

**MIDDLE MANAGERS' PERCEPTIONS OF ORGANISTATIONAL JUSTICE AFTER DOWNSIZING  
IN THE AUTOMOTIVE INDUSTRY**

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## Declaration

I declare that '**Middle Managers' perception of Organisational Justice after Downsizing in the Automotive Industry**' is my own work and that it has not been submitted before for any other degree or examination in this department or other departments in this or any other university and that all sources have been indicated and acknowledge as complete references.

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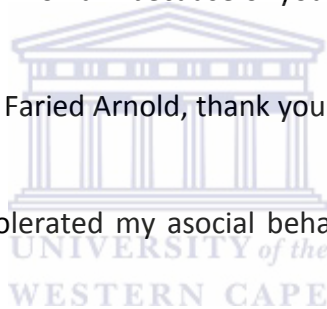
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## ABSTRACT

Organisations of every industry are changing continuously. A pervasive response to this experience is some form of downsizing. Chew and Horwitz (2002) state due to globalisation, organisations have increasingly adopted cost/ competitive measures to increase performance. Organisations inevitably seek to survive these pressures by downsizing. According to Tzafrir, Mona- Negrin, Havel and Rom Nagy (2006), downsizing is known to be defined as a company trying to increase its competitiveness, efficiency and productivity by decreasing the number of workers in the organisation. Drummond (2000) states that there is extra pressure put onto the remaining workers for productivity after the layoff process. It must be acknowledged that managers should be seen as both an employee and a supervisor. Managers therefore have to implement the change when the process occurs and deals with the reactions of him/herself and that of the subordinates (Wiesenfeld, Brockner, Petzall, Wolf & Bailey, 2001). To gain a competitive advantage, organisations must pay attention to their managers who are responsible for driving organisation's processes and outcomes. Rana, Garg and Rastogi (2011) state that organisations need to attend to factors that influence managers' performance and job satisfaction, such as perception of organisational justice. Managers' perception of organisational justice is imperative, as subordinates mimic the behaviours and attitude of their managers (Wiesenfeld et al., 2001).

The aim of this study is to investigate what impact the downsizing process had on the perception of organizational justice of survivor middle managers. The differences between middle managers' age, gender, year of service or tenure, marital status and education level were taken into account.

The study was conducted in different departments of a large Automotive Retail organisation where downsizing has taken place. A biographical questionnaire and a questionnaire designed to measure perceptions of organisational justice after downsizing (Niehoff and Moorman Organisational Justice Questionnaire), was administered to gather the data. The sample of one hundred and forty-four respondents consisted of male and female middle managers. Convenience sampling was utilised to select the sample. Statistical analyses involved both descriptive and inferential statistics. ANOVA and T-Test were the tools that

were used to analyse the data. Findings indicates that there was a statistical significant difference in middle managers' perception of organisational justice based on gender, age, tenure, marital status and education level in the Automotive Industry.

**KEY WORDS**

Downsizing, Organizational Justice, Survivor Syndrome, Middle Managers, Psychological Contract, Age, Gender, Tenure, Marital Status and Educational level.



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## CHAPTER 1

### PROBLEM STATEMENT AND AIM OF THE RESEARCH

#### 1.1 INTRODUCTION

Virtually every organisation today is facing problems such as global competition, economic instability and changing technology. These problems demand an organisational change strategy which will make an organisation competitive, but with less cost. Organisational downsizing is the most commonly used strategy by organisations who want to stay globally competitive and cut operational costs, this occurs mainly in the developing world during mergers (Marks & De Meuse, 2005; Morar, 2004). However, millions of jobs have been lost globally in the past decades in both developed and developing countries due to downsizing. Noronha and D'Cruz (2006) state that the effects of such downsizing are felt mostly in developing countries where the chances of getting another job are slim for those who lost their jobs through downsizing.



Increases in labour cost, changes in technology and government policy are a few of the top reasons why organisations downsize (Vermeulen, 2002). Organisational downsizing is used in organisations to decrease costs and increase competitiveness; these objectives are not achieved by many organisations, often due to poor planning and process management. Ndlovu and Brijball (2005) state that organisations are shifting boundaries and have to align themselves with the ever changing global environment on a constant basis. The way in which organisations can adapt to change, forecast the change, strategize the implementation of change in time and recognise that change needs to occur provides them with a strategic and competitive advantage in business today (Robertson, 2002).

Chew and Horwitz (2002) state that due to globalisation, organisations have increasingly adopted cost competitive measures to increase performance. Both a world-wide recession and financial crisis or major economic meltdown in one large economy, such as United States of America may have a domino effect on companies internationally. According to

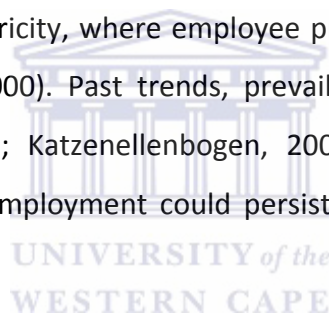
Casio (1993) the domino effect is a chain reaction that occurs when a small change causes a similar change nearby, which then causes another similar change, and so on in a linear sequence. It typically refers to a linked sequence of events where the time between successive events is relatively small. It can be used literally (an observed series of actual collisions) or metaphorically (causal linkages within systems such as global finance or politics) (Casio,1993). Organisations inevitably seek to survive these pressures by downsizing.

South African multinational firms which traditionally offered 'iron rice bowl' employment security are not able to offer this psychological contract any longer, as the nature of work and the work environment is constantly changing. 'Iron rice bowl' is a Chinese term used to refer to an occupation with guaranteed job security, as well as steady income and benefits (Chambers, 1999). Due to the changing nature of work and the work environment that is constantly changing, South African companies are just no longer in a position to do this and to offer the psychological contract any longer. Downsizing has affected hundreds of organisations and millions of employees since the 1980's. Downsizing is defined by Rinkwest (2003, p.12) as 'the reduction of both an organisation's workforce and unused assets in order to reduce costs, improve efficiency, productivity and competitiveness'. It is the implementation of this strategy that affects the number of employees, as well as cost and operation processes. Lay-offs means that many departments of the company will be dismantled resulting in the organisation having to operate with less employees. According to Drummond (2000), the result of such intervention is that it puts extra pressure on remaining workers to ensure productivity.

South African companies have not escaped the economic reality of organisations operating in economic and political instability. As a result of all these changes and instability, companies operating in South Africa have experienced pressures to engage in some kind of restructuring and or downsizing strategies to remain competitive. It is characterised - among other things -by retrenchments and high levels of unemployment which had a ripple effect on the well-being of the nation at large (Ngambi, 2001). Ngambi (2001) explains that the term 'restructuring' has become synonymous with 'retrenchment' in South Africa. 'Retrenchment can be defined as cutting down expenses by discharging workers because of a shortage of work' (Drummond, 2000). Challenges facing most of the organisations in South

Africa labour markets include high levels of unemployment and massive retrenchments which affect the strategic human resource management processes (Noe, Hollenbeck, Gerhart & Wright, 2000).

Swanepoel, Erasmus, Van Wyk and Schenk (2000) state that the gap between the demand and supply of labour in South Africa has increased at an alarming rate since 1976. There are fewer and fewer jobs available for the economically active population in South Africa. The loss of 7000 jobs in the last quarter of the year 2000 and the increasing rate of unemployment from the official rate of 26.5% and expanded rate of 39%, in that same year, gave rise to the millennium labour council's agreement in June 2001 (Haffajee, Hazelhurst & Gumede, 2001). The millennium labour councils' agreement consisted of the commitment of the Minister of Labour to effecting the amendments that would improve the efficiency of the labour market and promote employment creation. Even sectors such as manufacturing, commerce, agriculture and electricity, where employee productivity has risen, this rise has failed to save jobs (Wadula, 2000). Past trends, prevailing speculations and continuous retrenchments (Chalmers, 2001; Katzenellenbogen, 2001 & Louw, 2001) indicate that unacceptably high levels of unemployment could persist for many years in the future in South Africa (Louw, 2000).



According to Vermeulen (2002), restructuring and downsizing decisions in South Africa appear to be cost-driven. It is aimed at promoting a competitive advantage, and increasing productivity and profitability. Vermeulen (2002) state that in South Africa during the period 1989-1994 highlighted economic recessions, changes in demand, technological advancement and competitive pressure as the primary factors that motivated firms to restructure during this period. According to Laabs (1999), downsizing has not been successful in achieving its goals. The finding suggests that less than half of the downsized firms achieved reduction in overall expenditures, with less than one quarter indicating increased productivity.

Downsizing places organisations and their managers in a dilemma. Job losses not only have detrimental effects on the functioning of lay-off survivors, but also have negative effects on the organisation's bottom line. Many of the survivors are left with the perception that good performance, loyalty and long service are no longer any guarantee of job security



(Vermeulen & Wiesner, 2000). These perceptions result in loss of morale, lack of trust, job dissatisfaction, a decline in organisational commitment, increase in absenteeism, staff turnover, and a focus on short term security and survival (Vermeulen, 2002).

Vermeulen and Wiesner (2000) state that the disappointing results of downsizing in South Africa, are due to the failure to break out of the traditional approach to organisational design and management. For long-term sustained and sustainable improvements in efficiency, a reduction of employees has to be viewed as part of a process of continuous improvement. This should include organisational redesign, along with management strategies that minimise the pain and anger of both the displaced victims of lay-offs and the survivors, who have adapted to new expectations in the restructured organisation (Tzafrir, Mano- Negrin, Harel & Rom-Nagy 2006).

Vermeulen and Wiesner (2000) state that management need to manage both the structural and interpersonal elements of downsizing with sensitivity, to ensure positive psychological and economical outcomes. However, many managers lack the people management skills necessary to ensure that downsizing is handled as sensitively as it should be. According to Dewitt, Trevino and Mollica (2003), managers who survive such drastic interventions such as downsizing and/ retrenchments differ in their experiences from that of other survivors due to their dual role of change agents and receivers.

Managers have significant influence on the overall downsizing process (Gandolfi, 2006). Their influence depends on the strategy they use to implement the downsizing process, how they communicate to the employees before, during and after the process (Wright & Barling, 1998) and the degree of influence they have on their subordinates (Dewitt et al., 2003). Managers have the capacity to influence employees' perception of equity and justice by means of the selected implementation methods (Wiesenfield, Brockner & Thibault, 2000).

The potential impact of downsizing has been recognised in that a number of studies explored the experiences of victims and survivors of such programmes. According to Brockner, Konovsky, Cooper- Schneider, Folger, Martin and Bies (1994), a victim refers to the employee who is separated from the organisation during a downsizing process. A survivor refers to the worker who remains behind in the organisation after the downsizing process. Grunberg, Moore and Greenberg (2006) postulate that layoffs tend to result in

deleterious psychological and physical health outcomes for victims and survivors of downsizing.

Tzafrir, Mano - Negrin, Harel and Romi - Nagy (2006) state that several individual level factors play a role in predicting employee responses to organisational downsizing. First, there are employment related factors such as wages and tenure. Studies have indicated that the higher the salary of the employee, the lower the cost of downsizing to the employee (Ndlovu & Brijball, 2005). Tzafrir et al. (2006) state that workers who earn a high level income and have many financial resources handle unemployment better than low income earners. Lastly, there are personal variables such as the individual's work orientation, his/her preparation for downsizing and the consequent employment status (loss of employment) that are factors that play a part in predicting employee responses to downsizing. The extent to which the individual feels that his/her personal value is a function of work and his/her accomplishments at work- is often affected by work-related outcomes (Tzafrir et al., 2006).

Downsizing is a very pervasive organisational process. It affects both the internal and external environments, and especially its workforce (Armstrong - Stassen, Cameron, Thornburgh, 2001; Messmer, 2002; Paterson & Cary, 2002). Many employees who experience the downsizing process may feel that the organisation is violating the psychological contract they have with them about job security (Rousseau & Fried, 2001; Roehling & Boswell, 2004). One would think that the victims are the most affected by downsizing, but it is also likely that the survivors and the organisation itself also suffer as a result of this process (Brockner, Grover, O'Maley, Reed, & Glynn, 1993; Roan, Lafferty, & Loudoun, 2002). Management's main focus during downsizing has always been the people being affected that is, those who are leaving, rather than those that remain in the organisation (Rinkwest, 2003). According to Rinkwest (2003), downsizing is often done in total neglect of the so-called survivors who are supposed to be carrying on with their normal duties subsequent to such drastic intervention. Wolfe (2004) states that the employees who remain behind after the downsizing process are more of the victims than those who leave the organisation. Companies make comprehensive provisions are made for departing employees. Some of those provisions include severance package, relocating outplacement

of their position, external counselling, for example. However, very little is done for the employees who continue to work within the company.

Petzall, Parker and Stroebel (2000) stipulate that some survivors of the downsizing process engage in different forms of behaviour and exhibit different reactions to such process. Some work much harder in an effort to maintain their own position. Others may feel a sense of resentment toward the organisation and reduce the amount of effort they are willing to commit toward achieving the goals of the institution. Others might exhibit no change at all in their work performance. Campbell (1999) concurs with this view and also postulates that survivors display a wide range of emotional, attitudinal and behavioural reactions to a restructuring process. All survivors that were interviewed in Campbell's (1999) research, indicated feelings of stress, uncertainty, shock, confusion, insecurity and frustration. Hellgren, Naswall and Sverke (2005) state that organisational downsizing tends to have detrimental consequences for the employees who remain in the organisation.

Wolfe (2004) states that 'survivor syndrome' is seen by many as a prevalent consequence of downsizing and restructuring, and denotes the emotional, psychological and organisational repercussions faced by those who remain employed, or 'survive' the redundancy programme. The survivor is likely to experience a range of adverse effects. Effects that may include impaired productivity, damaged social networks, diminished social support, lack of trust and organisational commitment, negative attitudes, and elevated work life balance conflicts. Wolfe (2004) states that these feelings will centre on grief for the loss of colleagues, combined with the guilt for surviving, and fear and apprehension for the future.

Kets de Vries and Balazs (1997) emphasize that a huge concern in the event of lay-offs, is the breach in the psychological contract between employer and employee. Downsizing is a strong stress inducing factor that has major influence on the work behaviours and attitudes of the remaining employees (Pate, 2006). Job loss or the threat of job loss encourages the feeling of lack of control over one's environment and threatens the internalised concept of self. This is the primary cause of deteriorating of the psychological well-being in the workplace and accounts for many stress-related illness, such as heart disease and ulcers (Kets de Vries & Balazs, 1997).

A substantial volume of literature exists with regard to job satisfaction and perceived organisational justice (Tremblay, Sire & Balkin, 2000; & Veeran & Katz, 2002). According to Fernandes and Awamleh (2006) employee's job performance and job satisfaction are critical variables that impact on the overall performance of the organisation. They further comment that organisations must strive to identify those factors that influence the performance and job satisfaction of employees. One such factor is organisational justice which describes an individual employee's perception of the fairness of treatment received from an organisation and their behavioural reactions to such perception (Greenberg, 2004).

Employee satisfaction includes that the employee must at least feel that fairness prevails in the employment relationship. The 'golden thread' in the employment relationship is that an employee should feel that, in the process of balancing the elements of conflict and cooperation, he / she are getting a 'fair deal'. This 'fair deal' refers to organisational justice (Nel, Kirsten, Swanepoel, Erasmus & Poisat, 2008). According to Chew and Horwitz (2002) organisational justice can be defined as the degree of fairness in the treatment of employees, in return for loyalty and organisational commitment. Katz and Miller (1999) define organisational justice as concerning 'itself with ways in which employees determine whether they have been fairly treated in their jobs, and the way in which perceptions of justice impact on their work-related variable. It is thus clear, that job satisfaction and perceived organisational justice have an important impact on an organisation's performance.

Research indicates that perceptions of organisational justice influence employees' behaviour (Hannam & Jimmerson, 2002). According to Williams (2004), research findings have indicated that the procedure and the manner of distribution of income used by management during such downsizing processes have a direct influence on the survivor behaviour. Such issues of procedures and distributions of outcome have been conceptualised by scholars as procedural and distributive justice. Chew and Horwitz (2002) explain that procedural justice is the perception of fairness of procedures used for implementation. Dewitt et al. (2003, p. 67) states "procedural justice refers to the perceived fairness of lay-off decision process". The perceived fairness of the substantive decision to lay-off is known as distributive fairness. Dewitt et al. (2003, p. 45) explains that "distributive justice addresses the perceived fairness of the relative distribution of conditions".

Distributive attributes of lay-offs are for example, what the organisation will do to take care of the individuals who were laid off and the selection of who will be retrenched. Interpersonal or interactional justice is an important part of organisational justice, ' it has yet to be clearly defined' (Anstey, 2008). Some believe that interpersonal justice is all about the way in which decisions on outcomes are communicated to employees at an interpersonal level (Anstey, 2008).

According to Folger and Skarlicki (1998) research indicates that when managers feel that the downsizing process is being mismanaged, they seem to shy away from both the 'victim' and the situation. The managers distance themselves from the employees who are downsized and the downsizing process. Folger and Skarlicki (1998) call this managerial distancing. This behaviour from managers worsens the situation for victims, survivors and the organisation, as managers' behaviour and reaction to downsizing, has a huge impact on the success of the process. Kim (2007) state that managers can minimise the negative effects, hence there could be considerable value in a better understanding of the conditions under which a manager is likely to distance him - herself from the victims of downsizing. It is therefore imperative to investigate the managers' perceptions on organisational justice.

In light of this assertion, it would be appropriate to investigate the impact of downsizing on managers' perception of organisational justice. More specifically, this study explores how the perception of organisational justice (procedural, distributive and interpersonal) is impacted after the downsizing process. Due to the ever changing working environment and organisations constantly seeking more efficient and cost effective ways of running their businesses, downsizing has become a more apparent tool to use to get these results.

## **1.2 BRIEF OVERVIEW OF THE COMPANY**

The organisation that will be part of this study is a large automotive retailer that has international footprints. The organisation is listed on the Johannesburg Stock Exchange and the Group is run on a decentralised management structure that actively promotes entrepreneurship and innovation and encourages industry specific best practice.

This company has provided the South African market with exceptional and alternative motoring opportunities. It has diversified industrial services and retail groups with activities

spanning logistics, car rental, tourism, financial services, vehicle distribution and retail. The firm owns the largest network of motor dealerships in South Africa, representing all the major manufacturers. This automotive retailer sells approximately one in every six cars sold in South Africa.

The company operates in South Africa, Africa, Australia and Europe. This organisation employs more than 40 000 people, who are responsible for the growth and continued success of the group that began as a motor dealer in downtown Johannesburg in 1948. The organisation has 118 dealerships throughout South Africa, 7 dealerships in Australia and 2 dealerships in the other parts of Africa (Business week, 2013).

Downsizing occurred on three separate occasions in the history of this organisation. The first was in 2000 when the Logistics department merged with another business of the same company. Due to the merger, about 150 people were laid off. The second occasion was a few years later when about 126 employees were downsized due to restructuring of a few departments. The latest occurrence was 5 years ago where more than 243 individuals lost their job due to strikes and this had a negative effect on the bottom line. This caused that the company did not have enough business to distribute to the employees (redundancy). Restructuring and operational requirements (financial instability) are two of the main reasons why this organisation implemented a downsizing process. This process occurred over the last 10 years and affected more than 500 employees.

According to the Group Human Resource Manager, the employees that have been affected by this process displayed an array of negative attitudes and behaviors, both victims and survivors. Voluntary packages were offered to workers affected. After this step was taken, human resource professionals opted for a fair recruitment process by allowing employees to apply for the positions that should be filled. As with many organisations that have experience downsizing, there was a definite drop in morale and staff turnover was 38% - which was higher than usual. When the Group Human Resource Manager was interviewed he indicated that 'there were a few staff members that left the business, and people were definitely unsettled by this process'. He also stated that even though managers were part of the process, he could see a definite indication of fear, anxiousness and worry. Middle managers displayed lots of anger and disbelief. Due to the staff working together for such

long periods it was difficult for the managers to manage and roll out the downsizing process, according to the Group Human Resource Manager. There were managers that left the organisation to join competitors. Others grieved for a while, and after a while got back to business.

### **1.3 PROBLEM STATEMENT**

This aim of this study was to investigate surviving middle managers' perception of organisational justice after downsizing.

### **1.4 RESEARCH OBJECTIVES**

The research objective is to research the effects of downsizing on middle managers.

1. To evaluate the personal emotions surviving middle managers experience after the downsizing process occurred.
2. To determine middle managers' perception of organisational justice after downsizing based on gender.
3. To determine whether middle managers' perception of organisational justice after downsizing differs when comparing age.
4. To evaluate whether the middle managers perceive organisational justice differently when comparing years of service in the organisation.
5. To investigate whether there is a difference in middle managers' perception of organisational justice after downsizing when comparing marital status.
6. To evaluate the difference of middle managers' perception of organisational justice after downsizing based on educational level.

### **1.5 RESEARCH HYPOTHESES**

Hypothesis 1:

There is a statistically significant difference in middle managers' perceptions of organisational justice based on **gender**.

Hypothesis 2:

There is a statistically significant difference in middle managers' perceptions of organisational justice based on **age**.

Hypothesis 3:

There is a statistically significant difference in middle managers' perceptions of organisational justice based on **tenure**.

