationship between Interactional justice and Job satisfaction is partially supported. Hypothesis 9; the mediation effect of Trust in organizational leader on the relationship between Interactional justice and Turnover intention, is supported. Hypothesis 10; the mediation effect of Trust in organizational leader on the relationship between Distributive justice and Turnover intention, is supported. Hypothesis 11; the mediation effect of Trust in organizational leader on the relationship between Perceived organizational support and Turnover intention, is supported. Finally, the findings from a combination of the hypothesised 5 to 11 mediating effects into an overall model to examine the concurrent effects of the different variables on Job performance, Job satisfaction and Turnover intentions indicated that Job performance is not predicted by Procedural justice, Interactional justice or Trust in direct leader. The effects of Procedural justice and Interactional justice on Job satisfaction are mediated by Trust in direct leader. With respect to Turnover intention, the effects of Distributive and Perceived organisational support are mediated by Trust in organisational leaders whilst the effects of Interactional justice are rendered non-significant.
CHAPTER 6
DISCUSSION

The overall goal of this study is to examine the relationship between different antecedents, work outcomes and trust to different referents (direct leader and organizational leader) in a downsizing context. The main purpose in this chapter is to addresses the following areas: First, a discussion of the implication of findings is presented. Second, contribution in both (managerial and academy) implications of the research are described. Third, limitations of this research are discussed and identified. Fourth, possible extensions to future study and avenues to further research are explored. Also, this chapter explores some insights that are offered on trust in the term following different leaders in this study. Specifically, the study examined the potential mediating influence of the trust in both leaders on the relationship between various antecedents and work outcomes in the context of downsizing. This study also statistically: 1) examined the relationships between survivor’s perceptions of procedural, interactional, distributive justices and perceived organizational support and two trust referents. 2) examined the relationships between the two trust referents and survivor’s work outcomes. 3) tested each referent as a possible mediator of the each antecedent and work outcome. 4) tested the combination of the seven hypothesised mediating effects into an overall model to examine the concurrent effects of the different variables on job performance, job satisfaction and turnover intentions. By specifying antecedents and different work outcomes both affective and cognitive of trust in direct and organizational leaders, it is proposed to occupy a mediating role effect in between different justices and perceived organizational support and work outcomes.
6.1 Implication of Findings

Survey data was gathered from 60 multiple industries organizations. The specific hypotheses and their general analysis outcomes are briefly listed as following. As predicted, supports of the correlational data for the hypotheses 1 to 4 are established. All antecedents (procedural justice, interactional justice, distributive justice and perceived organizational support) are positively correlated to two referents of trust (trust in direct leaders and organizational leaders); and the two referents are also positively correlated to job satisfaction; and only trust in organizational leaders is negatively correlated with turnover intention. However, it is surprising results in the current study that the two referents are not correlated with job performance. Furthermore, the analysis also indicated that the significant mediation effect for the two referents in between different antecedents and job satisfaction and turnover intentions, with the exception of job performance. Specifically, hypothesis 5 and 7 are not supported - neither trust in the direct leader nor procedural and interactional justices have a significant effect on job performance. Thus, supports for the hypotheses 6, 8 to 11 are established. Furthermore, the findings for the overall model showed that i) procedural justice and interactional justice have significant unique effects on trust in direct leader; ii) neither procedural justice, interactional justice or trust in direct leader has a significant unique effect on job performance; iii) when the effects of procedural justice, interactional justice and trust in direct leader on job satisfaction are considered simultaneously, only trust in direct leader has a significant unique effect; iv) when the effects of interactional justice, distributive justice and perceived organisational support on trust in organisational leader are considered simultaneously, only distributive justice and perceived organisational support have significant unique effects; and v) when the effects of interactional justice,
distributive justice, perceived organisational support and trust in organisational leader on turnover intentions are considered simultaneously, only trust in organisational leader has a significant unique effect. In sum, job performance is not predicted by procedural justice, interactional justice or trust in direct leader. The effects of procedural justice and interactional justice on job satisfaction are mediated by trust in direct leader. With respect to turnover intention, the effects of distributive and perceived organisational support are mediated by trust in organisational leader whilst the effects of interactional justice are rendered non-significant.