Hypothesis 4:

There is a statistically significant difference in middle managers' perceptions of organisational justice based on **marital status**.

Hypothesis 5:

There is a statistically significant difference in middle managers' perceptions of organisational justice based on **educational level**.

## 1.6 DEFINITION OF TERMS



*Downsizing* - is a set of activities undertaken by management of an organisation designed to improve efficiency, productivity and/or competitiveness (Chew & Horwitz, 2002).

*Organisational Justice* - is defined as the extent to which employees perceive organisational events as being fair (Kim, 2007).

*Procedural Justice* - refers to the perceived fairness of the process used to determine the distribution of rewards (Robbins, Odendaal & Roodt, 2004).

*Distributive Justice* - the perceived fairness of the amount and allocation of rewards among individuals (Ishmail, 2007).

*Interactive/ Interpersonal justice* - is defined as the feelings about the fairness of the ways their organisation treated them and others during the downsizing exercise (Thornhill, Lewis, Millmore & Saunders, 2000).



*Survivor Syndrome* - is a prevalent consequence of downsizing and restructuring. It denotes the emotional, psychological, and organisational repercussions faced by those who remain employed, or 'survived' the downsizing process (Wolfe, 2004).

*Survivor* - is described as the employees who have 'survived' the downsizing process. This refers to the employees who still remain in the employment of the organisation that has been through the downsizing process.

*Management* - a manager refers to a particular organisational role that includes making sure work gets done through the employees. It is a role that includes making decisions, sharing information and having social skills whereby the manager derived formal authority and status (Dewitt et al., 2003). Managers, for the purpose of this study are the individuals who have implemented the downsizing process.

## **1.7 OVERVIEW OF THE CHAPTERS**

**Chapter 1** captures the core of the research focus for this study with particular reference to the motivation for this study, its research objectives, hypothesis and limitations. Some key terms to the study are highlighted and defined to assist in creating a common understanding for when these terms are discussed in the research study.

**Chapter 2** reviews the relevant literature of the research topic how middle managers' perception of organisational justice is impacted by the downsizing process. It provides definitions and discussions related concepts such as organisational justice, perceptions and middle managers.

**Chapter 3** provides an overview of the research methodology used in the study, with specific reference to how the research problem was investigated. In this chapter, detail regarding the research design is also provided with specific reference to the population of the study, sample group sampling technique, procedures for carrying out the research and the measuring instrument used to gather the relevant data. Relevant statistical techniques are discussed and the hypotheses are presented.

**Chapter 4** provides an overview of statistical results of the study. The data is presented in the form of pictographic charts and summaries of key points of note are given.

**Chapter 5** provides a discussion of the results of the current study and makes comparison to the findings in relation to existing literature. This chapter concludes with recommendations for future research and for the organisation.



## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 INTRODUCTION

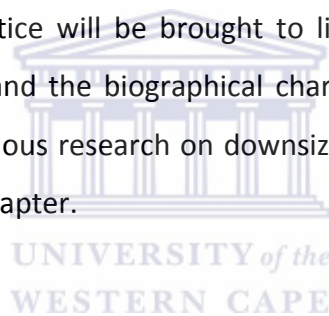
It is common knowledge that the operating environment of organisations - not just on the international level, but also in South Africa - are constantly changing. These changing conditions have resulted in companies being under constant pressure to ensure their long term survival. As a result of this, organisations have implemented interventions such as the redesigning of jobs, changing work relationships, organisational restructuring and many other appropriate steps. Bowman, Singh, Useem and Bhandury (1999) concur by indicating that these company changes have included issues such as sharing of control, flattening of hierarchical levels within the organisations and simplifying internal procedures and processes to mention only a few. However, these interventions have also resulted in massive lay-off processes, leading to a substantial number of employees being retrenched. Ndlovu and Brijball (2005) commented on this and indicated that these factors have had a negative impact on the level of job security experienced by employees.

Although in theory, downsizing is presumed to have a positive effect for an organisation, in many instances, this does not occur. Many organisations continue to use the lay-off tactic as a cost cutting strategy; some of which are realising that they need to weigh the costs and benefits against the negative impact downsizing has on its workforce (West, 2000). The implementation of downsizing exercises has been found to have profound effects not only on the victims, but also on survivors, especially when procedures used are considered to be unfair (Ndlovu & Brijball, 2005). Kim (2009) also contends that the perception of organisational justice influences the outcome of downsizing.

Kim (2009) stipulates that there is value in examining the impact of downsizing in terms of justice because, the downsizing process 'consists of a series of events in which victims and survivors evaluate the fairness' of the downsizing procedures. Managers suffer similar psychological and emotional effects as victims and survivors after the downsizing process (Gandolfi, 2009).

Managers are the individuals who bring about change due to implementation and they are also part of the survivors who endures the change in the organisation (Wiesenfeld, Brockner, Petzall, Wolf & Bailey, 2000). According to Gandolfi (2009) managers have a significant impact on the overall downsizing outcome by means of their methods, techniques, and tools, as well as their influences over employees' reaction. With this being said, it is imperative to understand and investigate what middle managers' perceptions are after the downsizing process.

This chapter will explore the definitions of downsizing, retrenchment, redundancy and restructuring. Impacts of downsizing and models of downsizing will be discussed, as well as reasons and causes of downsizing. In the latter part of this research, the downsizing strategies, processing of implementation downsizing as well as the perception of downsizing will be extrapolated. Organisational justice, the definition, different theories and managers' perception of organisational justice will be brought to light. In addition, the relationship between organisational justice and the biographical characteristics of the sample used in this study will be explored. Previous research on downsizing and organisational justice will be discussed at the end of this chapter.



## **2.2 DOWNSIZING**

### **2.2.1 DEFINITION OF DOWNSIZING AND RELATED TERMS**

#### *Definition of Downsizing*

According to Tzafirir et al. (2006), downsizing is known to be defined as a company trying to increase its competitiveness, efficiency and productivity by decreasing the number of workers in the organisation.

#### *Definition of Retrenchment/ Layoffs*

Retrenchment refers to the dismissal of employees for reasons connected with economic, technology, structural or similar requirements (Venter, Levy, Conradie & Holtzhausen, 2010).

Layoffs take place for the same reasons as retrenchments. However, layoff is not as harsh as retrenchments because the employees are called back as soon as the economy improves (Nel, Werner, Haasbroek, Poisat, Sono & Schultz, 2010).

#### *Definition of Redundancy*

Redundancy occurs when jobs are lost through restructuring or the introduction of technology. This means that organisations have either replaced the employee with technology or organisations have found that the employee is no longer needed due to streamlining processes (Bendix, 2010).

#### *Definition of Restructuring*

According to Nahavandi and Malekzadeh (1999), restructuring refers to the changing way human resources of an organisation are organised. This can be done by organisations breaking up several departments and creating new ones. Organisations can close old offices and add new divisions, resulting in reshuffling of people and the tasks they perform.

### **2.2.2 IMPACTS OF DOWNSIZING**

#### *2.2.2.1 Impacts of Downsizing on Organisations*

Downsizing has been a common reaction of organisations facing global competition (Hellgren et al., 2005). Kets de Vries and Balazs (1997) state downsizing has become a common business strategy for 'troubled corporations' in the United States of America. Since the late 1980's nearly all of the Fortune 1000 firms have used downsizing to stay competitive. Developments in management and the continuation of using downsizing indicate that this practice is here to stay (Hellgren et al., 2005). Similarly, Wiesner, Vermeulen and Littler (1999) state that South African companies started extensive downsizing and restructuring interventions only in 1993-1994, although some lay-off efforts date back to the 1980's.

While the ultimate long-term effectiveness of downsizing is unclear, there is a definite human impact (Levitt, Wilson & Gilligan, 2008). According to Noer (1993), one of the negative results and or implications of downsizing, is often that an organisation is populated by depressed survivors.

A major fact that contributes to the unsuccessful attainment of the organisation's goals after downsizing is that they do not satisfactorily and successfully address the 'people factor' throughout the process as it pertains to downsizing survivors (Appelbaum, Delage, Labib & Gault, 1997; Mello, 2006). Appelbaum and Donia (2001) state that lowered employee morale resulted from numerous aspects that were neglected during downsizing. Organisations failed to keep their employees sufficiently informed regarding changes taking place. Guiniven (2001) postulates that survivors are typically uninformed or misinformed about various issues, such as their place in the newly structured organisation, corporate objectives, expected performance standards, additional work demands and the existence of- or lack of- opportunities for career growth. These ambiguities are further compounded by financial and job insecurities.

Although in theory, downsizing is presumed to have a positive effect for an organisation. A survey of 1005 companies shows that downsized companies between 1986 and 1991 found that only forty-six (46%) per cent actually reduced expenses, only thirty-two (32%) per cent increased profits, only twenty-two (22%) per cent increased productivity, and seventeen (17%) per cent reduced bureaucracy, although each of these goals were intended (Tzafir et al., 2005).



#### *2.2.2.2 Impacts of Downsizing on Victims and Survivors*

Employees' first response to rumours of downsizing is typical denial or disbelief. As this circulates and lay-offs begin, considerable anxiety occurs, especially after the first official announcement (Maida, Gordon & Farberow, 1999). The immediate period after termination is generally a period of relief, relaxation and optimism, along with great effort to find a new job and this includes friends and family giving maximum support. Employees still unemployed four or more months after lay-offs go through a time of doubt, experiencing panic, rage, self-doubt, deep and potential suicidal depression, erratic behaviour, and potential marriage problems. Employees go through the final stage, which is a period of 'malaise and cynicism' in which their mood stabilises but apathy, listlessness, resignation and fatalism increase (Maida et al., 1999).

Confusion is high in victims because they do not understand the actual reasons as to why they had to leave since it was not their fault (Kurebwa, 2011). A sense of meaninglessness

and desperation, loss of self-esteem, depression, and reduced sense of mastery, which may culminate in violence or self- destruction, are commonly reported for victims of downsizing (Noronha & D’Cruz, 2006). Downsizing can exert long- term effects on attitudes, perceptions, and even future choice of employment (Clay- Warner, Hegtvedt & Roman, 2005). Financial losses and improvised quality of life are frequently observed outcomes, compounded by difficulties in getting re-employed either because lack of age, lack of skills or an over saturated labour market. Victims often resort to defensive coping and recount instances of ill - health after the downsizing process (Noronha & Sharma, 1999).

Ngambi (2001) indicates that no proper explanation for victims’ termination of employment and the decision for these employees to leave are provided during the downsizing process. The reason is usually not related to victims’ poor or underperformance. Ngambi (2001) also indicates that those employees that are left behind had not done anything extraordinary to warrant their survival of the downsizing process. A major contributing factor to the effects on downsizing on victims is their perception of how fairly their positions were terminated and how this was handled (Molinsky & Margolis, 2006).

According to Kurebwa (2011), managerial employees who were discharged from the organisation indicated that the organisation had abandoned them. They felt that the company did not treat them with the dignity and respect they were entitled to given the importance of the role they were playing before. Managerial victims had indicated that top management had shown no emotional feelings towards their departure and no indication of future reinstatement (Winefield, 1995). Managers, who were victims of downsizing, felt that the organisation had terminated their employment in a manner which was unsatisfactory to them. These managers felt that it was humiliating and insincere as most of them had to be paraded in front of other stakeholders so that they would pretend as if the other victims were happy with the process and to portray as if the process was done in a transparent manner (Ngambi, 2001).

Companies that downsize pay more attention to the ‘victims’ of the process than the employees that are left behind (Kim, 2007). Those leaving the organisation are often provided with outplacement services, personal counselling, paid time off for job hunting, and sometimes are offered elaborate early retirement incentives (Wolfe, 2004). Many

senior executives assume, erroneously, that the relief of not being part of the selected employees to be laid-off overshadows any negative feeling surviving employees have about the consequences of the downsizing process. Kim (2007) states that employers should pay more attention to the impact of the downsizing process on the survivor workforce.

Survivors' perception of the fairness of the termination decisions and the fairness of the downsizing process will have an effect on their levels of productivity and the quality of their job performance (Gerber, 2010). Gerber (2010) states that survivors are more committed to the organisation, if they perceive that the victims of the process were satisfactorily compensated and fairly treated. Casio (1993) states that distributing the same amount of work amongst the surviving employees can have a long term impact in terms of the stress experienced. The stress often increases four to six months after the process, resulting in increased absenteeism and high turnover (Cianco, 2000).

Companies have to be strategic when implementing the downsizing processes, as this pre planning will impact on survivors' perception of organisational justice and alleviate stress (Cianco, 2000). Organisations that have not adopted a strategic approach to downsizing will find that valuable institutional knowledge will be lost in the very sectors that are critical to the business' performance. The resulting chaos fuels dissatisfaction as remaining employees experience confusion, stress and burnout as they figure out how to do their predecessors work (Gerber, 2010). The negative outcomes of downsizing can separate survivors, in some instances creating losses substantially larger than the reduction achieved through the process. The retrenchment – turnover relationship suggest a paradox on that employees are retrenched by organisations that may consequently find themselves understaffed (Wells, 2008).

Downsizing is a strong stress inducing factor that has major influence on the work behaviours and attitudes of the remaining employees. Job loss or the threat of a job loss encourages the feeling of the lack of control over one's environment and threatens the internalised concept of self. This is the primary cause of the deterioration of the psychological well - being in the workplace and accounts for many stress- related illness, such as heart disease and ulcers (Kets de Vries & Balazs, 1997). This clearly suggests that the psycho-dynamics related to the downsizing of employee can have serious repercussions.



This is true, not only for the victims, but also for others such as the retrenched employees family, the co-workers who were not laid off (the 'survivors'), and even the 'messenger' (the manager - those who convey the lay-off decision) (Kets de Vries & Balazs, 1997).

Employees' psychological well-being is vital during and post downsizing (Wolfe, 2004). Kets de Vries and Balazs (1997) emphasize that a huge concern in the event of lay-offs is the breach in the psychological contract between employer and employee. According to Pate (2006), a psychological contract breach refers to the cognitive identification that an employer has not fulfilled one or more of its perceived obligations. Psychological contract violation may result in a number of attitudinal or behavioural responses. Attitudinal responses of the employee, due to employer breaching the psychological contract, include reduced organisational commitment and job satisfaction (Robinson & Morrison, 1995). Pate (2006) states that with the violation of the psychological contract, employees might become cynical. Employee cynicism is defined as 'a negative attitude and involves a belief that their organisation lacks integrity, employee displays negative emotions towards the organisation and a tendency that the employee to be critical of their organisation' (Dean, Brandes & Dharwadkar, 1998, p.345). These negative feelings and attitudes due to downsizing is known as the survivor syndrome (Wolfe, 2004).

Survivor syndrome is seen as a prevalent consequence of downsizing and restructuring, and denotes the emotional, psychological, and organisational repercussions faced by those who remain employed (Wolfe, 2004). The survivors in this sense, as with many traumatic events, are likely to experience a range of adverse effects. Effects may include impaired productivity, damaged social networks, diminished social support, lack of trust and organisational commitment, negative attitudes, and elevated work-life balance conflicts (Wolfe, 2004). Survivors are likely to judge the commitment and concern for terminated employees as a reflection of what they may experience if and when further downsizing moves are made. It is therefore imperative to maintain thorough communication to all groups of employees.

Survivor syndrome is thought to be born out of feelings of guilt at having survived the redundancy, coupled with anxiety and insecurity relating to future layoffs (Wolfe, 2004). Wolfe (2004) postulates that survivors may feel that they and their position they hold at the

company, are necessary to the organisation, and as such become increasingly aware of their importance within the company. It could be possible that such beliefs may lead employees to feel that: 'if they are deemed important enough to stay, they are important enough to be rewarded' (Reed, 2001, p.110).

### *2.2.2.3 Impacts of Downsizing on Middle Managers*

Cianco (2000) states that managers who experience survivor syndrome reflect different behaviours than other employees. In addition to the feeling of fear, anxiety and insecurity, their employer loyalty also decreases and they feel pressurised by the downsizing process. Top management demand results; employees demands fairness.

Most managers argue that times are changing and employees have to learn to deal with it. This response is part of the psychological denial that shelters managers from having to look closely at their own role in unsettling others' lives (Levitt et al., 2008). Noer (1993), however, states that survivor syndrome is a hierarchical denial pattern; the higher the employee resides in the hierarchy of the organisation, the more he / she will have vested in denying the symptoms of survivor syndrome (Gerber, 2010). This is one of the reasons why managers are reluctant to implement intervention strategies, despite the increasing evidence of an epidemic of survivor syndrome.

Managers who survive a downsizing process work in a different environment and they must become accustomed to this new organisation where employees are still experiencing survivor syndrome and top management is expecting the workforce to be productive (Gerber, 2010). Managers will have additional subordinates and extra responsibilities, and possibly work extended hours due to their job description and the expected outcomes remaining the same. Some managers will adapt after the downsizing process, but many are not prepared to work under these conditions and might decide to leave the organisation (Wiesener et al., 1999).

Noer (1993) states that managers and organisational leaders play a pivotal role in bringing the emotional release necessary to begin the survivors' post- retrenchment healing process, their denial must be attended to before there can be release. In order for this to happen,

managers and organisational leader should increase both their cognitive and emotional understanding of downsizing survivors and survivor syndrome (Gerber, 2010).

Understanding managers' organisational commitment is important. "Affective commitment is commitment based on shared values and identification with the organisation" (Dewitt et al., 2003, p. 36). Wiesenfeld, Brockner and Thibault (2000) state that managers' who are more committed to the company react more negatively to downsizing than those who were less committed. This therefore means that the understanding of a managers' organisational commitment is of most importance. Doherty (1998) explains a manager's individual responses are vital due to them being linked to their feelings and attitudes like organisational commitment and behaviours such as how they treat their subordinates.

Managers' response to the downsizing process is similar to that of their subordinates, in that they respond with attitudes towards the organisation and affective reactions. Managers' perception of lay-off on justice is usually a negative emotional reaction (Dewitt et al., 2003). Surviving managers' affective responses that are associated with downsizing are confusion, moral outrage, helplessness and anger. Managers that have gone through many downsizing processes do not share the same intensity in their negative emotional reactions than first time lay-off managers (Grunberg, Moore & Greenberg, 2006). Managers' organisational commitment, evidence in the way they do their work, targets and other positive social behaviour will vary as the individual fairness perception changes per situation.

### **2.2.3 MODELS OF DOWNSIZING**

In this section, various models of downsizing will be reflected upon. More specifically, the models of Labib and Appelbaum (1993), Appelbaum and Donia's (2001) Realistic Downsizing Preview Model and Ndlovu and Brijball (2005) guidelines for the effective management of downsizing will be discussed.

#### *2.2.3.1 Labib and Appelbaum (1993) Proposed a process model for Downsizing Planning and Implementation*

Labib and Appelbaum (1993) proposed an integrated model which comprises of three components namely, (1) decision planning, (2) survivor support and (3) termination plans.

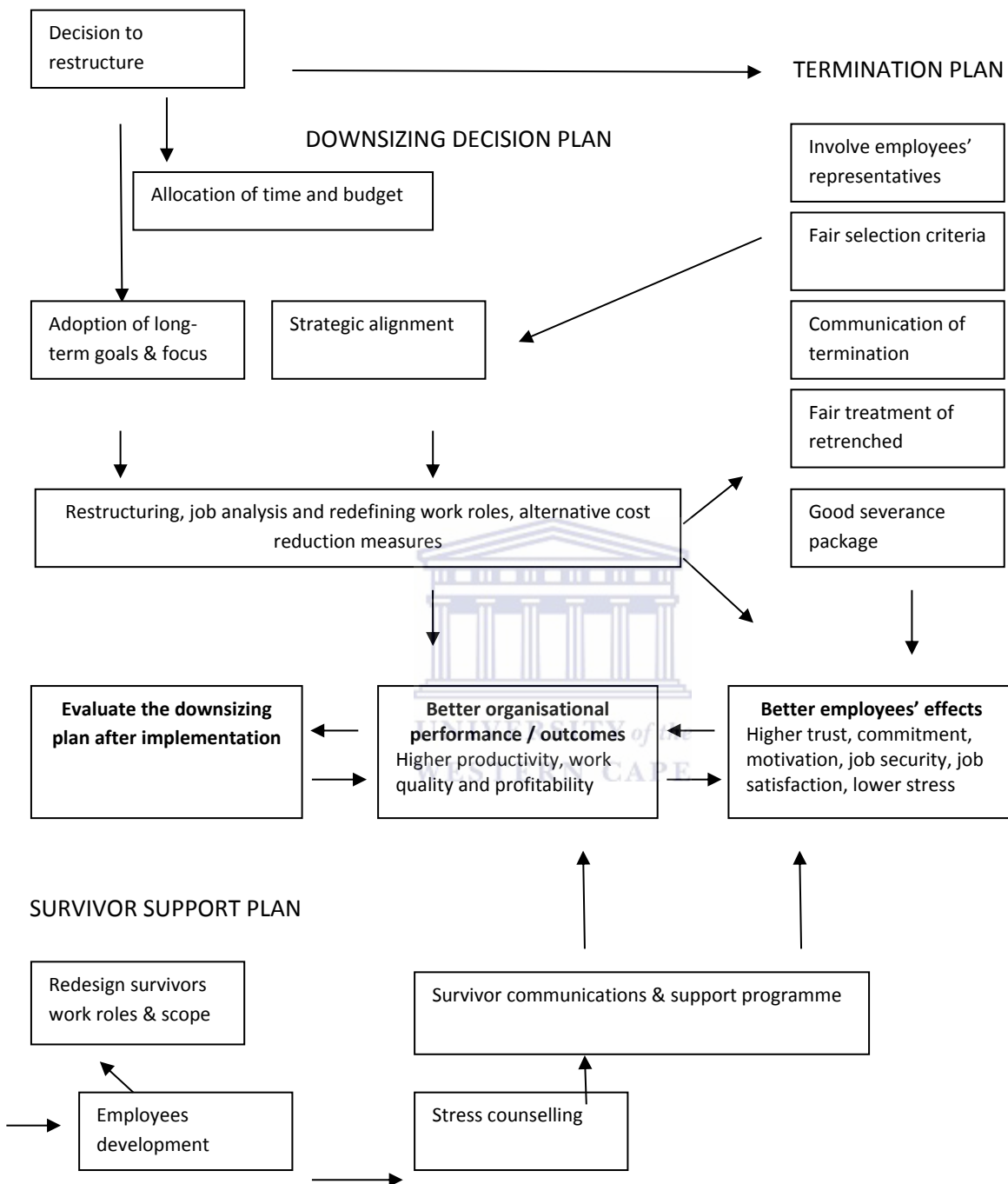
This model will help organisations adopt a proactive and longer term perspective on the restructuring process, particularly in planning work force requirements across business cycles.

- The downsizing plan includes methods of employee termination, a time schedule , a termination plan , a survivor support plan and a communication programme,
- The termination plan encompasses management training, severance packages, type and extent of employee assistance, notice of termination, method of termination and communication programme,
- The survivor plan incorporates management training, a communication programme, sessions to address group concerns and a hot line to address individual concerns, stress counselling, information sessions and employee development programme,
- Other employee relations and organisational components which include a comprehensive communication programme, the restructuring of jobs, compensation packages, an employee development programme and changes in the operating standards and procedures.

This model emphasises the importance of setting objectives, establishing a new structure, implementation processes, evaluation and review progress, and particular human resource practices (Chew & Horwitz, 2002). Casio (1993) postulates that the association of a downsizing plan with higher employee productivity was found in most organisations. Higher productivity outcomes are attributed to careful consideration of organisations' product market, future business environment and human resource needs when planning the downsizing process. Long term planning improves organisational performance (Chew & Horwitz, 2002). Schaubroeck, May and Brown (1994) indicate that good communication and fair treatment of victims result in more favourable levels of job security and organisational commitment.

The adoption of a comprehensive and open communication programme is vital; an effective programme has benefits in terms of employees' perceived security and organisational performance. Its success attributes to counselling sessions and consistent communication with employees and related stakeholders starting a year before downsizing implementation (Chew & Horwitz, 2002).

**Fig 2.1 Labib and Appelbaum (1993) - Proposed process model for downsizing planning and implementation**



Labib and Appelbaum (1999, p. 51)

According to Chew and Horwitz (2002), the impact of using this model on organisational performance is usually evident in one to two years after implementation. Larger companies

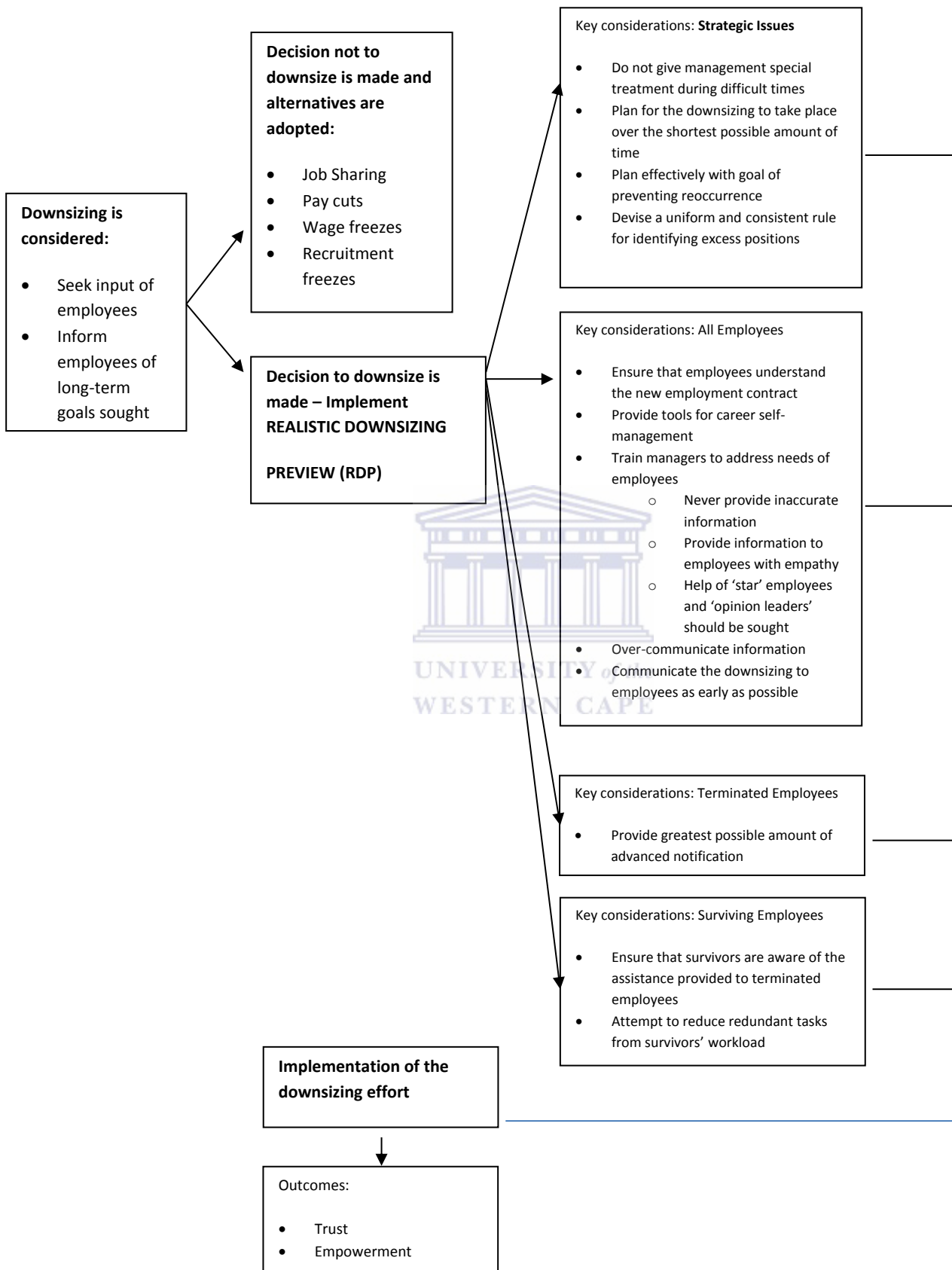
are also more likely to invest resources in comprehensive human resource practices, allowing more rigorous evaluation.

### *2.2.3.2 Realistic Downsizing Preview (RDP) (Appelbaum and Donia, 2001)*

According to Wolfe (2004), this model seeks to provide a framework for eliciting more positive responses from employees involved in the downsizing process, by providing a framework for communication prior to the event. This approach proposes that individuals are able to form more appropriate coping strategies when they are aware of events in advance, rather than attempting to deal with surprise changes. Wolfe (2004) states that this approach seems to alleviate the pain of downsizing by preparing the organisation for the potential events and emotions, which may occur, and as such is a proactive, rather than a reactive method. The fundamental objective of the RDP is to directly affect the perceptions of fairness in the downsizing process, and the perception of the future treatment of both those who remain with, and those who are released from, the organisation.



**Figure 2.2 Key elements of the Realistic Downsizing Preview (Appelbaum & Donia, 2001)**



This approach is based on promoting timely, accurate, and thorough communication, coupled with dignified and respectful treatment of all employees regardless of their employment status. The RDP seeks to re-establish the psychological contract between surviving employees and the organisation, and, due to the continuous involvement of all employees at various stages of the downsizing process, they are considered more likely to perceive themselves as active stakeholders in the process. The nature and the process of communication will vary considerably dependent on the corporate culture and structures already in place, but the focus on honest, transparent and forward – looking information flows should not differ between organisations. Appelbaum and Donia (2001) propose that the RDP should be initiated immediately after the decision to downsize is made, and indeed many argue that it should form an integral framework for the entire downsizing procedure, from conception to full implementation. RDP involves four types of key issues: strategic issues, issues for all employees, issues for terminated employees, and issues for survivors.

#### *2.2.3.3 Effective Management of Downsizing*

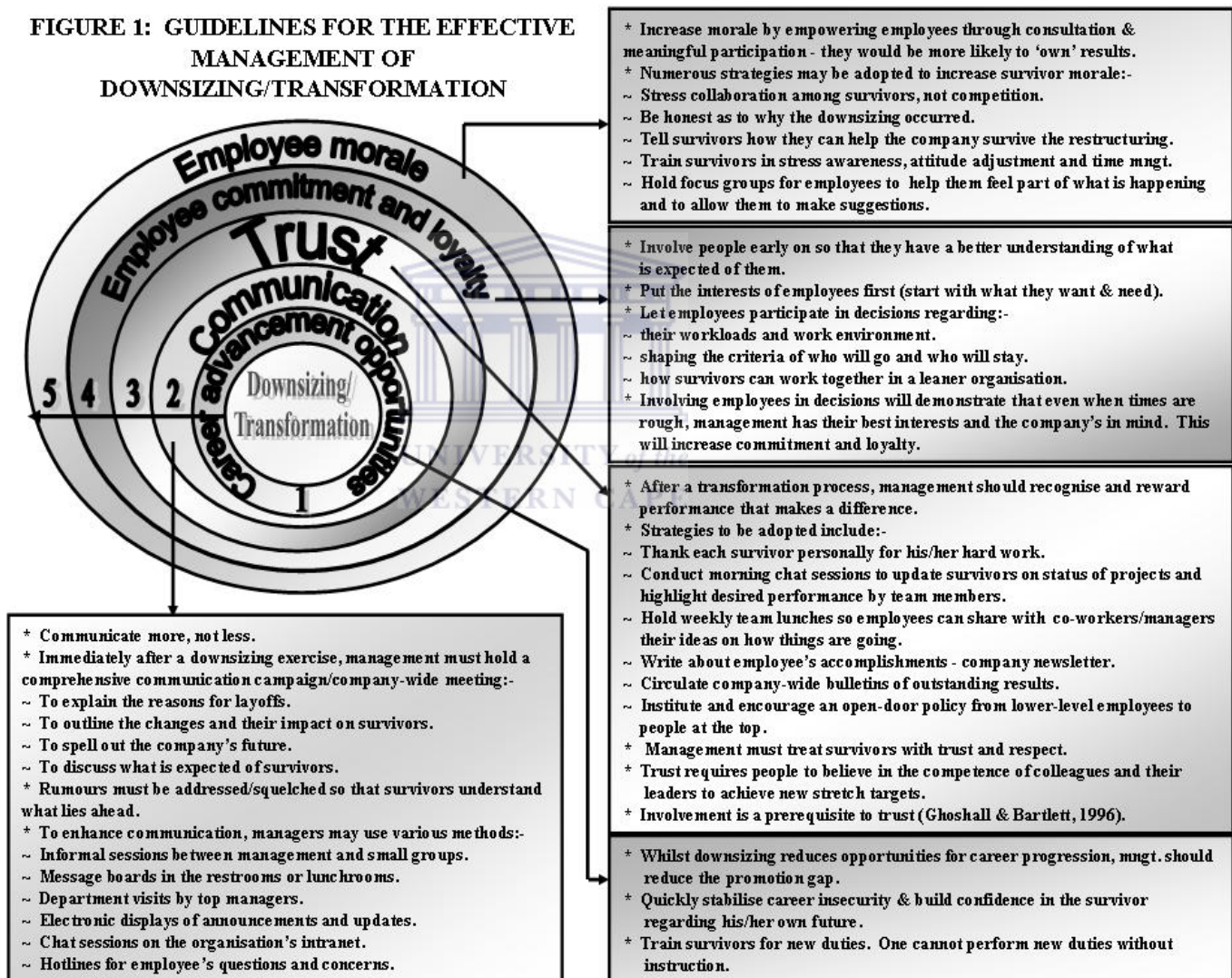
Ndlovu and Brijball (2005) provide guidelines for the ways in which management can minimise the adverse effects of lay-offs. These results have been used to generate the model in Figure 2.3, which shows the framework in which management can positively influence the process of lay-offs and change. Ndlovu and Brijball (2005) indicate that there are 5 important areas for effective management of downsizing. They are namely, (1) Career Advancement; (2) Communication; (3) Trust Employee Commitment; (4) Loyalty and (5) Employee Morale. This model demonstrates that the process of downsizing and transformation has the greatest impact on career advancement opportunities, indicating that after the downsizing process management has to ensure that the survivors are given the chance for development (Ndlovu & Brijball, 2005).

Further, emphasis is placed on communication, indicating that survivors need to be informed of all the developments in the organisation after downsizing. Ndlovu and Brijball (2005) state that this effective communication will then impact more on the level of trust survivors' show towards the organisation. If employees trust the organisation, then it results in high level of commitment and loyalty, indicating the level of sacrifice the survivors will show after the downsizing process (Ndlovu & Brijball, 2005). If all these dimensions are



improved, there will be an increase in the morale of the survivors. Figure 2.3 reflects that survivors of the downsizing process will adjust better if greater attention is given to career advancement and effective communication. This diagram reflects areas of impact of the process of downsizing from point 1 to 5 in descending level of impact as one move outward from 1 to 5.

Figure 2.3 Guidelines for Effective Management of Downsizing/ Transformation



Ndlovu and Brijball (2005, p. 11)

Managers in the organisation can help the remaining employees by making sure the workers have emotional support (Waraich & Bhardwaj, 2006). It can be suggested that counselling be recommended. Another way in which managers can ensure that the employee who

remains is positively impacted is by making sure that they understand their purpose in the organisation. Giving career advice and encouraging future career plans is another way in which managers can help workers (Petzall, Parker & Stroebel, 2000).

In order to manage remaining employees after the lay-off process, managers should be an example and live the vision and display the values of the company and not command and force employees to adhere to instructions. It is imperative for managers to help the survivors to concentrate on the bigger picture of what is needed. To encourage the success of the business, managers should promote the implementation of the downsizing process and make employees understand what the organisation stands for (Waraich & Bhardwaj, 2006). Constant management, employee gatherings and discussions has to occur to reiterate the outcome that needs to be achieve and to be innovative about the various ways in which employees and employers can work in conjunction with each other to reach the specific outcome (Petzall et al.,2000).

#### **2.2.4 REASONS AND CAUSES OF DOWNSIZING**

Severe economic recessions may have been responsible for downsizing initially, but the trend continued after the major market depression in the late 1980s. This suggests that there are reasons other than responding to external threats that play a role in such organisational decisions (Wolfe, 2004). Wolfe (2004) states there are five major reasons for implementing a downsizing programme:

- Cost reduction
- Productivity improvement
- Responding to competitive threats
- Consolidation after a merger or acquisition
- Decrease efficiency

Vermeulen and Wiesner (2000) state that the main reasons why downsizing is implemented are the introduction of new business strategies, new management systems, increase in labour cost, change in technology and government policy. Increase in labour productivity and labour flexibility can also be reason for implementing downsizing programmes.

Research has indicated that downsizing programmes, regardless of their reasons, are often repeated; 70% of organisations that have implemented these programmes in a given year repeat the process in the following twelve months. This suggests that response to external threats and economic trends cannot be the only precursors for on-going downsizing of organisations globally (Wolfe, 2004).

Regardless of the reasons and methods of downsizing, it is likely that organisational outcomes will never be purely financial. When implementing such procedures, an organisation might achieve its goal of increased efficiency and the overall reduction of cost, but alongside the outcomes, survivors at both an organisational and individual level may feel adverse effects (Wolfe, 2004). These may include:

- A decrease in morale;
- Increased absenteeism;
- Reduce job motivation;
- Reduced organisational commitment and employee engagement;
- Risk avoidance;
- Reduce speed of decision making;
- A decrease in productivity;
- Increased levels of workplace stress, and
- A greater task focuses by managers (Wolfe, 2004).



The effects of separation between organisation and employee, whether forced or voluntary, are wide reaching, and span far beyond payroll and bottom line figures. Organisational change, such as downsizing, evokes a host of business and personal issues, and the implementation of this process makes all employees subject to these issues, not only those who have been terminated (Reed , 2001).

### **2.2.5 DOWNSIZING STRATEGIES**

Downsizing strategy selection is largely prescriptive and is oriented toward minimising the effects of downsizing on terminated personnel (Kozlowski, Chao, Smith & Hedlund, 1993). Downsizing strategies refers to the methods used to accomplish the reduction. These strategies ranges from those that offers less organisational control, slower reductions, and

fewer adverse effects on employees to those that are under higher control, are quick, and have more negative effects on workers such as permanent layoffs without assistance (West, 2000). Downsizing strategies such as transfers, relocations, work design, demotions, and reduced work schedules directly affect the welfare of survivors. Research indicates that strategies used to accomplish employee reduction will also influence the behaviours and attitudes of those who remain behind after downsizing (Kozlowski, Chao, Smith & Hedlund, 1993).

Appelbaum, Everard and Hung (1999) and Cameron and Freeman (1994) state that there are three common strategies that companies adopt to downsize: workforce reduction, work redesign, and systematic strategy. Each strategy will be discussed:

(i) *Workforce Reduction Strategy*

Workforce reduction is often the first choice of strategies used by organisation to downsize. The intention of this strategy is to reduce headcount, usually by redundancy (Kurebwa, 2011). Appelbaum et al. (1999) state that this strategy is generally thought of as a quick fix, short term type of solution and it includes transfers, outplacements, retirement incentives, buyout package, layoffs and attrition. Attrition, induced redeployment, involuntary redeployment, layoffs with outplacement assistance and layoffs with redeployment assistance are five ways in which to implement this strategy. Each method provides the employee with a lesser degree of protection. Cameron (1994) stipulates that this type of strategy is carried out at all levels of the organisation, without consideration given to insuring that crucial skills and critical human resources are maintained. Mentzer (1996) suggests that instead of indiscriminately laying off employees, the most effective way to downsize may be to consciously and carefully choose the employees to be discharged.

(ii) *Work Redesign Strategy*

Appelbaum et al. (1999) state that work redesign strategies aim to reduce work instead of cutting the number of employees. This is a mid- term strategy implemented by phasing out functions, hierarchical levels, departments or divisions, redesigning tasks, combining units and adopting a shorter work week. Kurebwa (2011) indicates that work redesigning strategies include redesigning roles, hours and organisational structures. Cameron (1994)

claims that it is important that the changes carried out are clearly focused on redesigning work and organisational processes. Research indicates that 50 percent of companies that downsize adopt a redesign strategy at least once.

(iii) *Systematic Strategy*

The main objective of a systematic strategy is to try to ensure that continuous, repetitive, seemingly never ending workforce reductions will not have to be carried out in the future. Kurebwa (2011, p. 265) agrees, and includes that a systematic strategy which involves redefining downsizing as an 'on-going process, as a basis for continuous improvement; rather than as a programme or target'. This is a long term strategy which relates downsizing with simplifying all areas of the company; including suppliers, design processes, marketing, sales support, and production methods - in essence the whole organisation is simplified (Appelbaum et al., 1999). A systematic strategy focuses on eliminating the status quo, emphasising culture, allowing the appropriate amount of time for implementation, and looking at the long term payoff (Cameron, 1994).

Appelbaum et al. (1999) states that these three downsizing strategies are not necessarily independent of each other; however it is more common for organisations to rely on alternative methods of one type of strategy, than to adopt several alternatives across the different strategies. Companies therefore have more depth and breadth when undertaking downsizing strategies. Poorly implemented strategies, or poor strategies, have led to more decreased productivity, quality, and employee well-being than to increases (Cameron, Freeman & Mishra, 1993).

## **2.2.6 PROCESS OF IMPLEMENTING DOWNSIZING**

If there is one thing that differentiates the downsizing winners (employers who implement the downsizing successfully) from the losers (employers who have not been successful in implementing downsizing), it is having a strategic plan from the beginning (Greengard, 1993). Downsizing often seem to be more of a 'knee – jerk reaction' (where organisations respond to the reaction of downsizing – post downsizing) than a carefully planned strategy in many organisations (Laab, 1999). Hitt, Keats, Harback and Nixon (1994) underline that in the absence of a well-developed and fully articulated strategic vision, downsizing actions

often reflect a cash flow driven, short term orientation, or mimic pressures, as managers mimic competitors in the industry by implementing changes. Organisations that take the incremental approach, and invest time and resources analysing tasks, personnel skills, resources needs, time use process redundancies and inefficiencies (Cameron, 1994). While these types of strategies are more long term and often do not produce immediate improvement in the bottom line numbers that straight workforce reduction generate, they often lead to stronger, more stable organisations (Appelbaum et al., 1999).