The present findings can be explained by the social exchange theory, which was described as “the voluntary actions of individuals that are motivated by the returns they are expected to bring and typically do in fact bring from others” (Aryee et al., 2002, p.267). It has been discussed in the chapter 2 that social exchange in an employment relationship can be initiated by an organization’s fair treatment of the employees and trust is a critical component of social exchange (Aryee et al., 2002). In fact, the voluntary nature of the reciprocal act in the social exchange theory corresponds to the willingness to accept vulnerability based upon the positive expectation of the other in the construct of trust (Mayer et al., 1995). In general, the present findings are supported by the social exchange theory. At times of downsizing, the survivor’s perception of justice on the organization’s part and experience of perceived organizational support invokes their trust in the direct leader and organizational leader; in turn they reciprocate by staying in the organization. All in all, the lack of organizational justices and perceived organizational support during or after the downsizing can lead to decrease the level of job satisfaction and increase the level of turnover intentions.
6.1.1 Trust in Direct Leader and Antecedents

The correlation data demonstrate that survivors can develop trust in direct leader (supervisor), who acts as specific individuals between employee and organization (Whitener, 1997). The finding is generally consistent with the previous study from scholars (e.g., Bies & Moag, 1986, Brockner & Siegel, 1996 and Cohen-Charash & Spector, 2001), their findings indicate that interactional justice is closely tied to a supervisor’s communication and interpersonal behaviour, which should be the strongest predictor of reactions toward the supervisor. In this study, the measure used here emphasized perceptions of trustworthy supervisor behaviours (e.g., I can expect my supervisor to treat me in a consistent and predictable fashion) and the focus on the feelings of trust in supervisor (e.g., I believe my supervisor has high integrity). Both justices can engender trust while the focus on the behavior that may have been more closely related to procedural justice as it put more attention on the fairness of the supervisor’s behavior involved carrying out decision and interactional justice concerns more about the perceived fairness of how supervisors communicate to their subordinates. The data provide interesting findings that trust in the supervisor is only predicted by interactional justice as it refers to the exchange between an employees and their supervisor Even though such results are not consistence with many previous findings (e.g., Brockner et al., 1995, Saunders & Thornhill, 2003 and Saunders & Thornhill, 2004). Procedural justice applies to the exchange between an employees and their organization, in accordance with our expectations, supervisor-subordinates exchange quality is mainly related to both justices. Thus, procedural and
interactional justice means the supervisors acts fairly as a rule and hence can be trusted, this predication, therefore, is supported by our findings.

The data also reveal a number of important findings on work outcomes, which are consistent with current literature (for example, Nikandrou, Papalexandris & Bourantas, 2000 and Viswesvaran & Ones, 2002). First, the level of survivor’s job satisfaction and turnover intentions can be greatly influenced by all antecedents. The survivors’ judgments of fairness during or after downsizing center on issues of information in terms of consistency, accuracy, correctability and fairness (Nikandrou, et al., 2000). The results indicated that the importance of implementation procedures during downsizing by looking at the layoff criteria, take care those being laid off, ability to participate in organization decisions and established the open communication channel. In agreement with other survivorship literature (e.g., Ratcliff, 1992 and Grubb & McDaniel, 2002), survivors assess the way they are treated during or after the downsizing activities. For instance, in predicting job satisfaction, survivors expect the same value on both of the procedural and interactional justices (Grubb & McDaniel, 2002). There could be several reasons why survivors strongly emphasize the importance of both justice and job satisfaction. By given the high priority of perceived procedural and interactional justices, it may become more important forms survivors to feel valued and respected, the fact that survivors feel that their contribution is valued may account for their reported higher levels of job satisfaction (Goris, Vaught & Pettit, 2003). Similarly, it is found that a perception of fair interactional treatment also implies a prior perception of the quality and accuracy of the communication regarding the downsizing activities.
This is consistent with Kernan and Hanges’ (2002) results, which indicated communication as an antecedent of interactional justice. Again, it may be that survivors who perceive the communication process to be fair may subsequently switch their attention to how they are treated. This could explain the significant relationships between the both dimensions of justice and job satisfaction. Results from the study indicate that job performance is not related to all antecedents and the two referents. In spite of this finding contradicting most theorizing regarding the relationship between organization justice and performance, the previous researches (e.g., Kim & Mauborgne, 1993 and Cohen-Charash & Spector, 2001) indicate that the performance is hardly related to distributive and interactional justice. It may be, during or after downsizing, that employee examines the fairness of organization to see if it is fair and only if it is not do they withhold performance as a legitimate means, in their view, of restoring equity (a social exchange perspective; Konovsky & Cropanzano, 1991). They further point out that the social exchange is not the predictions regarding interactional justice and performance.