How organisations handle downsizing is the key issue in influencing the experience of the employees (Noronha & D’Cruz, 2006). Hopkins and Hopkins (1999) points out the ethics of downsizing. According to them, while top management has a moral obligation to act in the best interest of the organisation, they also have a legal obligation not to violate the rights of the employees. To achieve the latter end, the decision to downsize should be communicated in a timely and appropriate manner with the provision of complete information (Noronha & D’Cruz, 2006).

The following section will explain the Labour Relations Act 66 of 1995, which is a guideline for organisations to follow when implementing downsizing processes.

#### *2.2.6.1 Labour Relations Act 66 of 1995*

South Africa is characterised by extremely high unemployment levels, it is usually very difficult for a retrenched employee to find a job elsewhere. When an organisation therefore no longer wishes to retain the services of an employee, it is a very serious blow to that person's whole life and wellbeing – and, indeed, impacts on his/ her entire family (Grogan, 2009). Retrenchment or lay-offs is a particularly sensitive issue because, usually, the employee is completely blameless. This is why the law places an onerous duty on the employer who decides that downsizing is necessary (Anstey, 2008).

Should downsizing be considered, the employer must, in terms of the Labour Relations Act 66 of 1995:

- consult with any person the employer is required to consult in terms of collective agreement; or

- if this is not required, with the workplace forum; or
- if there is no workplace forum, with a representative trade union of which the affected employees are members; or
- if there is no such trade union, with the employees or their representatives nominated for such consultation.

Anstey (2008) states the employer party (management) must furthermore disclose in writing to the other parties all relevant information, including (but not limited to):

- the reasons for the proposed dismissals;
- the alternative that employer considered before proposing the dismissals, and the reasons for rejecting each of the alternatives;
- the number of employees who are likely to be affected and the job categories in which they are employed;
- the proposed method for selecting which employees to dismiss;
- the time when, or period during which, the dismissals are likely to take effect;
- the severance pay proposed;
- any assistance the employer proposes to offer to the employees likely to be dismissed, and
- the possibility to the future re-employment of the employees who are dismissed (Jute Law, 2009).

The employer must give the other parties the opportunity to make representations and the onus is on management to seriously consider and respond to such representations. The other parties must also attempt to reach consensus on appropriate measures in order to:

- avoid the dismissals;
- minimise the number of dismissals;
- change the timing of the dismissals;

- mitigate the adverse effects of dismissals;
- decide on the method for selecting employees to be dismissed, and
- decide on the severance pay (Grogan, 2009).

Appelbaum and Donia (2001) suggest that realistic downsizing preview which outlines practices and strategies that organisations should adopt to minimise the negative outcomes of downsizing. They maintain that employee involvement in the downsizing process should not be compromised. A two-way and honest communication must be practiced at all times. This communication builds trust and credibility which work to the organisation's advantage in the long term (Noronha & D'Cruz, 2006). Downsizing should take place at one shot in the shortest time possible so that the organisation can quickly regain its equilibrium and provide a stable working environment. Long drawn and repeated downsizing processes give rise to chronic uncertainty, fear, and paranoia which diminish employee productivity.

Kang (1999) states that there are seven steps to carry out downsizing more smoothly:

1. Develop a careful, systematic transition plan. The plan should encompass the goals and objective; programmes and services that the organisation will provide to both departing and remaining employees; and thorough consideration of how the plan will be implemented and communicated within the organisation.
2. Ensure that top management understand the 'visionary' role they must play. Top management needs to spearhead the downsizing plan if it is to be successful. Management need to explain clearly where the organisation is going and provide support to middle level managers who may have hands-on responsibility for implementing the plan.
3. Involve the personnel or human resource department of the organisation. Senior management should work closely with the human resource professionals to develop action plans and communication strategies (Kang 1999).
4. Plan a communication strategy. Management needs to strategize how they plan on 'rolling out' the downsizing plan. Will employees be downsized incrementally, or all at once?



5. Communicate as much as possible and as soon as possible. This is imperative, the more information employees have, the more it creates a climate of trust and the less rumours can imperil your plan (Kang, 1999).
6. Managers should remember that they are changing the rules. Kang (1999) states that downsizing fundamentally changes the operating assumptions and organisational realities by which everybody in the organisation has always thought about his or her job, career, peers and relationship with the organisation itself. Career transition and re-employment workshops for departing employees are critical, as are team-building and change management programmes for those who remain.
7. Communicate tough decisions in a humane way. Talk about people and how the organisations want to help make successful transitions to what comes next (Kang, 1999).

Noronha and D’Cruz (2006) state that the manner in which the organisation handles the downsizing programme provides survivors with important insight into the organisations culture and values, which in turn, has implications for survivors’ affective and motivational states. Providing survivors with support to cope with the change, work redesign must be undertaken with the aim of clarifying each employee’s role and responsibility (Appelbaum & Donia, 2001). This ensures that the already anxious and disorientated survivors are not subjected to additional burdens. The assistance that the organisation provides to their employees during downsizing defines the organisation itself, and influences the perception of fair treatment and procedures of the employee.

### **2.2.7 PERCEPTION OF DOWNSIZING**

It has been seen that even after reducing the number of employees, organisations have not been able to reap the benefits (Waraich & Bhardwaj, 2006). Apart from financial implications, organisations cannot afford to ignore that it is the employees in the company who are going to drive it. Thus, it is pertinent to give importance to the survivors work behaviour. Understanding how survivors react to downsizing, will contribute a lot towards smoothening the post- downsizing phase.

If it is assumed that the employees, due to them being ‘spared’, will be grateful to the organisation and their performance and commitment can be taken for granted, it is grossly

mistaken (Waraich & Bhardwaj, 2006). Had this been so, there would not have been such a concern with regards to the survivor syndrome – which talks to negative attitudes and behaviours of the survivors. Perceived violations of psychological contract have been shown to prompt a number of attitudinal and behavioural responses that may have reduce survivor motivation performance (Rousseau, 1995). Job lossers due to downsizing can be devastating, but discussions on ‘survivor syndrome’ indicate survival might be even worse (Devine, Reay, Stainton & Collinson- Nakal, 2003). Thus it is imperative for organisations not to ignore the survivors’ behaviour and their adjustments following the downsizing event.

Survivors’ perception of fairness needs to be investigated post downsizing (Wolfe, 2004). According to Waraich and Bhardwaj (2006), a perception of fairness prevents the initiation of grievances and provides some security to continuing employees. When layoff survivors view layoff procedures at their organisation to be unfair they are likely to exhibit decreased morale, self -esteem, organisational commitment, trust and productivity (Brockner et al., 1994; Konovsky & Brockner, 1993). Cunning (2005) states that perceptions really matter when change is on the agenda and staff fear the worst.

According to Petzall, Parker and Stoebel (2000), it is imperative that the organisation recognises that it is not necessarily what happens but rather what the workers perceive as happening that will dictate their reactions to managements’ action. With this in mind, management should clearly articulate the policies followed to reach the decisions as to when, where, how many and who will be affected by layoffs. The company must then communicate this information to the workers with a great deal of social sensitivity, and impress on the individuals the fairness of the outcomes (Petzall et al., 2000).

Managers’ perception of fairness after downsizing is important for the employer to understand (Hopkins & Hopkins, 1999). How managers react and behave in the post lay-off environment helps to shape the attitudes and behaviours of employees, and, hence, the morale and effectiveness of the workforce (Wiesenfeld, Brockner & Thibault, 2000). Employees appear to be particularly attentive to the attitude of their managers for dues about how to interpret major events such as lay-offs (Grunberg, Moore & Greenberg, 2006). According to Grunberg et al. (2006), managers remain more committed to the organisation,

and they are more likely to see the reasons for lay-offs as fair, and tend to be less worried about job security.

Managers can set an example and a tone for their subordinates by how supportive they are of the organisation's policies and by the kind of organisational attitudes and behaviours they model (Gandolfi, 2009). Managers who develop attitudes that reflect various forms of emotional and cognitive distancing or withdrawal by, for example, expressing a desire to leave the organisation or by increase cynicism towards others, send a powerful set of negative signals to subordinates that may damage company morale and performance (Grunberg et al., 2006).

Ketz de Vries and Balazs (1997) state that managers shows signs of role conflict and role ambiguity during the downsizing process, as they tried to reconcile their role as 'builder' (the manager who ensures the success of the organisation) of the organisation and protector of employees to their role as 'executioner' (the manager who implements or executes the downsizing process). Given the salience and importance of downsizing for both managers and employees, the investigation of middle managers' perception of organisational justice after downsizing is imperative.

### **2.3 ORGANISATIONAL JUSTICE**

Noroha and D'Cruz (2006) postulate that how organisations handle downsizing is a key issue in influencing the experiences and perceptions of employees. Middle managers play an important role in the downsizing process, as they are the implementers of the process- on a professional level, as they are the survivors- on a personal level (Gandolfi, 2009). Middle managers' perception as to whether the downsizing process was fairly conducted is imperative, as managers have a huge influence on the behaviours and attitudes of their subordinates (Grunberg, Moore & Greenberg, 2006). It is therefore paramount to investigate middle managers' perception of organisational justice after downsizing.

Perceived fairness is one of the only ways that employees can evaluate human resource practices (Bowen, Gilliland & Folger, 1999). Although human resource practices are guided by financial, technical, strategic and legal concerns, most employees do not have the information or expertise to evaluate practices from these perspectives. According to

Coetzee (2004), human resource managers must attend to the personal needs and concerns of the employees they are managing by understanding the importance of human social interaction as a basic need for the effective functioning of businesses. One concept which is fundamental to human social interaction is justice. Fairness issues invade organisational life in many ways. Whether the social exchange is a promotion decision, the assignment of tasks, the allocation of rewards or any other type of social exchange, the matter of fairness is bound to arise. In an attempt to describe and explain the role of fairness as a consideration in the organisation, a field of study known as organisational justice has emerged (Kim, 2007). Staff members who perceive that they have been treated fairly are more likely to hold positive attitudes about their job, their work outcomes and their managers (Pate, 2006).

### **2.3.1 ORGANISATIONAL JUSTICE DEFINED**

The just and fair manner in which organisations treat their employees is generally how organisational justice has been defined (Clay- Warner, Hegvedt & Roman, 2005). Brockner et al. (1994) state that organisational justice is the term used to describe the 'role of fairness as it relates directly to the workplace'. Organisational justice perceptions refer to employees' perception of how fair companies act towards them (Cohen- Charash & Spector, 2001). According to Coetzee (2004), organisational justice refers to the decisions companies make, the procedures they use in making decisions and the interpersonal treatment their staff receive.

Organisational justice is demonstrated through congruence between employees' perception of an organisation's fairness and human resource decisions (Bowen et al., 1999). Employees judge the fairness of an organisation by human resource decisions made in recruitment, performance appraisals and reward systems. For example, employees' judge the fairness of their performance appraisal ratings, the rewards tied to those ratings, the consistency and appropriateness of the appraisal process, and the explanation and feedback that accompany the communication of performance ratings. According to Coetzee (2004), organisational justice is the process by which employees determine whether or not they have been treated fairly in their jobs and the ways in which these perceptions influence other outcomes. Kim

(2007) postulates that organisational justice refers to the extent to which people perceive organisational events as being fair.

Perceptions of justice have been considered explanatory variables in organisational research (Nadiri & Tanova, 2010). Organisational justice is a kind of fulfilment in all activities, behaviours and tendencies. It is the basis of all organisational values and principles (Chengini, 2009). Injustice threatens organisational performance and growth, and the goals of organisational life. Omoruyi, Chipunza and Samuel (2011) define organisational justice as the basis for strategic thinking and value management and the basis of all organisational values and principles.

### **2.3.2 ORGANISATIONAL JUSTICE THEORIES**

#### *(i) Content and process conceptualisation of organisational justice*

Greenberg and Colquitt (2005) have distinguished between conceptualisation of justice that focus on content and process. This was a result of combining two conceptually independent dimensions: a reactive-proactive dimension and a process-content dimension.

- *Reactive-proactive dimension.* This theory focuses on employees' attempts either to escape from or avoid perceived unfair states. By contrast, proactive theories focus on behaviour designed to encourage justice.
- *Process-content dimension.* A process approach to justice focuses on the way in which outcomes are determined. This approach focuses on the fairness of the methods and procedures used to make and implement organisational decisions. In contrast, content approaches are concerned with the fairness of the resulting decisions and outcomes.

When the two dimensions are combined in various ways taxonomy of four theories was developed (Greenberg & Colquitt, 2005). Table 2.1 summarises the research question related to each type of theory.

**Table 2.1: Research questions related to reactive content, proactive content, reactive process and the proactive process.**

TYPE OF THEORY	RESEARCH QUESTION
Reactive content	How do employees react to inequitable payments?
Proactive content	How do employees attempt to create fair payments?
Reactive process	How do workers react to unfair policies and procedures
Proactive process	How do employees attempt to create fair policies and procedures?

Source: Greenberg (1994, p. 38)

*(ii) Reactive content theories*

These theories focus on how employees respond to unfair decisions. These decisions state that employees will respond to unfair relationships by displaying certain negative emotions such as dissatisfaction, anger, resentment and disappointment (Coetzee, 2004). In an attempt to redress the experienced inequality, employees will seek to restitution in retaliatory behaviour or restore psychological equity by justifying or resigning from the organisation (Greenberg, 1994).

*(iii) Proactive content theories*

The focus of this theory is how people attempt to create fair decisions. Stakeholders attempt to make fair allocation decisions by applying several possible rules to the situation they confront (Cropanzano & Ambrose, 2001). This theory recognises that justice is the pre-eminent concern of human beings, and proposes that rewards are allocated according to circumstances (Coetzee, 2004). Managers make use of the following four principles when making allocation decisions:

- Marxian Justice-Identifies allocations based on needs,
- Equity - Denotes allocations based on contributions,

- Parity-This principle considers equal allocations and
- Competition-This refers to the allocation based on the outcome of performance.

*(iv) Reactive process theories*

Reactive process theories are directed at how individuals react to unfair policies, procedures and processes used in making a decision. According to Brockner (2010), the amount of control employees have over decisions and processes influence their perception of fairness. There are two types of controls, of which process control refers to the degree of control employees have over the procedures or information used to make a decision. The degree of control employees have over directly determining outcomes is called decision control. Researchers found that procedures that offer process control are perceived to be fairer and enhance the acceptance of even unfavourable decisions (Greenberg & Colquitt, 2005).

*(v) Proactive Process theories*

The proactive process theories are defined as the allocation of procedures and it tries to determine what procedures employees will use to achieve justice. This theory proposes that employees hold expectations that certain procedures will be differentially instrumental in meeting their goals (Greenberg, 1994). For procedures to be regarded as instrumental in attaining justice, they need to meet certain criteria:

- Moral and ethical standards
- Provide opportunities for correcting procedures
- Allow for appeals to be heard
- Employ safeguards against bias
- Identify the structure of decision making power
- Make use of accurate information
- Follow consistent rules and
- Allow opportunities to select the decision maker

Greenberg (1994) states that there has been a shift in organisational justice which identifies that interest in reactive and content theories has decreased. There are two shifts that have occurred. Firstly, there has been a shift from reactive to proactive, and secondly, a shift from content to process.

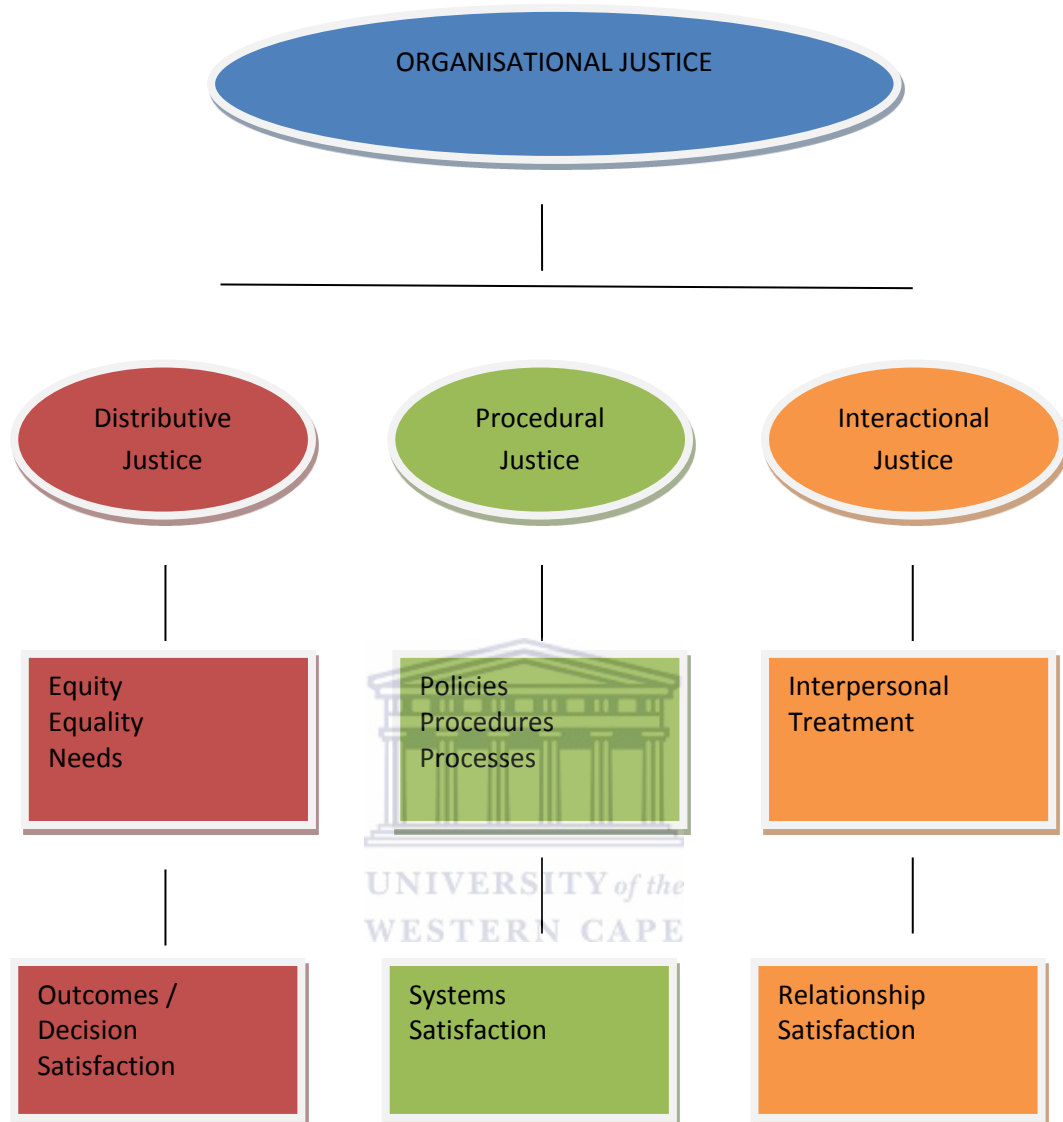
Judgements about fairness are made by means of simple, straightforward process. Coetzee (2004) maintain that judging the decision, action or procedure requires evaluating it against two principles which they identify as balance and correctness. When an employee compares what they have received to someone else, while comparing the value of the inputs, it is known as comparison of balance. This is referred to as distributive justice (Greenberg, 1994). The correctness principle of justice means that employees will consider decisions fair as long as they are fair and consistently applied (Greenberg, 2004).

The perceived justice of some decisions or actions is made by deciding whether the decision or action appears to be distributively and procedurally fair (Chengini, 2009). When looking at the concept of balance and correctness, theorists have differentiated between conceptualisations of justice and focus on content, the fairness of the outcome of the decision referred to as distributive and those that focus on processes, the fairness of the methods and procedures used to determine the decision or outcome referred to as procedural justice (Bowen et al., 1999). A type of justice which focused on the quality of the interpersonal treatment of employees received referred to as interactional justice, was identified (Greenberg, 1994). Coetzee (2004) explains that since distributive justice, procedural justice and interactional justice play a role in an individual's perception of the fairness of treatment, they all form part of organisational justice.

Figure 2.4 illustrates the various types of justices and their interrelatedness. Each type of justice will be discussed in order to link fairness of employee's perception to downsizing.



**Fig 2.4 Organisational Justice: Source: Greenberg (1994)**



Greenberg (1994, p. 53)

According to Koopman and Tafalla (2006), one can trace the theory of organisational justice back to Adams’s (1965) equity theory, the basis of social comparison. Similarly, organisational justice’s theory, as Thornhill, Lewis, Millmore and Saunders (2000) express it, provides a useful explanation of people’s reaction to the things they receive (outcomes) and the means through which they achieve these outcomes (procedures).

Adams’ equity theory (1965) posits that employees assess their job inputs against their job outputs and then compare the ratio of their inputs to outputs with other employees’ ratios of inputs and outputs (Schultz, Bagraim, Potgieter, Viedge & Werner, 2003). The

implications of this theory can be located in the procedures organisations use when they reward, punish, promote and dismiss employees. Schultz et al. (2003) contend that survivors of organisational downsizing will always consider the procedures an organisation use when retrenching their fellow colleagues. Survivors then react negatively if they regard the procedure as unfair (Omoruyi, Chipunza & Samuel, 2011). According to Steiner and Bertolino (2006), the survivors perception of inequity creates tension and this tension will motivate the survivors to reduce input in proportion to the unfairness they perceive.