Second, the survivors considered that interactional justice was significantly related to their turnover intentions as inaccuracy information, rumors and blocked communication channel can increase survivors’ turnover intentions, while the organization was going through downsizing activities. This finding is consistent with the previous research of Spreitzer and Mishra (2002), interactional justice in reference to downsizing carry weight in determining survivors’ turnover intentions. In other words, interactional justice does carry enough weight to increase their motivation of leaving the organization in the
unstable environment because the survivors recognize that they do not have fairness in terms of multiple-communication of ideas and information about the downsizing.

6.1.2 Trust in Organizational Leader and Antecedents

A significant positive relationship was found between distributive justice, perceived organizational support and trust in organizational leader. That is survivors, who felt the downsizing processes were fair for both the organization and themselves, were trusting of top management. In according to Cohen-Charash and Spector (2001), distributive justice predicts organizational trust, which refers to trust in top management. This prediction, therefore, is also supported by our findings. The finding further support that another major antecedent of perceived organizational support, perceived top management support, refers to employees’ beliefs that the organization appreciates their value and contributions and treatment received from top management would have the greatest influence on perceived organizational support, (Aselage & Eisenberger, 2003). Thus, with a “good” treatment by the organization, an obligation in employees that they should treat the organization well in return will be created. Indeed, perceived organizational support increase the management trust during or after the downsizing. In this study, turnover intentions are predicated to relate to both distributive justice and perceived organizational support. The results indicate that both forms, mean the perceptions fairness of organization’s distributions and perceived organizational support, are positively relating to the
turnover intentions, survivors’ intentions to leave, therefore, are reduced. This finding is consistent with the previous study of Dailey and Kirk (1992).

### 6.1.3 Mediating Effects of the Two Trust Referents

Our findings allow us to examine two trust foci fully but differentially mediate the relationship between the organizational justice, perceived organizational support and the work outcomes (except the job performance). The findings further indicate that partial or full mediation effect of two trust referents as shown: 1) the relationship between procedural justice and job satisfaction was fully mediated by trust in direct leader, and relationship between interactional justice and job satisfaction was partially mediated by trust in direct leader, 2) the relationship between procedural, interactional justice and job performance were not mediated by trust in direct leader, 3) the relationship between interactional, distributive and perceived organizational support and turnover intentions were fully mediated by trust in organizational leader. As predicated, our findings revealed that procedural justice to be a primary source of trust in direct leader although previous researches reported a relationship between procedural justice and trust in organization only. This finding suggests that the procedural justice is not only applies to the exchange between an employee and their organization but also applies to exchange between an employee and their supervisor. In spite of the influence of interactional justice on job satisfaction was partially mediated by trust in direct leader, our findings are still consistent with the previous research. This finding reinforces the social exchange basis of employees’ work outcomes (i.e. job satisfaction), thus, to maintain survivor’s job satisfaction,
supervisor should concern that interaction justice will be fair and as currency for reciprocating their fair treatment by the supervisor, and the trust such treatment engenders in the supervisor.

Although job performance has traditionally been treated as employee’s work related attitude and should have been influenced by organizational justice, perceived organizational support and two trust foci, it is surprising result in the current findings that such prediction was not supported. Perhaps, these results were not found due to the measure used in this study. Initially, the use of self-reported measure for job performance suggests that self-evaluation bias seriously affects the actual performance reported by the respondents. Also, due to extremely low the composite reliability (equal to 0.46) measuring the content of the job performance. It is possible that a more comprehensive measure of the job performance with a higher composite reliability would have found the expected results.