### **2.3.3 DEFINITION OF DISTRIBUTIVE JUSTICE**

Distributive justice is defined as the fairness in the allocation of a set of outcomes to the defined circle of recipients. It is said to exist when employees' expectations are congruent with outcomes received. The primary concern explains how employees react to the amount and form of compensation they receive. It has been demonstrated that distributive justice perceptions have an influence over attitudes towards the results of decisions (Bowen et al., 1999; Deborah & Gary, 2002; Schappe, 1998 & Foley). According to Nelson and Quick (2008), distributive justice are the fairness outcomes that individuals receive in an organisation.

The perceived fairness of the substantive decision to lay-off is known as distributive fairness (Chew & Horwitz, 2002). Dewitt et al. (2003, p. 98) explains that "distributive justice addresses the perceived fairness of the relative distribution of conditions." Distributive attributes of lay-offs are for example, what the organisation will do to take care of the individuals who were laid off and the selection of who will be retrenched. Nel et al. (2008) state in the context of employment relationship, which is based on economic exchange, the effort/ pay (input/output) ratio is central to perceptions of distributive fairness. Due to the fact that work is usually conducted in a social context in which employees work alongside each other, social comparison lies at the heart of perceptions relating to distributive justice. This is seen to be held up when an employee perceives his/her contribution/ reward ratio to be equal to that relevant to others (Anstey, 2008).

Omoruyi, Chipunza and Samuel (2011) define distributive justice as the perceived fairness of the amount of allocation of rewards amongst individuals. Clay- Warner et al. (2005) define the basis of distribution theory as the fairness of the outcome of a decision. This predicts

how survivors' perception of distributive justice is - how the expected outcomes and agreed rules compare with the actual outcomes.

### **2.3.4 DISTRIBUTIVE JUSTICE THEORIES**

#### *(i) Equity Theory*

Equity theory has been the focus by organisational scientists interested in the issues of justice. This theory extrapolates that people compare the ratios of their own work outcomes (rewards) to the perceived work inputs (contributions) with corresponding ratios of comparison which in this situation is a co-worker. This theory was formulated by Adams in 1965 (Brockner et al., 1994; Omoruyi, Chipunza & Samuel, 2011). If the ratios are unequal, the individual whose ratio is higher is theorised to be inequitably overpaid and to feel guilty, whereas the employee whose ratio is lower is theorised to be inequitably underpaid and to feel angry. The theory postulates that equal ratios yield equitable states and associated with feelings of satisfaction. Employees are theorised to adjust their own or their comparison with another employees actual or perceived inputs or outcomes in order to change unpleasant inequitable states to more pleasant and equitable ones. This theory proposes that comparatively low rewards would produce dissatisfaction. The dissatisfaction would then motivate employees to address the discrepancy between their ratios and that of their colleague (Brockner et al., 1994).

#### *(ii) Referent Cognitions Theory*

Cropanzano and Ambrose (2001) state that Referent Cognition theory involves psychology of what might have been. This approach promised to integrate the concept of distributive and procedural justice theory. The theory expands upon equity theory attempt to explain reactions to equitable work outcomes, such as downsizing. According to this theory, there are two types of reactions: resentment reaction (theorised to result from beliefs about procedures that could be used to attain outcomes) and reactions to dissatisfaction and satisfaction (theorised to result for the relative outcomes themselves). Cropanzano and Ambrose (2001) distinguished between high and low referent outcomes and high and low likelihood subjects. A high referent outcome is a more favourable state than reality. High likelihood subjects are less resentful than low- likelihood subjects. The referent cognition

theory defines the basis for resentment as consisting of the comparison between reality (what happened) and the alternative imaginable referent state (what might have happened instead). The referent cognitions theory defies the injustice in terms of events and circumstances that lead to the outcome.

### **2.3.5 DISTRIBUTIVE JUSTICE AND DOWNSIZING**

Distributive justice has many interesting elements that help us understand why survivors of downsizing may not see the methods organisations use to distribute rewards and recognition as fair. Thornhill et al. (2000) posit that survivors will perceive unfairness if the criteria the organisation used seem to promote organisational needs, like performance and efficiency, at the expense of the workers. Robbins, Odendaal and Roodt (2004) note that distributive justice perceptions influence employees' satisfaction more than procedural justice does. The fairer the outcomes, the more satisfied the employees will be (Omoruyi et al., 2011). This, therefore suggest that, managers must ensure transparency in how they make decisions about downsizing in order to improve job satisfaction.

### **2.3.6 PROCEDURAL JUSTICE DEFINED**

Chew and Horwitz (2002) explain that procedural justice is the perception of fairness of procedures used for implementation. Dewitt et al. (2003, p.47) state "procedural justice refers to the perceived fairness of lay-off decision process." Developments of the lay-off criteria and to evaluate individuals are procedural attribute of downsizing. Important decision making characteristics such as the use of accurate information, consistency and impartiality influence perceptions and opinions on procedural justice. Perceptions of fairness of the processes and procedures used in deciding on, and leading to an outcome will impact on the perceptions of the fairness of the outcome itself (Anstey, 2008). The perceived fairness of the procedure may result in satisfaction with the outcome itself, even if the outcome itself is bad. Anstey (2008) states procedures may matter most to employees when they result in negative outcomes. Procedural justice is the fairness of the process by which outcomes are allocated in organisation (Nelson & Quick, 2008).

Robbins et al. (2004, p. 58) refer to procedural justice as the 'perceived fairness of the process used to determine the distributive rewards'. According to Steiner and Bertolino

(2006), employees will see a process as fair when they can participate in the deliberation that leads to the decisions that affect them. This increase mutual trust and commitment to their organisation.

### **2.3.7 PROCEDURAL JUSTICE THEORIES**

#### *(i) Process Control and Decision Control*

Brockner (2010) states that Thibault and Walker (1975) introduced the concept of procedural justice, their work focussed primarily on dispute reaction to legal procedures, can be credited with extending the notion of procedural justice into non-legal context such as organisational settings. Employees judge fairness of procedures used to make decisions, referred to as process control and the amount of control they have influencing the decision (Brockner et al., 1994). Employees want procedures that allow them to feel that they have participated in developing a decision that will affect them. It is argued that the process control could enhance procedural justice because it satisfies a desire to have the employees' view considered, even if being heard fails to influence the decision maker as envisaged (Kim, 2007). Employees seek control over processes because they are concerned with their outcomes. The opportunity to exercise 'voice' over procedures has been explained as enhancing perceptions of procedural justice because it may lead to equitable outcomes. The desire to influence procedures is a part of the belief that such control could yield favourable outcomes (Waraich & Bhardwaj, 2006).

This idea forms the basis for the group value model, which specifies that employees value long term relationships with the group and this leads them to procedures that promote group solidarity (Brockner et al., 1994). The group value model explains the value expressive effects of process control. Group identity and group procedures govern the functioning of groups. Employees consider procedures that allow them to express their opinions to be fair, for they participate in group processes as valuable group members, even if it does not produce favourable outcomes (Tyler & Bies, 2000).

According to Brockner et al. (1994), procedures are fair if they are made:

- Following consistent procedure (consistency)

- Without self- interest (bias suppression)
- On the basis of accurate information (accuracy)
- With opportunities to correct in decision (correctibility)
- With the interest of all concerned parties being represented (representation)
- Following moral and ethical standards (ethicality)

Individual's perception of procedural fairness of a decision depends on the considerateness and the social sensitivity of the parties responsible for its implementation.

### **2.3.8 PROCEDURAL JUSTICE AND DOWNSIZING**

According to Omoruyi et al. (2011) involving employees in decision-making processes increases their feeling of self-worth due to them believing that their employers are treating them in a dignified and respectful manner. Employees will be more willing to accept outcomes that have emerged from the participative process during downsizing. When survivors perceive that the organisation make fair decision that lead to the downsizing outcomes, they are likely to engage in extra- role behaviour to reciprocate the fair treatment from their managers. Clay - Warner et al. (2005) observe that employees see procedures as fair when the means organisations use to reach decisions, when downsizing, eliminating bias and allow for consistency in treating employees. Eliminating bias reflects the opinions of the affected people, guarantees the accuracy of information and the methods the organisation used to rectify wrong decisions, and ensures compliance with moral and ethical standards. They increase the survivors' perception of procedural fairness, loyalty, productivity and commitment to the organisation (Omoruyi et al., 2011).

Losing a family member or friend due to downsizing has a great effect on the attitudes and behaviours of the survivors (Omoruyi et al., 2011). Shah (2000) states that the outcome of downsizing become more painful to the survivors if they see their former colleagues suffer. This statement is consistent with the views of Robbins et al. (2004, p. 132) who assert that 'the reaction of survivors is determined by the process of selecting those that were affected and how they were treated.' The survivor's perception that organisations have treated their colleagues unfairly will, as per Robbins et al. (2004), result in negative survivors' attitudes

and behaviour towards the organisation. Procedural justice is important to survivors due to its implications for their own futures.

### **2.3.9 DEFINITION OF INTERACTIVE JUSTICE**

Although it is now recognised, the interpersonal or interactional justice is an important part of organisational justice, 'it has yet to be defined clearly' (Anstey, 2008, p. 56). Some believe that interpersonal justice is all about the way in which decisions on outcomes are communicated to employees at an interpersonal level. Other theorist see it as a perceived fairness of treatment that the workforce receive through the more intangible and symbolic outcomes of behaviour in applying and implementing procedures and processes (Nel et al., 2008). According to Chew and Horwitz (2002) both procedural and distributive justice could mitigate the influence of negative lay-offs. According to Thornhill et al. (2000), interactional justice is how employees' feel about the fairness of the ways their organisation treated them and others during downsizing exercises. Steiner and Bertolino (2006, p.87) posit that it is 'the communication criterion of fairness'. Kim (2007) states that interpersonal justice is the employees' perceived fairness of how fair decisions are enacted by authority figures. Interpersonal justice is fostered by dignified and respectful treatment (Bies, 2001).

### **2.3.10 INTERACTIVE /INFORMATIONAL JUSTICE AND DOWNSIZING**

According to Kim (2007), informational justice is the perceived fairness of how decisions are enacted by organisational communications. Informational justice is fostered by adequate and honest communication. Layoffs involve communicating a very negative decision to those who lost their jobs and the nature of this communication can impact not only on the reactions of the laid off 'victims', but also attitudes and behaviours of those who survive the layoff process (Kim, 2007). Ensuring justice through adequate organisational communication is an option available to almost any organisation. Informational justice in the downsizing process includes advance notice, through explanations and two-way communications (Konovsky & Brockner, 1993).

According to Kim (2007), justice influences the outcome of downsizing. Konovsky and Brockner (1993) noted that there is value in examining the impacts of downsizing in terms of justice because the downsizing processes consist of a series of events in which victims and

survivors evaluate fairness' of the downsizing procedures. Kim (2007) states that the better the dismissed employees are treated, the more likely it is that the survivors will perceive the distributions as fair. Perceptions of fairness may, in turn, decrease the likelihood of withdrawal behaviours such as turnover intentions.

According to Steiner and Bertolino (2006), people respond to the quality of interpersonal encounters they experiences during the implementation of organisational procedures. Interactional justice, in the context of downsizing, is important because communication helps to explain why people feel unfairly treated even though they think the procedures and outcome decisions were fair. For example, survivors will judge an organisations' future interaction with them based on how fairly it has treated the employee it has dismissed (Omoruyi et al., 2011). Othman (2008) relates interactional justice to interpersonal justice between employees and their managers. Othman (2008) and Steiner and Bertolino(2006) state that employees must see the interpersonal interaction or communication that happens during downsizing as truthful, respectful and justified. Interactional justice can affect the organisation in a positive way if the interaction of genuineness, propriety and the objectivity of the communication process managers' use during the downsizing process.

### **2.3.11 MANAGERS' PERCEPTION OF ORGANISATIONAL JUSTICE**

In order to gain a competitive advantage, organisations must pay attention to their managers who are responsible for driving the organisation's processes and outcomes. Rana, Garg and Rastogi (2011) state that organisations need to attend to factors that influence managers' performance and job satisfaction, such as perception of organisational justice. Recent research by Rana et al. (2011) investigated the effects of organisational justice perception on managerial effectiveness using qualitative analysis - stepwise multiple regression analysis. The research focused on examining the effect of the distribution of rewards, organisational policies and procedures interpersonal treatment on managerial effectiveness. Rana et al. (2011) concluded from their research that organisational justice perceptions among managers increased perceived managerial effectiveness and productivity in the organisation. This is imperative for organisations to know, as this can affect the organisation during and after the downsizing process (Mupambirei, 2013).



Organisational justice research has shown that managers' fairness judgments are a function of the perceived fairness of outcomes received, the procedures used to derive outcomes, and the way in which procedures are implemented and communicated (Skarlicki, Barclay, Pugh, 2008).

Managers' responses to downsizing are vital as they will have an impact on employee's behaviours and attitudes. Their subordinates pay attention to the reactions and behaviours of their managers during the lay-off process (Wiesenfeld et al., 2001). Organisational outcomes are dependent on the manager's responses to lay-offs, which has a direct or indirect impact of the attitudes and behaviours of the subordinates (Molinsky & Margolis, 2006). The morale of the remaining employees can influence that productivity and profitability of the organisation after the downsizing process (Dewitt et al., 2003). Managers respond to the downsizing process the same as the other individuals. Managers' perception of lay-off on justice is usually a negative emotional reaction (Dewitt et al., 2003).

Gandolfi (2009) states that the belief that the decisions were made just and fair helped managers feel better about the process. This is one of the strategies that managers adopt to cope with the unsettling feeling of downsizing.

Mupambirei (2013) state that literature has shown that organisational justice perceptions among managers increased their perceived managerial effectiveness and productivity in organisations.

### **2.3.1 GENDER AND ORGANISATIONAL JUSTICE**

Robbins, Judge, Odendaal and Roodt (2009) state that woman are more emotionally expressive than men are, they experience emotions more intensely, they tend to 'hold onto' emotions longer than men, and they display more frequent expressions of both positive and negative emotions, thus, this indicates that they perceive situation in different ways (Robbins et al., 2009). Although there are innate differences between the genders, emotional differences and perceptions are also due to the different ways men and woman are socialised. Women and men perceive organisational justice in different ways (Mupambirei, 2013).

A quantitative study among Federal employees in America to assess gender differences in the assessment of procedural and distributive justice was conducted by Sweeney and McFarlin (1997). Sweeney and McFarlin (1997) state that woman and men view procedural and distributive justice differently. Woman are more concerned with the processes followed during the decision making process than the outcome, while men are more concerned with the final outcome of decisions made in the organisation (Mupambirei, 2013). Sweeney and McFarlin (1997) propose that this could be due to woman having to rely on formal procedures and systems to obtain various outcomes due to their history of discrimination and sex-role stereotyping that kept them out of the decision making process.

Lee and Farh (1999) replicated Sweeney and McFarlin's (1997) study, in a consumer products company. Unlike Sweeney and McFarlin's (1997) findings, they found those women are more concerned with distributive justice than with procedural justice. Lee and Farh (1999) propose that this could be due to the fact that woman were also interested in addressing past pay discrepancies.

Mupambirei (2013) explains that generally woman managers place more attention on procedural and interactional justice, that is, on the fairness of work processes, involvement in these processes and interpersonal relationships, than actually on the outcome of the decisions, such as pay, benefits and outcome of the performance evaluation process. This is therefore in line with Simpson and Kaminski (2007) and Sweeney and McFarlin's (1997) findings that woman were more concerned with the interactional justice (being treated fairly with respect and dignity) and with procedural justice (fairness in the decision making process and procedures implemented in the organisation) than the outcome of the decisions.

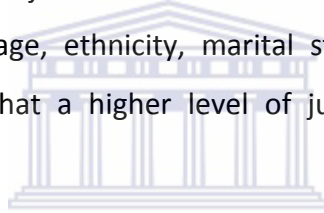
### **2.3.13 AGE AND ORGANISATIONAL JUSTICE**

According to Robbins et al. (2009), South Africa has the most rapidly ageing population in Africa and 2001 census indicate that 3.28 million people are 60 years and older. Robbins et al. (2009) state that the South African workforce is aging and many employees are now either forced to work longer for financial reasons, or they voluntarily do so because they live longer and healthier lives. There is a worldwide shortage of highly-skilled people, and this forces organisation to re-employ older people (Robbins et al., 2009). A study in Robbins et

al. (2009) indicate that periods of highly positive moods lasted longer for older individuals, and bad moods faded from them more quickly than for younger people.

Esterhuizen (2008) found that there is a difference in perception of organisational justice when looking at age categories, when he investigated employees' perception of fairness of employment equity practices. Al-Zu'bi (2010) conducted a study which investigated the relationship between employees' perception of organisational justice and their personal traits. These personal traits were namely, age, gender and educational levels. He found that there was only one significant difference, which existed between age of respondents and their perception of organisational justice, namely, there was a distinguished difference between participants age and there difference in perception of organisational justice.

Kivikaki, Ferrie, Brunner, Head, Shipley, Vahtera and Marmot (2005) conducted a study where they investigated whether justice at work reduces risk of coronary heart disease among employees. They used age, ethnicity, marital status and employment grade as control variables. They found that a higher level of justice was associated with older respondents.



### **2.3.14 TENURE/ YEARS OF SERVICE AND ORGANISATIONAL JUSTICE**

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Robbins et al. (2009, p. 78) define tenure as 'time in a particular job'. Tenure, expressed as work experience, appears to be a good predictor of employee productivity. The longer the person is in the job, the higher his productivity, the less likely he will quit, the more loyal he will be and the higher the job satisfaction (Robbins et al., 2009). The higher the tenure, the more loyal and lower turnover, therefore the perceptions of organisational justice will be higher, meaning the employee will deem processes and treatment of the decisions made by organisations more fair than unfair.

Bakhshi, Kumar and Rani (2009) explored the relationship between perceived organisational justice, job satisfaction and organisational commitment. These variable were namely, age, gender and tenure. Their findings indicate that there is a difference in perception of organisational justice with employees that differ in tenure.

### **2.3.15 MARITAL STATUS AND ORGANISATIONAL JUSTICE**

Marital status is defined as one's situation or relationship status with regard to whether one is single, married, separated, divorced, or widowed (Chambers, 1999). Chambers (1999) state that married employees have a higher perception of organisational justice than their unmarried co-workers. Robbins (1999) state that married men and woman perceive the procedures, distribution of rewards and recognition and the treatment they experience from their employers as more fair than their single colleagues, presumably because marriage increases responsibilities and limits alternatives.

### **2.3.16 EDUCATIONAL LEVEL AND ORGANISATIONAL JUSTICE**

According to Kivimaki et al. (2005), education is a form of learning in which the knowledge, skills, and habits of a group of people are transferred from one generation to the next through teaching, training, or research. Educational level is whether an individual has reached matric, tertiary education, for example.

In a study of the relationship between organisational justice and job satisfaction, Al-Zu'bi (2010) found that there is a difference in perception of organisational justice and people that are on different educational levels. Kivimaki et al. (2005) state that employees who perceive higher levels of justice are more likely to be highly educated. Spell and Arnold (2007) found the same results in their study.

### **2.3.17 PREVIOUS RESEARCH ON DOWNSIZING AND ORGANISATIONAL JUSTICE**

Omoruyi et al. (2011) conducted a study where the main objective was to evaluate the relationship between employees' perception of justice and their organisational citizenship behaviour (OCB) after organisations downsize. Rafferty, Maben, West and Robinson (2005) define organisational citizenship behaviours as those special employees' work behaviour that benefits the organisation. They are optional, not directly or openly acknowledged in the formal reward system, and promote the effective running of the organisation.

Omuruyi et al. (2011) used a quantitative research design and survey method of study. They distributed and self-administered questionnaires to 130 from a population of 180 survivors

at the head office of the commercial bank that recently downsized in Nigeria. The main findings of this study, was that there was a perception of unfairness in the downsizing exercise. The results showed low morale amongst survivors and unwillingness to engage in extra- role behaviours. Omoruyi et al. (2011) state that it is important for organisations that downsizes to use a participative approach in order to achieve organisational efficiency and improve productivity after restructuring.

Patient and Skarlicki (2006) conducted a study of 132 managers on how they communicate negative news and the relationship between power distance, empathy and interactional justice. Power distancing according to Patient and Skarlicki (2006) is the level of inequality which people find acceptable in a superior- subordinate relationship. Patient and Skarlicki (2006) state that, (a) managers' level of power distance relates inversely to the tendency to demonstrate interactional justice when communicating bad news, and (b) empathetic concern mediates this relationship. Patient and Skarlicki (2006) also found that the differences in interactional justice between low and high power-distance communicators can be reduced by increasing the managers' empathy for the victims of bad news.

Another study that was done on downsizing and organisational justice is the one by Clay-Warner et al. (2005). They argue that prior experience with regard to downsizing shape individuals workplace schemas, which in turn, affect the relative salience of each type of justice for organisational commitment. Their findings were that only distributive justice predicts organisational commitment among victims of downsizing, while procedural justice is the stronger predictor among survivors of downsizing unaffected workers. Comparison among models indicate that procedural justice is a more important predictor of organisational commitment for survivors and unaffected workers than for victims, while distributive justice is more important for victims than either survivors or unaffected employees.