### 6.1.4 Combination of Overall Model

It is of interest to combine the seven hypothesized mediating effects into an overall model to see whether the concurrent effects of the different antecedents on work outcomes. The findings indicate that two trust foci act as key mediating roles and the results support that they each have a different set of antecedents and outcomes. These findings are consistent with the previous research from Aryee et al., (2002), trust in supervisor is relating to procedural and interactional justices whilst trust in organizational leader is relating to distributive justice and
only interactional justice is related to trust in supervisor. The employees perceive the supervisor act as the first contact point to the organization and top management as a representative of the organization (Konovsky & Pugh, 1994). Thus, the subordinate makes inferences from their interactions with the supervisor to judge regarding whether to trust the organization. Especially, under the unfavorable situation such as downsizing, the supervisor is expected to work as a “trust-developer” between the organization and survivors (Muchinsky, 1990). Obviously, positive trust in supervisor results in significant relationship between interactional justice and satisfaction. The results further revealed that trust in direct leader fully mediated the relationship between procedural and interactional justice and the work outcome of job satisfaction. Similar findings have been reported in the previous studies (e.g., Strutton et al., 1993, Tan & Tan, 2000 and Lee & Teo, 2005); direct leaders are the formal link to communicate in between survivor and organization for organizational downsizing policies and plan. Furthermore, trust in organizational leader fully mediated the relationship between perceived organizational support and distributive justice and the work outcome of turnover intentions. In the other words, it is possible that the levels of perceived fairness are influenced by the content of the trust in both leaders and, therefore, each of the justice and perceived organizational support variables act as mediator. For instant, survivors working on the content of the high trust in both leaders would have high levels of fairness perceptions, which are in agreement with Aryee et al., (2002) suggestion that justice mediates the relationship between the trust and the outcome variable. However, the finding indicates that job performance is not predicted by procedural Justice, interactional Justice or trust in direct leader. As noted early, the expected results
can be found by using a more comprehensive measure of the job performance with a higher composite reliability.

6.2 Recommendations for Organizations

The results imply a number of practical implications for organizations. In a fast changing economic environment, organizations are expected to be more highly dynamic in order to remain competitive. More and more, they are likely to continue implementing restructure that include downsizing in today’s world of work. Therefore, it is critical to manage survivors’ trust in terms of direct leader and organizational leader. More specifically, knowing how the organization justice and perceived organizational support could affect trust in both leaders, organizations can take appropriate actions to improve organizational structure and human resources management.

The results indicate that a higher level of trust in both leaders was experienced only when survivors had higher levels of perceived organizational justices, perceived organizational support and procedural and interactional justice carries most weight for survivors’ job satisfaction. This provides organizations the chance to counteract many of the negative effects often associated with downsizing by emphasizing on the both justices and trust in direct leaders. As stated by Kernan and Hanges (2002), communication provided by supervisor also influences employee’s perceptions of interactional treatment, organizations therefore, can employee inputs such as open communication, fair procedural and support for layoff workers when the downsizing strategies and procedures are designed. Organizations are likely to manage employee perceptions of fairness regarding procedural and interactional treatment by encouraging
them to participate in decisions regarding the downsizing activities and providing adequate opportunities to do so, in turn, which maintain survivors’ trust in and support for the organization and to achieve the desirable work outcome such as a high level of job satisfaction in organization. Organizations should create a path of communication channel, which let supervisor and employees have a common platform to communicate the ideas, reflect the information and raise each other concerns. In fact, employees can be engaged through interactive communication channel during which they have the opportunity to process important information, reflect on the information, provide feedback, ideas, ask questions, raise concerns, find out how it affects them and think about how they can help. This conveys the message to employees that supervisor has acted in the employees’ best interest. As far as managing employees’ perceptions regarding procedural justice, supervisor should pay attention to applying fair, consistent and unbiased procedures during the decision-making process in the effort of maintaining and or increasing employees’ trust in supervisor. Yet, providing their input in the decision making procedure is a significant element to managing their trust (Aryee et al., 2002). The supervisor could engage or increase current engagement of employees in the decision making process in various ways. For example, by providing opportunities to discuss how decisions are made, the rational behind the decision as well as the decision making process. Secondly, by providing opportunities for employees to voice their opinion and let them provide the input into the decision making procedures. Encouraging employees to express their opinion and provide input can be achieved by providing a safe environment in which employees feel safe to raise concerns, suggestions, ideas, etc. Increasing employees’ fairness perception on the decision making procedure could also result in satisfaction to and ownership of changes. When they provide the inputs and contribute to solving challenges of the organizations, this
creates motivation within employees and a sense of accountability to move changes forward. Moreover, the results also have been indicated that a higher level of trust in organizational leaders was experienced only when survivors had higher level of perceived distributive justice and organizational support. This findings help management design proper programmers in organizations to ensure fairness of resources allocations and provision of sufficient organizational support within a change context. As similar findings of previous research from Saunder and Thornhill (2003), unfairness of resources distributive and insufficient organizational support would increase turnover intention. Moreover, it is suggesting that an appropriate training should be provided to the supervisors, as well as the senior management. The supervisors and senior managers can interact with the employees in a fairer manner, facilitating the surviving employees’ perception of justice, leading to the positive outcomes.

6.3 Contribution to Managerial and Academy

6.3.1 Contribution of Managerial Practice

In this study, it has the potential to contribute to managerial practice of downsizing. It is important to pay attention and to provide support to those who remain in the organization (Appelbaum et al., 1997). Past literature as well as this study demonstrates that downsizing is a difficult change for employees in any organizations. Realistically, downsizing will create problems and conflict as employees are unwilling to lose their jobs or their coworkers. Mutual trust in direct leaders or organizational leaders between the survivors would affect the job satisfaction and turnover intention. The study provides insight of managers
who anticipate future organizational downsizing. They are drawn attention on organizational justice and POS how to affect the trust in both leaders as areas that need consideration when planning and implementing downsizing. Also, the training for managers to practice organizational justice in the future organizational downsizing is important. Moreover, the organizations should allocate the resources in providing organizational support when initiating the downsizing. Effective downsizing is not a short-term fix, but rather a long-term investment in the human resources of the organization.

Along with these antecedents, management needs to be aware of the frames survivors use to make sense of downsizing. First, survivors often react the downsizing with fear, mistrust, uncertainty and anxiety as their working environment has unexpectedly changed (Tan & Tan, 2002). Also, many of the difficulties of management are experiencing the ignoring of the suggestions from the down steams (Mishra & Mishra, 1994; Appelbaum, et al., 1999 and Lamsa & Savolainen, 2000), which bringing harm to both the employees and the organizations. Therefore, the planning stage of the downsizing need to be aware and take active measures such as promoting communication channel as well as offering the open, honest and free climate among the organizations to let the employees to provide their ideas, concerns and exchange the information, to support employees and encourage their involvement in planning stage, which minimum fears, uncertainty and anxiety among the employees. Secondly, employees may also look for causes to blame for the downsizing. The management needs to be address straightforward about the cause of the layoffs. If the employees do not believe management is being honest about the layoff
causes, they will begin to mistrust the organizations while looking for other
answers to explain the layoffs. Lastly, management should also be aware of
negative consequences during implementing stage such as loss of talent and
experience staffs or increase in workload, so concerns can be addresses. Overall,
open lines of communication need to maintain between employees and
managers while the downsizing are planned and implemented so both parties can
quickly respond to difficulties and increase mutual trust.

6.3.2 Contribution to Academic Knowledge

While many of the consequences and emotional responses to downsizing are
present in the past literature (e.g., Mishra & Mishra, 1994, Mishra & Spreitzer,
1998 and Appelbaum, et al., 1999), this study adopts a survivor-based
perceptive to investigate downsizing. Ironically, the study highlights different
organizational justice, organizational support and trust as areas that need
consideration when implementing downsizing. By comparing to the other
research studies, this study is the first study to investigate the different
antecedents and outcomes in the context of downsizing. The results of this study
indicate that there are correlations between the different antecedents and job
satisfaction and turnover intentions under organizational downsizing. Also, it is
very surprising that the findings do not support the predictions: neither trust in
the direct leader nor procedural and interactional justice have a significant effect
on job performance. Such finding is totally against the previous findings from
different researchers (e.g., Kim & Mauborgne, 1993 and Cohen-Charash &
Spector, 2001) even though job performance has traditionally been treated as
employee’s work related attitude and should have been influenced by organizational justice, POS and two trust foci.