Brockner et al. (1994) conducted a study in which they explored the interactive effects of procedural justice and outcome negativity on victims and survivors of job loss. Consistent results emerged out of all three studies: when procedural justice was perceived as low, individuals reacted more adversely to the extent that outcomes were perceived to be

negative. When employees felt that procedural justice was relatively high, perceived outcome negativity was not related to their reactions (Brockner et al.,1994).

When looking at the reviews of all the different studies done on organisational justice and downsizing, it is obvious that downsizing has an impact on the perception of organisational justice (Clay- Warner et al., 2005).

## **2.4 CONCLUSION**

Downsizing is being used globally by companies to adapt to change and stay competitive. Generally, organisations have not looked at the 'people factor' when planning this process. It is evident from this research that downsizing has a negative impact on victims, survivors and managers who implement the process. The perception of organisational justice is important in this process, as employees mimic the reactions of their managers. It is therefore imperative to investigate managers' perception of organisational justice after downsizing.



## CHAPTER 3

### RESEARCH DESIGN AND METHODOLOGY

#### 3.1 INTRODUCTION

This chapter presents an outline of the research methodology used to investigate the research topic at hand. More specifically, this chapter describes and explains the sample selection, questionnaires, the reliability and validity of the measuring instrument, the data collection method and the statistical methods adopted to analyse the data collected for this study.

#### 3.2 POPULATION AND SAMPLE

##### 3.2.1 POPULATION

In the social sciences, research is administered to obtain information from the population of the study. Huysamen (1994, p. 34) defines a population as encompassing 'the total collection of all members, cases or elements about which the researcher wishes to draw conclusions'. The population of this research includes middle managers in the automotive retail industry. However, it is almost never possible to study all members of a population; hence, the need to obtain a sample.

##### 3.2.2 SAMPLE

In research terms a sample is a group of people, objects or items that are taken from a larger population for measurement. A sample therefore constitutes a subset of this population. Conclusions are, thus, drawn from the sample and are generalized to the population as a whole (Sekaran, 2000). Random sampling is the ideal way to select a study population, but for the purpose of this study, convenience sampling was adopted. This is a non-probability sampling design that entails taking all cases on hand until the sample is an appropriate size (Sekaran, 2000). Babbie and Mouton (2004) further contend that non-probability sampling implies that the elements in the population have no probabilities

attached to them being selected as sample subjects and is therefore regarded as a convenient way of sampling.

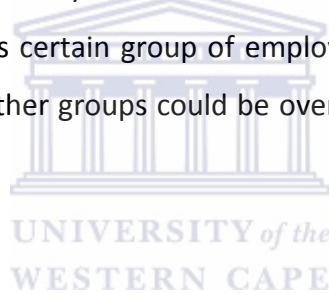
There are a few advantages of convenience sampling (Huysamen, 1994; Sekaran, 2000).

They are:

- Data gathering is less time consuming;
- It is relatively uncomplicated;
- It is inexpensive, and
- It is free from statistical complexity, inherent in probability sampling methods (Huysamen, 1994; Sekaran, 2000).

However, convenience sampling also has some disadvantages; some of which are:

- The sample could not inherently be a true reflection of the population, and
- It could introduce bias, as certain group of employees in the organisation could be under represented and other groups could be over represented (Blumberg, Cooper, & Schindler, 2011).



### **3.2.3 SAMPLE SIZE**

For the purpose of this study, the population comprised of 280 middle managers (n=280) who were available to participate. The study was conducted at an automotive retailer in South Africa. A total of 280 questionnaires were distributed and a final sample of 144 (n=144) was utilized for the purpose of this research. A response rate of 51% was obtained.

According to Sekaran and Bougie's (2009) guidelines for a population of 280 prospective respondents, a sample of 162 needs to be selected to answer the questionnaire in order to give effect to scientific measuring. The sample of middle managers working for this automotive retail Group in South Africa was selected.

Of a total number of two hundred and eighty (280) middle managers that were targeted, one hundred and forty-four (144) questionnaires were returned. Consequently, a response rate of fifty- one percent (51%) may be considered to be high since the response rate



generally obtained with the use of e-mail questionnaires is almost always low. Sekaran (2000) states that a response rate of thirty percent (30%) may be regarded as acceptable.

### **3.3 METHOD OF DATA COLLECTION**

For the purpose of this research topic, a quantitative research method was used. According to Babbie and Mouton (2001), quantitative research is objective in nature and implies the measurement of constructs in a precise, pragmatic and controlled approach.

#### **3.3.1 PROCEDURE**

To conduct the research, permission was obtained from the Group Human Resource Manager. In addition to the permission that was acquired from the HR Managers from the different divisions within this organisation – they assisted with the distribution of the questionnaire via email across South Africa. Questionnaires were distributed to all middle managers in the business which is the total population of 280. Participants were assured of their anonymity and confidentiality from the outset, as they did not need to provide their names or identification or employee numbers. Participation to this study was voluntary. The questionnaires were distributed via e-mail. A cover letter written by the researcher was attached which invited middle managers to participate, and inclusive of information on how to complete the questionnaire. These questionnaires were self-administered. Subjects were selected irrespective of age, gender, years of service, marital status and education level. Each respondent returned the completed questionnaire via e-mail to the researcher.

#### **3.3.2 MEASURING INSTRUMENT**

The measuring instrument for the purpose of this study was the use of questionnaires. According to Sekaran and Bougie (2009), a questionnaire is a preformulated set of questions to which respondent record their answers.

Questionnaires have both advantages and disadvantages as a measuring instrument (Sekaran & Bougie, 2009).

The advantages of using questionnaires are:

- It is less time consuming;
- It is less expensive;

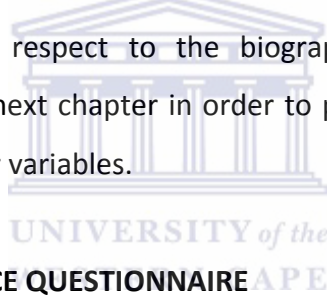
- It is easy to give to a large group, and
- Can be highly structured and easily coded.

However, the disadvantages of using questionnaires are:

- Participants might misinterpret questions;
- There is a possibility of low response rate if not administered face-to-face;
- It cannot tell us about the context and meaning behind the response, and
- Likelihood of social desirable responses to certain questions (Sekaran, 2001).

### **3.3.2.1 BIOGRAPHICAL QUESTIONNAIRE**

For the purpose of this study, data had to be obtained from each respondent with regards to the demographic variables of age, gender, tenure/ years of service, marital status and education level. This data was collected with the aid of a self- administered biographical questionnaires. The data with respect to the biographical questions are graphically presented and discussed in the next chapter in order to provide an indication of the most salient findings in respect to their variables.



### **3.3.2.2 ORGANISATIONAL JUSTICE QUESTIONNAIRE**

The Organisational Justice Questionnaire (Niehoff & Moorman, 1993), which comprises of a distributive justice subscale, a procedural justice subscale, and an interactive justice subscale are all scored on a 7 point Likert Scale - were administered.

The distributive justice subscale describes the extent to which employees believe that their work outcomes- such as rewards and recognition- are fair. These outcomes include pay level, work schedule, workload and job responsibilities. This subscale has five items (Niehoff & Moorman, 1993).

The next subscale comprises six items and describes the extent to which formal procedures exist and whether these procedures are implemented in a way that takes employees' needs into consideration. This subscale is known as the procedural justice subscale. The formal procedures cover the degree to which job decisions are based on complete and unbiased

information and that employees have opportunities to ask questions and challenge decisions (Niehoff & Moorman, 1993).

The interactive (interactional) justice subscale (comprising 9 items) refer to the extent to which employees perceive their needs to be taken into account in making job decisions and that employees are provided with adequate explanations when decisions are finalised (Niehoff & Moorman, 1993).

### **3.4 RELIABILITY OF THE NIEHOFF AND MOORMAN (1993) ORGANISATIONAL JUSTICE QUESTIONNAIRE**

Interactional justice which measures the degree to which employees felt their needs were considered in and adequate explanation were made for job decisions was based on the one used by Moorman (1991) and had reported reliabilities above .90 for all three dimensions (Niehoff & Moorman, 1993).

The Niehoff and Moorman (1993) measure has a reported coefficient alpha for distributive justice with range from .72 to .74 (Aquino, Lewis & Bradfield, 1999; Niehoff & Moorman, 1993). The Coefficient alpha for formal procedures was .85 and the alpha for interactive justice was .92 (Aquino et al., 1999; Niehoff & Moorman, 1993). A 12- point item measure combining items for formal procedures and interactive justice has a coefficient alpha of .98 (Moorman, Blakely & Niehoff, 1998).

### **3.5 VALIDITY OF THE NIEHOFF AND MOORMAN (1993) ORGANISATIONAL JUSTICE QUESTIONNAIRE**

Niehoff and Moorman (1993) reported that formal procedures correlated positively with distributive and interactive justice. Distributive justice and interactive justice correlated positively with the five organisational citizenship behaviours namely, altruism, courtesy, sportsmanship, conscientiousness and civic virtue (Niehoff & Moorman, 1993). Procedural justice and interactive justice related positively with supervisor observations of employee work and interactive justice correlated favourably with formal meetings (Niehoff & Moorman, 1993). Moorman et al. (1998) report that procedural justice correlated positively with perceived organisational support, interpersonal helping, personal industry and loyal boosterism for an organisation. Aquino, Lewis and Bradfield (1999) and Niehoff and

Moorman (1993) examined measures with confirmatory factor analysis and found that distributive, procedural and interactive justice are empirically distinct. Distributive justice also correlated negatively with deviant behaviours towards other employees and employee negative effect (Aquino et al., 1999).

### **3.6. RATIONALE FOR INCLUDING THE NIEHOFF AND MOORMAN (1993) ORGANISATIONAL JUSTICE QUESTIONNAIRE**

The rationale for the use of the Niehoff and Moorman (1993) measure is based on the following factors:

- It is a reliable and valid instrument for the measurement of the perception of organisational justice (Fields, 2002).
- The seven point Likert scale was used to assess all three forms of organisational justice relevant to this study. The scale consisted of one dimension measuring perception of distributive justice and two dimensions of measuring procedural justice (Niehoff & Moorman, 1993).
- Furthermore, the measure operationalizes the definition of organisational justice employed in this study, making it the logical instrument to use.
- This scale was based and used by Moorman (1991) and had reported reliabilities above .90 for all three dimensions (Niehoff & Moorman, 1993).

### **3.7 STATISTICAL ANALYSIS**

Statistical analysis is the process of using statistics in analysing and interpreting data collected in research. According to Blanche, Durrheim and Pointer (2006), the main objective of this process is to transform raw data into a meaningful form in order to make it more understandable and also to answer the research questions.

The data collected in this study was analysed with the Statistical Package for Social Sciences (SPSS).

For the purpose of testing the research hypotheses a number of statistical methods were employed. These include both descriptive and inferential statistics.

### 3.7.1 DESCRIPTIVE STATISTICS

Descriptive statistics describe the phenomenon of interest (Sekaran, 2003) and is used for classifying and summarising numerical data. It includes the analysis of data using frequencies, dispersions of dependent and independent variables and measures of central tendency and variability and to obtain a feel for the data (Sekaran, 2003). The mean and the standard deviation will primarily be used to describe data obtained from the Organisational Justice questionnaire. The results of the biographical questionnaire will reflect the frequencies and percentages obtained on the sample characteristics. Thus, descriptive statistics are deemed necessarily to summarize the results and convey the findings effectively.

### 3.7.2 INFERENCE STATISTICS

According to Sekaran (2003), inferential statistics are employed when generalisations from the sample to a population are made. It allows the researcher to present the data obtained in research in statistical format in order to facilitate the identification of important patterns and to make data analysis more meaningful.

### 3.8 DATA ANALYSIS

Descriptive statistics were calculated by using the Statistical Program for Social Sciences (SPSS) version 11.01 for Windows. The data obtained from the questionnaire, was also analysed using the SPSS and these analyses were based on the hypotheses generated for the purpose of the research.

The hypotheses developed for this research was:

- **Hypothesis 1:** There is a statistically significant difference in middle managers' perceptions of organisational justice based on **gender** in the Automotive Industry.
- **Hypothesis 2:** There is a statistically significant difference in middle managers' perceptions of organisational justice based on **age** in the Automotive Industry.

- **Hypothesis 3:** There is a statistically significant difference in middle managers' perceptions of organisational justice based on **tenure** in the Automotive Industry.
- **Hypothesis 4:** There is a statistically significant difference in middle managers' perceptions of organisational justice based on **marital status** in the Automotive Industry.
- **Hypothesis 5:** There is a statistically significant difference in middle managers' perceptions of organisational justice based on **educational level** in the Automotive Industry.

The statistical analyses employed were:

- **ANOVA-** is a collection of statistical models used to analyse the difference between group means and their associated procedures. ANOVA provides a statistical test of whether or not the means of several groups are equal, and therefore generalises t-test to more than two groups (Sekaran, 2001).
- **T-Test-** is used to determine if two sets of data are significantly different from each other, and mostly commonly applied when the test statistic would follow a normal distribution if the value of a scaling term in the test statistic were known (Sekaran, 2000).

### 3.9 ETHICAL CONSIDERATIONS

It was of paramount importance for the researcher to ensure the respondents of the voluntary nature of their participation in this project. In addition, informed consent was obtained from all participants. The measuring instrument was carefully constructed and was investigated for its reliability and validity. Confidentiality of all respondents' responses and their anonymity remained a priority throughout the study. The researcher was satisfied that the research was conducted strictly according to the Ethical Code of a Psychologist as stipulated by the South African Board of Psychology.

### 3.10 CONCLUSION

The research methodology utilised in the present study was addressed in this chapter. The selection of the sample, data collection methods, the measuring instrument used, the rationale of the inclusion of the instruments, as well as the statistical techniques used in testing the research hypotheses were discussed. The chapter also reflected the ethical issues that were considered. The following chapter presents the most salient results which emerged.



## CHAPTER 4

### PRESENTATION OF RESULTS

#### 4.1 INTRODUCTION

This chapter will explore the research investigation by outlining the results obtained in the study. The descriptive statistics for the study is presented in the first part of this chapter. Thereafter the inferential statistical analysis will be conducted whereby ANOVA and T-test were used as a method to extrapolate results. The differences between organisational justice and the various biographical factors namely gender, age, tenure, marital status and educational level will be extrapolated at the end of this chapter - and this will be aligned to the hypotheses of this study.

#### 4.2 DESCRIPTIVE STATISTICS

The descriptive statistics calculated for the sample are indicated in the section that follows. The data pertaining to the variables incorporated in this study, as collected by two measuring instruments used, are summarised by means of the calculation of descriptive measures and a graphic representation.

##### 4.2.1 RESULTS OF BIOGRAPHICAL QUESTIONNAIRE

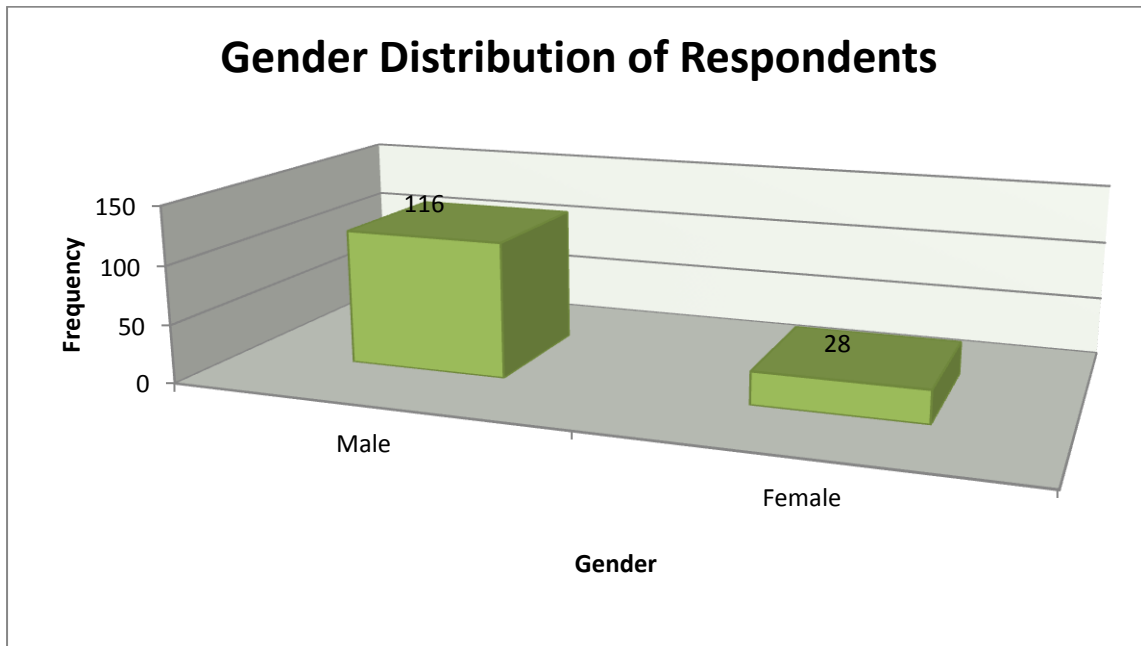
This section outlines the descriptive statistics calculated on the basis of the variables included in the biographical questionnaire. The demographic variables are as follows:

- Gender
- Age
- Tenure
- Marital status
- Education

Descriptive statistics in the form of frequencies and percentages are presented graphically for each of the above mentioned variables.



#### 4.2.1.1 Gender Distribution of Respondents (n = 144)

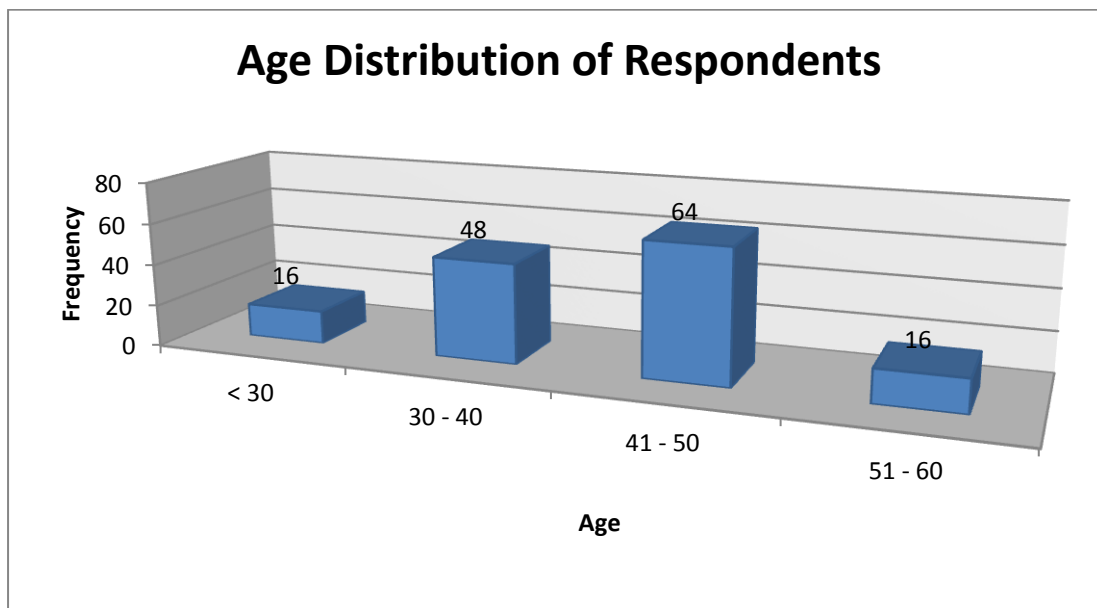


**Figure 4.1 Gender Distributions of Respondents**

Figure 4.1 illustrates that the majority of the respondents were male. Specifically, (n=116) or 80.6% of the subjects were male, while only (n=28), or 19.4% were female.

The large difference in gender representation may reflect true differences in the population. It is possible that there are greater numbers of males in the organisation under investigation. Alternatively, females may be under represented as a consequence of the sampling design used.

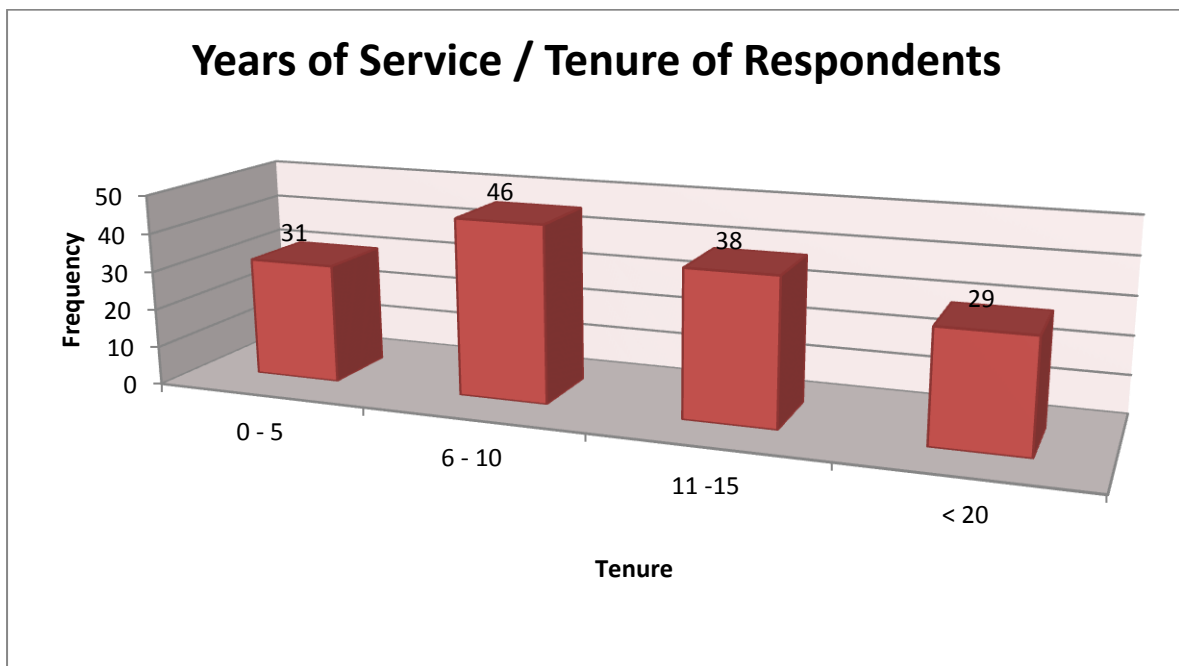
#### 4.2.1.2 Age Distribution of Respondents



**Figure 4.2 Age Distribution of Respondents**

The frequency distribution presented in Figure 4.2 indicates that 64 respondents are between the ages of 41-50, which presents 44.4% of the respondents. This age group 41-50 represents the majority of the sample. This is followed by the 30-40 age category (n= 48) representing 33.3% of the sample. The other two age categories namely, < 30 and 51-60, which each have 16 respondents and therefore each represent 11.1% of the sample.

#### 4.2.1.3 Years of Service/Tenure of Respondents

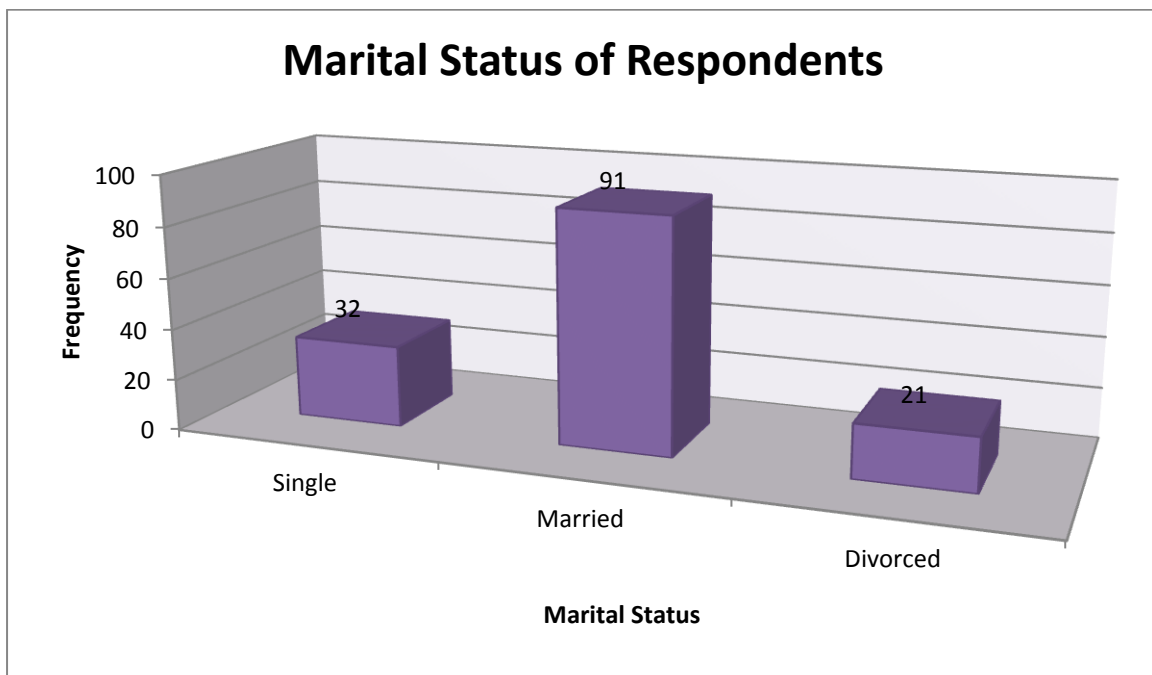


**Figure 4.3 Years of Service/ Tenure of Respondents**

Figure 4.3 indicates that 31.9% (n= 46) have served more than 6-10 years in the organisation. Thirty – eight (n=38) respondents have worked in the organisation for 11-15 years, thirty - one (n=31) between 0 - 5 years and 20.1% (n=29) for more than 20 years.

These results suggest that 78.4% of the respondents have worked for this organisation for more than 5 years, while only 21.5% has served between 0 - 5 years. Therefore, it may be deduced that the sample represents a relatively tenured group of employees.

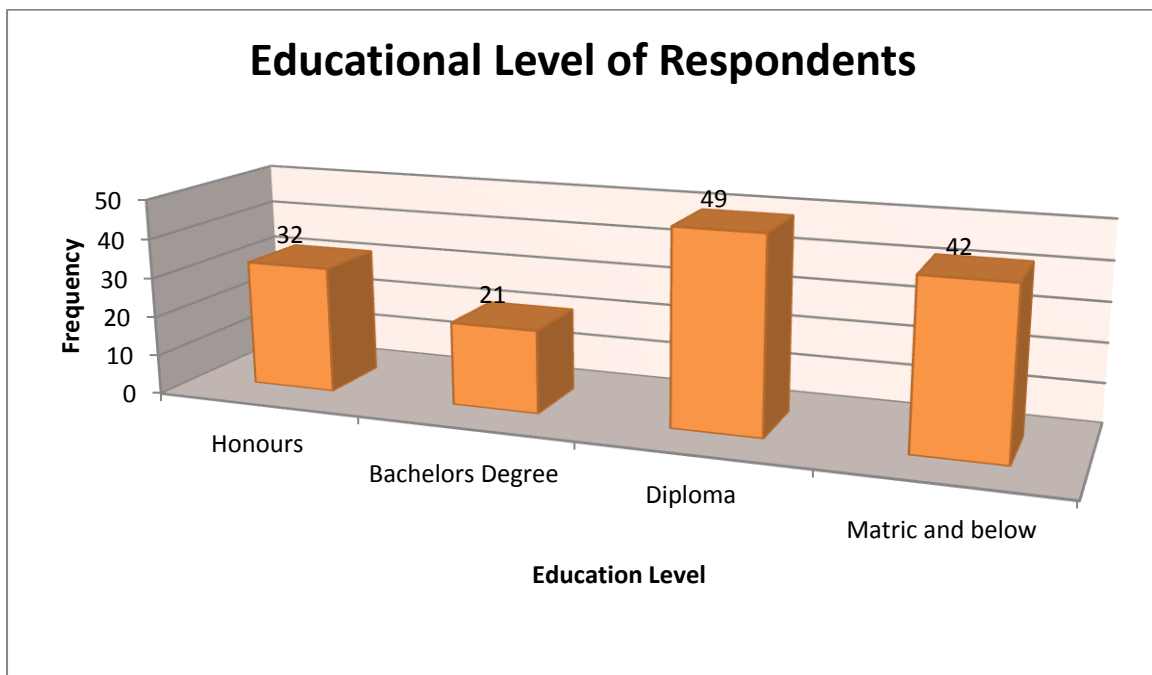
#### 4.2.1.4 Marital Status of Respondents



**Figure 4.4 Current Marital Status of Respondents**

The definition of single for the purpose of this study, is defined as never been married, widow/ widower or separated legally. From the frequency distribution presented in Figure 4.4 it can be seen that a total of 91 respondents in the sample are married (63.2%). It can thus be seen that the majority of the individuals in the sample are married. This is followed by 32 respondents in the sample that are single (22.2%) and 21 (14.6%) respondents of the sample are divorced.

#### 4.2.1.5 Educational Level of Respondents



**Figure 4.5 Educational level of respondents**

Figure 4.5 indicates that 34% (n=49) of the sample had a diploma, while 29.2 % (n=42) had Matric or below. While 22.2 % (n=32) of the sample held a Honours degree, and 14.6% (n=21) held a Bachelor's degree.

These results indicate that 70.8 % (n= 102) of the sample in this organisation have been educated at a tertiary institutions.

### 4.3 TABLE OF DESCRIPTIVE STATISTICS OF THE NIEHOFF AND MOORMAN (1993) ORGANISATIONAL JUSTICE QUESTIONNAIRE

This questionnaire consists of 20 items. The respondents were required to respond on an Likert rating scale, ranging from strongly disagree (1), somewhat disagree (2), disagree (3), neutral (4), agree (5), somewhat agree (6) to strongly agree (7), to indicate their perceptions of organisational justice.

Descriptive statistics in the form of arithmetic means and standard deviations, minimum and maximum values for the respondents, were computed for the questionnaire and are presented in Table 4.1

**Table 4.1 Descriptive statistics for the Niehoff and Moorman Organisational Justice Questionnaire (n = 144)**

Items	Mean	SD	Min	Max
Q1	5.80	1.446	3	7
Q2	5.27	1.339	3	7
Q3	5.08	1.470	2	7
Q4	4.48	1.508	2	7
Q5	5.42	1.549	2	7
Q6	5.07	1.266	1	7
Q7	5.00	1.233	3	7
Q8	4.55	1.595	1	7
Q9	4.85	1.185	3	7
Q10	5.17	1.185	3	7
Q11	4.31	1.857	2	7
Q12	5.15	1.396	3	7
Q13	5.33	1.245	4	7
Q14	5.35	1.479	3	7
Q15	5.10	1.289	3	7
Q16	5.25	1.293	3	7
Q17	5.10	1.337	3	7
Q18	5.09	1.338	3	7
Q19	5.31	1.162	4	7
Q20	4.99	1.203	3	7
<b>Total</b>	<b>101.89</b>	<b>21.319</b>	<b>70</b>	<b>139</b>

Table 4.1 reports the results of the descriptive analysis of the Organisational Justice Questionnaire. The results reflect that most respondents rated most of the items as 'agree' which indicates that the general perception is that they are being treated fairly (M = 101.89, SD = 21.319).

The first part of the following section will report on the descriptive statistics of the three subscales of the questionnaire, namely distributive subscale, formal procedural subscale and interactive subscale. With each subscale, the mean, standard deviation, minimum and maximum will be explained.

#### 4.4 NIEHOFF AND MOORMAN (1993) ORGANISATIONAL JUSTICE QUESTIONNAIRE STATISTICS

##### 4.4.1 DISTRIBUTIVE JUSTICE SUBSCALE

**Table 4.2 Descriptive statistics for the Distributive Justice subscale**

Item	Mean	SD	Min	Max
Distributive Justice	5.283	1.462	4.840	5.799

Table 4.2 reports results which indicate descriptive analysis of the Distributive Justice Subscale of the questionnaire. This results reflect that most of respondents agree that the distribution of rewards and recognition in the organisation are fair (M = 5.28, SD = 1.462).

##### 4.4.2 FORMAL PROCEDURAL JUSTICE SUBSCALE

**Table 4.3 Descriptive statistics for the Formal Procedures Justice Subscale**

Item	Mean	SD	Min	Max
Procedural Justice	4.799	1.387	4.313	5.174

Table 4.3 presents that most respondents agree that procedures used in the organisation were fair (M = 4.80, SD = 1.387).

#### 4.4.3 INTERACTIVE JUSTICE SUBSCALE

**Table 4.4 Descriptive statistics for the Interactive Justice Subscale**

Item	Mean	SD	Min	Max
Interactive Justice	5.187	1.305	4.993	5.347

Table 4.4 reports that most of the respondents agreed that the communication and treatment experienced after downsizing were fair ( $M = 5.19$ ,  $SD = 1.305$ ).

#### 4.5 INFERENCE STATISTICS

The results of the inferential statistics utilised in the study will be presented in this section. For the purpose of testing the stated research hypotheses, the T- test and ANOVA analysis were performed. These statistical techniques assist in drawing conclusions from the population from which the sample was taken and decisions are made with respect to the research hypotheses.

**Hypothesis 1:** There is a statistically significant difference in middle managers' perceptions of organisational justice based on gender in the automotive industry.

**Table 4.5 Differences between gender and organisational justice (Group Sample test)**

Gender	N	Mean	Standard Deviation	df	Sig.
Male	116	99.71	20.193	142	.003
Female	28	110.93	23.772	36.961	

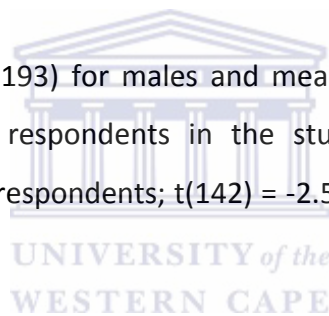
Table 4.5 reports the results of the t-test of the differences between gender and middle managers' perceptions of organisational justice. There are statistically significant differences between gender and perceptions of organisational justice ( $p = 0.003$ ,  $p < 0.05$ ).



**Table 4.5.1 Differences between Gender and Organisational Justice**

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig.(2-tailed)	Mean Difference	Std. Error Difference	95% Confidence interval of the Difference (Lower)	95% Confidence interval of the Difference (Upper)
Equal variances assumed	9.356	.003	-2.547	142	0.012	-11.222	4.405	-19.930	-2.514
Equal variances not assumed			-2.305	36.961	0.027	-11.222	4.868	-21.086	-1.358

The mean (M = 99.71, SD = 20.193) for males and mean for females (M = 110.93, SD = 23.772), indicates that female respondents in the study had a higher perception of organisational justice than male respondents;  $t(142) = -2.547, p < 0.001$ . **Thus, hypothesis 1 is accepted.**



**Hypothesis 2:** There is a statistically significant difference in middle managers' perceptions of organisational justice based on age in the automotive industry.

**Table 4.6 Total difference between Age and Organisational Justice**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	25406.134	4	8468.711	29.950	.000
Within Groups	39586.089	140	282.758		
Total	64992.222	144			

Table 4.6 reports that there is an overall statistical significance between age and organisational justice;  $F(3,140) = 0.000, p < 0.05$ ).

When investigating the multiple differences in the age category, the Scheffe post hoc comparison was completed to determine the significant differences.

**Table 4.6.1 Scheffe post hoc comparison of age and organisational justice**

I Age	J Age	Mean Differences (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
<30	30-40	-36.896*	4.854	.000	-50.63	-23.16
	41-50	-30.578*	4.700	.000	-43.88	-17.28
	51-60	-54.000*	5.945	.000	-70.82	-37.18
30-40	<30	36.896*	4.854	.000	23.16	50.63
	41-50	6.318	3.211	.280	-2.77	15.40
	51-60	-17.104*	4.854	.008	-30.84	-3.37
41-50	<30	30.578*	4.700	.000	17.28	43.88
	30-40	-6.318	3.211	.280	-15.40	2.77
	51-60	-23.422*	4.700	.000	-36.72	-10.12
51-60	<30	54.000*	5.945	.000	37.18	70.82
	30-40	17.104*	4.854	.008	3.37	30.84
	41-50	23.422*	4.700	.000	10.12	36.72

Table 4.6.1 presents that middle managers in all age categories and organisational justice have statistically significant differences, except the category 30-40 and 41-50, these two dimensions are not statistically significant different ( $p = 0.280$ ,  $p < 0.05$ ). This indicates that middle managers' in age groups 30-40, and 41-50 have similar responses to the items in the questionnaire. However, the middle managers' in age group < 30 (M = 70) seems to have the lowest perceptions of organisational justice and the age group 51-60 reported the highest mean score (M = 124) for perceived organisational justice. **Hypothesis 2 is therefore partially accepted.**

**Hypothesis 3:** There is a statistically significant difference in middle managers' perceptions of organisational justice based on tenure in the automotive industry.

**Table 4.7 Differences between the Years of service/ tenure and organisational justice**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	23155.083	3	7718.361	25.828	.000
Within Groups	41837.139	140	298.837		
Total	64992.222	143			

The results (Table 4.7) indicate that there are statistically significant differences between years or service / tenure and organisational justice;  $F(3,140) = 0.000, p < 0.05$ ).

Scheffe post hoc comparison was completed to determine the significant differences between the categories of tenure and organisational justice.

**Table 4.7.1 Scheffe post hoc test between Tenure categories and Organisational Justice**

I Tenure	J Tenure	Mean Differences (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
	<b>6-10</b>	-19.383*	4.017	.000	-30.75	-8.02
<b>0-5</b>	<b>11-15</b>	-10.853	4.184	.086	-22.69	.99
	<b>&gt; 20</b>	-37.774*	4.466	.000	-50.41	-25.14
	<b>0-5</b>	19.383*	4.017	.000	8.02	30.75
<b>6-10</b>	<b>11-15</b>	8.530	3.790	.172	-2.19	19.25
	<b>&gt; 20</b>	-18.391*	4.099	.000	-29.99	-6.79
	<b>0-5</b>	10.853	4.184	.086	-9.99	22.69
<b>11-15</b>	<b>6-10</b>	-8.530	3.790	.172	-19.25	2.19
	<b>&gt; 20</b>	-26.921*	4.262	.000	-38.98	-14.86
	<b>0-5</b>	37.774*	4.466	.000	25.14	50.41
<b>&gt;20</b>	<b>6-10</b>	18.391*	4.099	.000	6.79	29.99
	<b>11-15</b>	26.921*	4.262	.000	14.86	38.98

Table 4.7.1 reports results that indicate that most of the categories of tenure have statistically significant differences when looking at organisational justice. There are no statistical significant difference between middle managers that have 0-5 and 11-15 years of service ( $p = 0.086, p < 0.05$ ) and there is also no statistical significant difference between middle managers that have 6-10 and 11-15 years' service ( $p = 0.172, p < 0.05$ ). These results indicate that middle managers with < 15 years' service have similar responses to the questionnaire, and therefore indicate that they have similar feelings towards organisational justice. However, middle managers' in the tenure group 0-5 ( $M = 85$ ) seems to have the lowest perceptions of organisational justice and the middle managers that have > 20 years' service reported the highest mean score ( $M = 123$ ) for perceived organisational justice. **Therefore, hypothesis 3 is partially accepted.**

**Hypothesis 4:** There is a statistically significant difference in middle managers' perceptions of organisational justice based on marital status in the Automotive Industry.

**Table 4.8 Differences between Marital Status and Organisational Justice**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	32175.900	2	16087.950	69.124	.000
Within Groups	32816.322	141	232.740		
Total	64992.222	143			

The results in Table 4.8 indicate that there is an overall statistical significant difference between marital status and organisational justice;  $F(2,141) = 0.000, p < 0.05$ .

When investigating the multiple differences in the marital status category, the Scheffe post hoc comparison was completed to determine significant differences.

**Table 4.8.1 Scheffe post hoc comparison of Marital Status and Organisational Justice**

I Marital	J Marital	Mean Differences (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Single	Married	-35.171*	3.135	.000	-42.93	-27.41
	Divorced	-13.329*	4.284	.009	-23.93	-2.73
Married	Single	35.171*	3.135	.000	27.41	42.93
	Divorced	21.842*	3.693	.000	12.71	30.98
Divorced	Single	13.329*	4.284	.009	2.73	23.93
	Married	-21.842*	3.693	.000	-30.98	-12.71

Table 4.8.1 reports that marital status categories and organisational justice have statistically significant differences. Single and married middle managers' are significantly different in their perceptions of organisational justice ( $p = 0.000, p < 0.05$ ). Single and divorced respondents also differ in their perceptions of organisational justice ( $p = 0.009, p < 0.05$ ). Table 4.8.1 presents results that indicate that married and divorced respondents have statistically significant difference in their perceptions of organisational justice ( $p = 0.000, p < 0.05$ ). However, the single respondents ( $M = 78$ ) seems to have the lowest perceptions of organisational justice and the married respondents reported the highest mean score ( $M = 113$ ) for perceived organisational justice. **Hypothesis 4 is therefore accepted.**

**Hypothesis 5:** There is a statistically significant difference in middle managers' perceptions of organisational justice based on educational level in the Automotive Industry.

**Table 4.9 Differences between Education level and Organisational Justice**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	17981.022	2	8990.511	26.965	.000
Within Groups	47011.200	141	333.413		
Total	64992.222	143			

Table 4.9 presents that there is an overall statistical significance between educational level and organisational justice;  $F(2,141) = 0.000, p < 0.05$ .

Scheffe post hoc comparison was completed to determine significant differences between educational level categories and organisational justice.