6.4 Limitations of Study

Several limitations are inherent in this study and should be taken into account when interpreting the research findings. First, it is likely that the results of this study could not be simply strengthened with a larger sample size. Although several researchers suggest that a sample of at least 100 to 150 participants is sufficient to perform the analyses (Anderson & Gerbing, 1988 and Hair et al., 1998), other researchers (e.g., Stone-Romero & Anderson, 1994) encourage a larger sample. Similarly, samples size as large as 200 (Foreman, 1991) and 392 (Cohen, 1988) are recommended to strengthen results of analyses. Second, this study design was a one-time collection of survivors’ experiences. The cross-sectional data precludes any inference of causality, though most of the hypotheses are supported by results. Thus, the direction of causality cannot be established and will have to be examined using longitudinal data. If we could collect data before and after a downsizing event, the difference between these data might reflect the exact impact directed from that downsizing context (for instance, employee satisfaction survey being taken periodically). Although it may be difficult to gain permission from organizations to do a pre-, post, and follow-up study, researchers should not be discouraged from attempting to fain organizational approval for conducting a longitudinal study as this type of study provides more insight and precise in the causal relationship between the difference justice and work outcomes variables. In this way, it is more confident in drawing conclusion of the antecedent variables, the two trust foci and work outcomes being studied completely in the downsizing context.
Third, the job performance measures rely on self-report, and the use of self-reported measure for job performance suggests that self-evaluation bias seriously affects the actual performance reported by the respondents. Thus, this measure cannot truly reflect the actual performance of the respondents when they face downsizing situations, as the findings do not show any relationship and mediating effects between job performance and any other constructs in this study in the way we anticipate. It is not surprising that people tend to overestimate their performance as they do not want to admit their whatever incompetence. Therefore, when we measure variables involving respondents to self-evaluate themselves, other measures should be put together to collect more objective information.

6.5 Suggestion for Future Research

Some implications for further research are contained. This study has sought to increase awareness on the plight of survivors during or after organizational downsizing. Through this research, issues have been introduced that need further consideration. First, the organizational justice frame used in this study can be expended to future survivorship research. How organizational justice and perceived organizational support can bring out positive job attitude and better job commitment of employees in downsizing context? How does downsizing implementation influence organizational justice frame? It would be interest to distinguish how styles of downsizing influence survivors’ perceptions of organizational justice. Second, could longitudinal study able to explain more on the mechanism of how antecedents like justice can relate to positive outcomes? Indeed, it is suggesting that the control group design (i.e. specify industry) can be used for investigating the downsizing impact on relationships between different
organizational variables to find out the different. The control group may provide a comparison to the treatment group which illustrates convincingly if there are real effects related to the context of downsizing. Third, it is very surprising that the job performance is not correlated with organizational justice and two trust foci. This is another good topic to further investigate why procedural and interactional justice and trust in direct leader does not relate to job performance in downsizing context? Lastly, the literature on downsizing has a strong managerial bias. As a researcher, a survivor-based perceptive is incorporated for new insight into the area of downsizing and trust. Although it is a start, additional research needs to address on the specific group of employees in the organization: see weather any different of the group of low, middle as well as top management level of employees’ view of downsizing. As demonstrated through this study, information is plentiful and should be highly considered when furthering research on downsizing and trust relationship. In sum, it is vital for organizations to recognize the importance of correct downsizing procedures so layoffs do not permanently harm the survivor and organizations. With strong focus of the surviving employees, organizations implementing downsizing have an opportunities to move past the downsizing to future success.

6.6 Summary

Our findings support that, after the organizations downsize, when the survivors experience more procedural justice and interactional justice, they have more trust in the direct leaders, which in turn enhances their job satisfaction. When the survivors experience more distributive justice and perceived organizational support, they have more trust in the organizational leaders, which in turn reduces their turnover intentions.
The results are also in line with previous findings about trust and organizational justice in a general situation (Pillai et al., 1999). This study has provided evidence to support some practical suggestions when organizations need to undertake downsizing. It is important to pay attention and to provide support to those who remain in the organization (Spreitzer & Mishra, 2002). Survivors are likely to experience significant changes in their context following an organizational downsizing. When downsizing is necessary, organizations should practice the three justice dimensions because it is demonstrated in this study that these have a positive effect on the survivors’ job satisfaction. Organizations are also encouraged to ensure that perceived organizational support is in place, as this will reduce the survivors’ turnover intentions. However, it is surprising that the results do not show any relationship and mediating effects between job performance and any other constructs in this study. Perhaps, the expected results can be found by using a more comprehensive measure of the job performance with a higher composite reliability.

This study suggests that management should be drawn attention on organizational justice and POS how to affect the trust in both leaders as areas that need consideration during the planning and implementing procedures. Also, the training for managers to practice organizational justice in the future organizational downsizing is important. Moreover, the organizations should allocate the resources in providing organizational support when initiating the downsizing. Effective downsizing is not a short-term fix, but rather a long-term investment in the human resources of the organization. Furthermore, the study is the first to examine two referents of trust in a particular context (downsizing). We believe that downsizing has an impact on the relationship of the
antecedents and outcomes with trust in direct leader and organizational leaders. This conjecture was supported by the present findings.

A few limitations of this study need to be addressed. First, samples sizes may not be strengthened although several sources indicate that a sample of at least 100 to 150 participants sufficient. Second, the cross-sectional data precludes any inference of causality, though the hypotheses are supported by the result. Thus, the direction of causality cannot be established and will have to be examined using longitudinal data. Next, the job performance is also subject to self-evaluation bias, which seriously affects the actual performance reported by the respondents. Thus, this measure cannot truly reflect the actual performance of the respondents when they face downsizing situations.

In this study, some implications for further research are contained such as how organizational justice and perceived organizational support can bring out positive job attitude and better job commitment of employees in downsizing context? How does downsizing implementation influence organizational justice frame? and Could longitudinal study able to explain more on the mechanism of how antecedents like justice can relate to positive outcomes? Moreover, it is suggested that a specify control group design (i.e. single industry) can be used in future research for investigating the downsizing impact on relationships between different organizational variables to find out the different. Furthermore, it is very surprising that the job performance is not correlated with organizational justice and two trust foci. This is another suggestion topic to further investigate why procedural and interactional justice and trust in direct leader does not relate to job performance in downsizing context. Lastly, additional research needs to address on the specific group of employees in the organization: see weather
any different of the group of low, middle as well as top management level of employees’ view of downsizing. In sum, it is vital for organizations to recognize the importance of correct downsizing procedures so layoffs do not permanently harm the survivor and organizations. With strong focus of the surviving employees, organizations implementing downsizing have an opportunities to move past the downsizing to future success.
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APPENDIX I

(Survey Questionnaire)
### Survey Questionnaire

Please circle the most appropriate response number for you according to the following scale, unless otherwise specified.

~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~

**SECTION 1: About Downsizing in Your Organization**

<table>
<thead>
<tr>
<th>Question</th>
<th>Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>To what extent do I perceive my organization has gone through downsizing in the past five years.</td>
<td>Not at all 2 3 4 A Great Deal</td>
</tr>
<tr>
<td>When downsizing decisions were made, staffs were treated with respect and dignity.</td>
<td>Disagree Slightly Disagree Neutral Slightly Agree Agree</td>
</tr>
<tr>
<td>Adequate justification for decisions was offered during the downsizing process.</td>
<td>D SD N SA A</td>
</tr>
<tr>
<td>During the downsizing process, explanations often made sense to me.</td>
<td>D SD N SA A</td>
</tr>
<tr>
<td>My supervisor explained clearly whenever downsizing decision was made.</td>
<td>D SD N SA A</td>
</tr>
<tr>
<td>I (survivor) am being taken care of by the organization.</td>
<td>D SD N SA A</td>
</tr>
<tr>
<td>My organization offers adequate assistance to departed employees in finding a new job.</td>
<td>D SD N SA A</td>
</tr>
<tr>
<td>My organization does the best that they can to ease the transition of survivors.</td>
<td>D SD N SA A</td>
</tr>
<tr>
<td>My organization cares about my opinions.</td>
<td>D SD N SA A</td>
</tr>
<tr>
<td>My organization cares about my well-being.</td>
<td>D SD N SA A</td>
</tr>
<tr>
<td>My organization strongly considers my goals and values.</td>
<td>D SD N SA A</td>
</tr>
<tr>
<td>My organization shows concern for me.</td>
<td>D SD N SA A</td>
</tr>
<tr>
<td>To what extent were consistent standards followed in deciding which employees to layoff?</td>
<td>Very Little 2 3 4 A Great Deal</td>
</tr>
<tr>
<td>To what extent have accurate information been provided to show the decision of layoff being necessary?</td>
<td>Not at all 2 3 4 A Great Deal</td>
</tr>
<tr>
<td>Before layoff was announced, to what extent did I have the opportunity to express my view points about layoffs to the management?</td>
<td>Not at all 2 3 4 A Great Deal</td>
</tr>
<tr>
<td>To what extent did those being laid off have the opportunity to appeal their layoff?</td>
<td>Not at all 2 3 4 A Great Deal</td>
</tr>
<tr>
<td>To what extent did management express regret that individuals were being laid off?</td>
<td>Not at all 2 3 4 A Great Deal</td>
</tr>
<tr>
<td>How likely would those laid off receive adequate advance notice?</td>
<td>Likely May Be Neutral May Not Be Not Likely</td>
</tr>
<tr>
<td>Compared to my organization, how much do I think other organizations that are also having layoffs have generally been fair in the way that they have handled their layoff process?</td>
<td>Much More Fair Than Us 2 3 4 Much Less Fair Than Us</td>
</tr>
</tbody>
</table>
SECTION 2: About Your Opinions of the Top Management and Your Supervisor