**Table 4.9.1 Scheffe post hoc test between Education Levels categories and Organisational Justice**

I Education	J Education	Mean Differences (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Honours	Bachelor's degree	9.714	5.661	.403	-6.31	25.73
	Diploma	-7.796	4.582	.411	-20.76	5.17
	Matric and below	-12.524	4.730	.076	-25.91	0.86
	Honours	-9.714	5.661	.403	-25.73	6.31
Bachelor's Degree	Diploma	-17.510*	5.258	.013	-32.39	-2.63*
	Matric and below	-22.238*	5.387	.001	-37.48	-6.99*
	Honours	7.796	4.582	.411	-5.17	20.76
Diploma	Bachelor's degree	17.510*	5.258	.013	2.63	32.39*
	Matric and below	-4.728	4.239	.743	-16.72	7.27
	Honours	12.524	4.730	.076	-8.6	25.91
Matric and below	Bachelor's degree	22.238*	5.387	.001	6.99	37.48*
	Diploma	4.728	4.239	.743	-7.27	16.72

Table 4.9.1 shows that there is a statistically significant difference between middle managers' who hold a Bachelor's degree and middle managers' who have Matric and below ( $p = 0.001, p < 0.05$ ). Respondents who hold a Bachelor's degree and respondents who have completed a Diploma have a statistically significant difference ( $p = 0.013, p < 0.05$ ).

Respondent who hold an Honours degree and those who hold a Bachelor's degree have no statistically significant difference in their perceptions of organisational justice ( $p = 0.403, p < 0.05$ ). Table 4.9.1 also indicates that respondents that hold an Honours degree and those who hold a Diploma have no statistical significantly difference in perceptions of organisational justice ( $p = 0.411, p < 0.05$ ). Similarly middle managers' who hold an Honours degree, and those who have Matric and below do not have a statistically significant difference in their perceptions of organisational justice as well ( $p = 0.076, p < 0.05$ ). Respondents who hold a Diploma and those that have Matric and below have no statistically significant difference in their perceptions of organisational justice ( $p = 0.743, p < 0.05$ ). However, the respondents who obtained Bachelors degrees ( $M = 87$ ) seem to have the lowest perceptions of organisational justice and the respondents who obtained Matric and below reported the highest mean score ( $M = 110$ ) for perceived organisational justice. **Therefore, hypothesis 5 is partially accepted.**

#### 4.5 RELIABILITY ANALYSIS

Cronbach's Alpha is viewed as an index of reliability associated with the variation accounted for by the true score of the underlying construct (Sekaran & Bougie, 2009). Alpha coefficients range in value from 0 to 1 and may be used to describe the reliability of factors taken from questionnaires or scales. There is no lower limit to the coefficient, however, the closer the Cronbach's coefficient alpha is to 1 the greater the internal consistency of items on the scale (Sekaran, 2001).

**Table 4.10 Organisational Justice Questionnaire Reliability Coefficient**

Organisational Justice Questionnaire Reliability Coefficient			
	No. of respondents	Alpha	No. of Items
Distributive Justice	144	0.918	5
Procedural Justice	144	0.858	6
Interactive Justice	144	0.981	9
Organisational Justice Total	144	0.965	20

The Cronbach alpha score for the Organisational Justice Questionnaire was  $\alpha = 0.965$  for the sample (as per Table 4.10). This score can be regarded as excellent in terms of reliability of the instrument. Coefficients above 0.8 can be considered to be a good indication of the reliability of an instrument (Rosnow & Rosenthal, 1999). Table 4.10 reports that the Distributive subscale has a Cronbach alpha score was  $\alpha = 0.918$ , Procedural subscale has score of  $\alpha = 0.858$  and Interactive Justice subscale has a score of  $\alpha = 0.981$ . This indicates that all three subscales are regarded as excellent in terms of reliability and consistency. This therefore means that there is a high degree of reliability for the measuring tool used.

#### 4.6 CONCLUSION

Organisational justice perceptions has been found to have statistically significant differences when investigating the respondents' gender, age, tenure, marital status and education, as per results obtained in this study. This indicates that middle managers' perceptions of organisational justice after downsizing is influenced by their gender, age, tenure, marital status and educational level. The next chapter will discuss these results obtained in this chapter in detail; it will also discuss the limitations to this study, conclusion of the study and future recommendations.

## CHAPTER 5

### DISCUSSION OF RESULTS, CONCLUSION AND RECOMMENDATIONS

#### 5.1 INTRODUCTION

The primary objective of this study was to investigate whether there were significant differences in middle managers' perception of organisational justice after downsizing based on selected biographical characteristics in an automotive retail organisation in South Africa. This chapter presents an overview of the most important findings of the research performed. In order to contextualize the research, comparisons are drawn with available literature to the hypotheses of the study. The remainder of the chapter provides conclusions that can be drawn from the research, as well as recommendations for future research.

#### 5.2 DESCRIPTIVE RESULTS

The results of the questionnaire suggest that middle managers responded with a high score for organisational justice ( $M=101.89$ ,  $SD=21.32$ ). When looking at the subscales, respondents rated that they agree that the distribution of rewards and recognition is fair (distributive justice subscale) ( $M= 5.28$ ,  $SD= 1.46$ ), the results for procedural justice subscale was similar ( $M= 4.80$ ,  $SD=1.39$ ), which indicate that the general feeling in this organisation is that the procedures that were used for downsizing purposes were fair. When looking at the subscale for interactive justice respondents felt like the communication and treatment after the downsizing process was fair ( $M=5.19$ ,  $SD=1.35$ ).

The sample comprised primarily of male respondents ( $n=116$ ) or 80.6%. The majority of the sample was in the age group 41-50 ( $n=64$ ) or 44.4%, further 33.3% of the sample was in the represented age group 30-40 ( $n=48$ ). Respondents that worked for the organisation for 6-10 years was the majority of the sample ( $n=46$ ) or 31.9%, followed by respondents that has 11-15 years of service which comprised of 26.4% ( $n=38$ ). Married respondents were the majority of the sample ( $n=91$ ) or 63.2%, and most respondents held a Diploma ( $n=49$ ) or 34%.



## **5.3 INFERENCE RESULTS**

### **5.3.1 DIFFERENCE IN MIDDLE MANAGERS' PERCEPTION OF ORGANISATIONAL JUSTICE BASED ON GENDER**

Statistically significant differences were found in middle managers' perception of organisational justice based on gender in the current study. The results indicate that female respondents had a higher perception of organisational justice than male respondents. This indicates that female middle managers perceived the distribution of rewards and recognition; processes and procedures of the downsizing process and the way the employers treated and communicated to these respondents after of the downsizing process as more fair, than male respondents.

Ndlovu and Brijball (2005) concur that there is a significant difference in the perception of male and female managers regarding the impact of the process of downsizing. Patient and Skarlicki (2006) found that their results were consistent, that female managers' perception of organisational justice is higher after a downsizing process. Patient and Skarlicki (2006) also indicate that female managers' specifically perceive interactional justice much higher than that of male managers. Mupambirei (2013) agrees with Patient and Skarlicki (2006) and adds that female managers have a higher perception of procedural and interactional justice than male managers after a downsizing process. However, male managers' perception of distributive justice is higher than their female counterparts after downsizing.

### **5.3.2 DIFFERENCE IN MIDDLE MANAGERS' PERCEPTION OF ORGANISATIONAL JUSTICE BASED ON AGE**

The results of the current research indicate that there are statistically significant differences in middle managers' perception of organisational justice based on age, with the exception of age categories 30 - 40 and 41-50. These two groups are not statistically significantly different in their perceptions of organisational justice ( $p = 0.280$ ,  $p < 0.05$ ). These results indicate that middle managers in these two age groups 30-40 and 41-50 have similar perceptions of organisational justice. Middle managers' between the ages of 51-60 reported the highest perception of organisational justice after downsizing and middle managers < 30 years of age reported the lowest perception of organisational justice after downsizing. One

can deduce from this current study, that the older the respondent the higher the perception of organisational justice after the downsizing process in this organisation.

Ndlovu and Brijball (2005) and Esterhuizen's (2008) findings are consistent with this current study that there is a significant difference in the perceptions of downsizing survivors varying in age. These results are in congruence with Winkler (2002) who found that younger managers have a lower perception of organisational justice. Baird (2006) concurs with these findings, that there is a statistical significant difference in middle managers' perception of organisational justice and age. Baird (2006) also postulates that older managers' higher perception of organisational justice after downsizing could be due to them being in the labour market for extended periods and with this loyalty and commitment to the organisation increases, and the psychological contract has not been breached. Baird (2006) also indicates that the labour market has changed, and younger managers are almost accustomed to constant change and unstable working environment, this low perception of organisational justice after downsizing could be a lack of trust.

### **5.3.3 DIFFERENCE IN MIDDLE MANAGERS' PERCEPTION OF ORGANISATIONAL JUSTICE BASED ON TENURE**

The results of the current study indicate that there is a statistically significant difference in middle managers' perception of organisational justice based on tenure. Table 4.7.1 indicates that most of the tenure categories have statistical significant differences, except middle managers that have 0-5 and 11-15 years of service ( $p = 0.086$ ,  $p < 0.05$ ) and middle managers who have 6-10 and 11-15 years of service ( $p = 0.172$ ,  $p < 0.05$ ). These results indicate that middle managers that have < 15 years of service have similar perceptions of organisational justice after downsizing. Middle managers with > 20 years of service in this organisation reported the highest perception of organisational justice, whereas the middle managers with 0-5 years of service reported the lowest perception of organisational justice after downsizing. It can be deduced from this study that with the increase in tenure, perceptions of organisational justice increase in this organisation.

Ndlovu and Brijball (2005) concur that there is a significant difference in the perception of middle managers varying in tenure after downsizing. Bakhshi et al.'s (2009) findings are consistent and they state that the more years of service, the higher the managers'

perception of organisational justice. Frost's (1999) findings are consistent with the current study and he adds that employees with longer service, who experience minimal change to their work routine, have a high perception of organisational justice after downsizing. There is limited research on managers' perception of organisational justice and tenure after downsizing.

#### **5.3.4 DIFFERENCE IN MIDDLE MANAGERS' PERCEPTION OF ORGANISATIONAL JUSTICE BASED ON MARITAL STATUS**

Results in this current study indicate that there is an overall statistical significant difference in middle managers' perception of organisational justice based on marital status. Single and married middle managers perceive organisational justice differently ( $p = 0.000, p < 0.05$ ). Single and divorced middle managers also differ in their perceptions of organisational justice after downsizing ( $p = 0.009, p < 0.05$ ). Table 4.8.1 reports that married and divorced middle managers' perception of organisational justice is statistically significantly different ( $p = 0.000, p < 0.05$ ). The results in this study also indicate that married middle managers have the highest perception of organisational justice after downsizing (they feel they were treated fairly throughout the downsizing process) and single middle managers report to have the lowest (they feel that they were treated somewhat unfairly).

Spell and Arnold (2007) agrees that there are statistically significant differences in managers' perception of organisational justice and marital status. Kivimaki et al. (2005) conclude that managers who perceive higher levels of justice are more likely to be married, which is consistent with this study. There is limited research on managers' perception of organisational justice and marital status after downsizing.

#### **5.3.5 DIFFERENCE IN MIDDLE MANAGERS' PERCEPTION OF ORGANISATIONAL JUSTICE BASED ON EDUCATIONAL LEVEL**

Statistically significant differences were found in the current study in middle managers' perception of organisational justice based on educational level. Table 4.9.1 indicates that there is a statistically significant difference between middle managers who hold a Bachelor's degree and middle managers who have Matric and below ( $p = 0.001, p < 0.05$ ). Middle managers who hold a Bachelors degree, and others who have completed a Diploma have a

statistically significant difference in perception of organisational justice after downsizing ( $p = 0.013, p < 0.05$ ).

There is no statistically significant difference in perception of organisational justice between middle managers who hold a Honour's degree and others who hold a Bachelor's degree ( $p = 0.403, p < 0.05$ ). Table 4.9.1 also reports that middle managers that hold a Honour's degree and other managers who completed a Diploma have no statistically significant difference in their perceptions of organisational justice after downsizing ( $p = 0.411, p < 0.05$ ). Middle managers who hold a Honours degree and others who have Matric and below also do not have a statistically significant difference in their perception ( $p = 0.076, p < 0.05$ ). Respondents who hold a Diploma and those who obtained Matric and below have no statistically significant difference in perceiving organisational justice after downsizing ( $p = 0.743, p < 0.05$ ). Middle managers who have Matric and below has the highest perception of organisational justice after the downsizing process and middle managers who hold a Bachelor's degree reports to have the lowest perception of organisational justice after downsizing.

The findings of Ndlovu and Brijball (2005) and Patient and Skarlicki (2006) findings are consistent with this study, in that there is a significant difference in managers' perception of organisational justice varying in educational level. Ndlovu and Brijball (2005) postulates that highly qualified managers feel that they did not receive adequate information. This leads to a sense of powerlessness, and they feel that their psychological contracts had been unilaterally altered by the nature of all the changes the organisation that occurred after the downsizing process (Thornhill & Saunders, 1998).

#### **5.4 LIMITATIONS OF THE STUDY**

A primary limitation to this study was the confinement of using one organisation in the automotive retail industry. Thus, the results cannot be extrapolated to the general population in the automotive retail industry.

In addition, this study made use of a non- probability sampling design, rendering this study and its research findings non - generalizable. This result could be bias due to an over-

representation of respondents from certain groups which has an effect on the generalizability of the findings.

The sample size of this study was too small. Due to the fact that the retail sector is such a huge part of the working world, it is difficult to draw conclusions and make clear and accurate findings.

An additional limitation to the study is that the researcher was not able to be present when this questionnaire was completed. This is a limitation, as the respondent might have needed some clarity or guidance, or it might have had a better impact for the researcher to be physically present and explain the reason for the questionnaire.

Open – ended questions could have been added to the questionnaire for managers to elaborate or add comments. This would give the researcher more insight into the thoughts and feelings of the participants and this will therefore give a more holistic view of middle managers' perceptions of organisational justice after downsizing.

Another limitation could be that fact that there was only one tool that was used in this study. Meta analytic tools could have been used for a more holistic view of the respondents.

## **5.5 RECOMMENDATIONS**

Literature review identified a lack of research into survivor managers' reaction to downsizing and specifically their perceptions of organisational justice. Further research should attempt to include more managers who survived a downsizing intervention and focus specifically on how they perceived organisational justice.

Other variables (that is, trust, morale, communication) also have a very important impact on the downsizing process. The current study only focused on perceptions of organisational justice as a whole. Future studies in this industry could investigate these variables.

Comparative study on the same topic, but in a different industry of the South African economy is a recommendation. This would facilitate a better understanding of managers' perceptions in this regard and will allow for cross - industry comparisons.

A study of the impact of downsizing on managers' perception of organisational justice could include a pre- and post-test in order to assess the change in attitude and/ or perceptions.

Future study could also make use of a stratified random sampling technique so as to ensure external validity and to decrease sampling inaccuracies in future research.

## **5.6 CONCLUSION**

The chapter provides a bird's eye view of the results of the present study. The statistical findings and links to the literature review and whether the study met the research objectives set out at the start of the study were discussed. Consequently, the limitations of the present study as well as recommendations for future studies were explored.

This study highlighted middle managers' perceptions of organisational justice after downsizing, based on gender, age, tenure, marital status and educational level. Middle managers' perceptions are similar to that of other employees. It is imperative for organisations to know what middle managers perceptions of organisational justice is, as their behaviour influences the behaviour of their subordinates, and this could be harmful or enhance the organisation's functionality post - downsizing. In this study, it was found that there is a statistical significant difference in middle managers' perception of organisational justice based on gender, age, tenure, marital status and educational level.

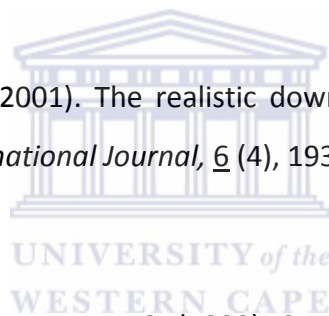
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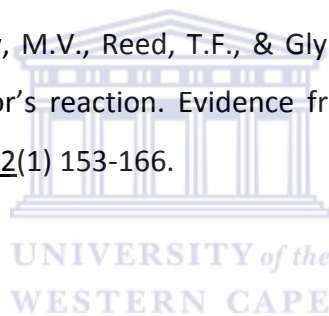


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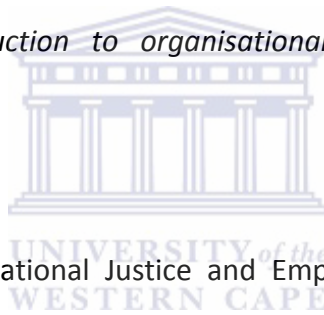
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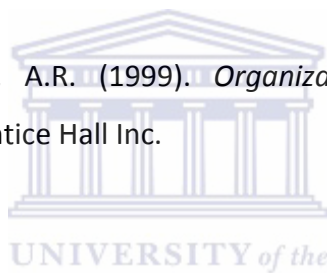
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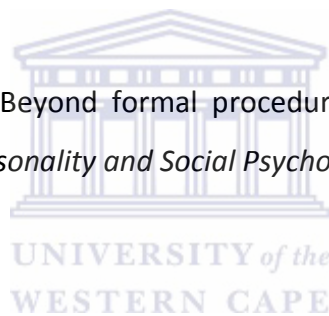


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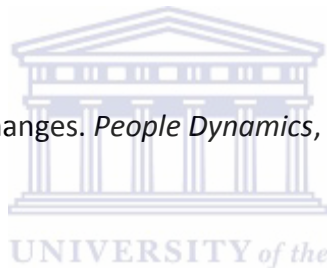
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## **APPENDIX 1**

Dear Colleague

### **REQUEST TO ASSIST IN A MASTERS RESEARCH THESIS (PROJECT)**

I am a Masters Student at the University of the Western Cape, conducting research for my thesis on Middle Managers perception of Organisational Justice after Downsizing.

Organisational justice is concerned with the central interest of fairness among managers in the provision of equal employment opportunities and also refers to employees' perceptions of fairness in the organisational setting. Downsizing is the process whereby organisations 'retrench or lay off' employees due to many different reason, namely operational requirements, cutting of costs or increasing the effectiveness by changing the organogram.

In order for me to gain further insight into Organisational Justice perceptions after Downsizing in your organisation I will need your assistance in completing one personality questionnaire. This will require approximately 20mins of your time.

Please note, that as these are personality questionnaire, there are no right or wrong answers as these are your views and opinions.

Please be assured that your responses will be held in the strictest of confidence. For this very reason you will not be requested to write your name down on the questionnaire. Also be assured that no one will have access to this information. Once you have completed your questionnaires, it will be handed directly back to me.

Thank you for your willingness to assist in this regard.

Allison van der Walt (Arnold)

**APPENDIX 2**

**SECTION A – BIOGRAPHICAL DETAILS**

Please mark the block that is applicable to you.

**1. Gender**

Male	Female
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**2. Age**

Younger than 30	30-40	41-50	51-60	Older than 60
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**3. Years of service**

0 – 5	6 – 10	11 – 15	16 – 20	20 +
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**4. Current Marital status**

Single	Married/Living with partner	Divorced	Widow/Widower
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**5. Education level**

Please indicate with an X

Doctorate Degree	
Master's Degree	

Honours Degree	
Bachelor's Degree	
3 Year Diploma	
Matric and Below	

**ORGANISATIONAL JUSTICE QUESTIONNAIRE**

Please circle OR cross the number which is closest to reflecting your opinion about each statement



		Strongly Disagree	Somewhat disagree	Disagree	Neutral	Agree	Somewhat agree	Strongly Agree
<b>Distributive justice items</b>								
01	My work schedule is fair	1	2	3	4	5	6	7
02	I think my level of pay is fair	1	2	3	4	5	6	7
03	I consider my workload to be quite fair	1	2	3	4	5	6	7
04	Overall, the rewards I receive here are quite fair	1	2	3	4	5	6	7

05	I feel that my job responsibilities are fair	1	2	3	4	5	6	7
<b>Formal procedures items</b>								
06	Job decisions are made by the manager in an unbiased manner	1	2	3	4	5	6	7
07	My manager makes sure that all employee concerns are heard before job decisions are made	1	2	3	4	5	6	7
08	To make formal job decisions, my general manager collects accurate and complete information	1	2	3	4	5	6	7
09	My manager clarifies decisions and provides additional information when requested by employees	1	2	3	4	5	6	7
10	All job decisions are applied consistently across all affected employees	1	2	3	4	5	6	7
11	Employees are allowed to challenge or appeal job decisions made by the manager	1	2	3	4	5	6	7
<b>Interactive justice</b>								
12	When decisions are made about my job, the manager treats me	1	2	3	4	5	6	7

	with kindness and consideration							
13	When decisions are made about my job, the manager treats me with respect and dignity	1	2	3	4	5	6	7
14	When decisions are made about my job, the manager is sensitive to my personal needs.	1	2	3	4	5	6	7
15	When decisions are made about my job, the manager deals with me in a truthful manner.	1	2	3	4	5	6	7
16	When decisions are made about my job, the manager shows concern for my rights as an employee.	1	2	3	4	5	6	7
17	Concerning decisions made about my job, the manager discusses the implication of the decisions with me.	1	2	3	4	5	6	7
18	The manager offers adequate justification for decisions made about my job.	1	2	3	4	5	6	7
19	When making decisions about, my job, the manager offers explanations that make sense to me.	1	2	3	4	5	6	7



20	My manager explains very clearly any decision made about my job.	1	2	3	4	5	6	7
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*End of questionnaire*

**THANK YOU SO MUCH FOR YOUR PARTICIPATION!**