<table>
<thead>
<tr>
<th>Rating</th>
<th>Disagree</th>
<th>Slightly Disagree</th>
<th>Neutral</th>
<th>Slightly Agree</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I believe top management has high integrity.</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>I can expect top management treats me in a consistent and predictable fashion.</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>Top management is not always honest and truthful.</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>In general, I believe top management’s motives and intentions are good.</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>I do not think top management treats me fairly.</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>Top management is open and upfront with me.</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>I am not sure I fully trust top management.</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>I believe my supervisor has high integrity.</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>I can expect my supervisor treats me in a consistent and predictable fashion.</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>My supervisor is not always honest and truthful.</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>In general, I believe my supervisor’s motives and intentions are good.</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
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<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>My supervisor is open and upfront with me.</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>I am not sure I fully trust my supervisor.</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
</tbody>
</table>

SECTION 3: About Your Job

The questions below ask about how you feel about your job after the downsizing was initiated

<table>
<thead>
<tr>
<th>Rating</th>
<th>Disagree</th>
<th>Slightly Disagree</th>
<th>Neutral</th>
<th>Slightly Agree</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I often think about quitting my job from my present organization.</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>I will probably look for a new job within the next year.</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>How likely is it that I will actively look for a new job in the next year?</td>
<td>Likely</td>
<td>May Be</td>
<td>Neutral</td>
<td>May Not Be</td>
<td>Not Likely</td>
</tr>
<tr>
<td>I am among the top performers in my department</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>I always fail to perform up to my organization’s standard</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>I always miss the task deadlines set by my supervisor</td>
<td>Likely</td>
<td>May Be</td>
<td>Neutral</td>
<td>May Not Be</td>
<td>Not Likely</td>
</tr>
<tr>
<td>Most days I am enthusiastic about my job.</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>I am satisfied with my job for the time being.</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
<tr>
<td>I am often bored with my job.</td>
<td>Likely</td>
<td>May Be</td>
<td>Neutral</td>
<td>May Not Be</td>
<td>Not Likely</td>
</tr>
<tr>
<td>I find real enjoyment in my job.</td>
<td>D</td>
<td>SD</td>
<td>N</td>
<td>SA</td>
<td>A</td>
</tr>
</tbody>
</table>
SECTION 4: ABOUT YOURSELF

Please complete the following demographic information by ticking the appropriate box.

<table>
<thead>
<tr>
<th>Age</th>
<th>18 to less than 30 years old</th>
<th>30 to less than 40 years old</th>
<th>40 to less than 50 years old</th>
<th>50 to less than 60 years old</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>Female</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educational Background</td>
<td>Secondary School Certificate</td>
<td>Certificate or Diploma Graduates</td>
<td>Bachelor Degree</td>
<td>Master Degree</td>
</tr>
<tr>
<td>Organization Size</td>
<td>Less than 50 employees</td>
<td>50 – 100 employees</td>
<td>More than 100 employees</td>
<td></td>
</tr>
<tr>
<td>Ownership of Organization</td>
<td>Private</td>
<td>Public</td>
<td>Non-Governmental Organizations</td>
<td></td>
</tr>
<tr>
<td>Working experience</td>
<td>Less than 2 year</td>
<td>2 to less than 5 years</td>
<td>5 to less than 10 years</td>
<td>10 years or above</td>
</tr>
<tr>
<td>Your current position</td>
<td>Top Management</td>
<td>Senior Management</td>
<td>Middle Management</td>
<td>Supervisors or Officers</td>
</tr>
<tr>
<td></td>
<td>Others (Please specify)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>