

The Role of Employee Unmet Promises and Employee Dissatisfaction in the Relationship between Organizational Restructuring and Employees Quit Decisions in Commercial Banks in Kenya

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Abstract

This study was aimed at investigating the antecedents and predictors of employee quit decision process during organizational restructuring. This was done by examining the nature of relationships between Organizational restructuring, perceived unmet expectations, dissatisfaction and quit decisions. The literature review revealed that a number of studies have been conducted on the predictors and antecedents of employee quit decisions. However, these studies did not examine any integration between them. The objective of this study was to explore the integrated relationship amongst organizational restructuring, employee quit decisions, dissatisfaction and perceived unmet promises (psychological contract violation). A sample of 375 was selected from a total population of 15,017 employees from commercial banks in Kenya. A structured questionnaire with Likert-type statements anchored on a five-point scale ranging from "Not at all (1)" to "To a great extent (5)" was used to collect data. The study employed Pearson's Product Moment Correlation, Partial correlations and Step-wise Regression for data manipulation and tests of hypotheses. The findings of this study indicate that Organizational restructuring, perceived psychological contract violation and employee dissatisfaction have significant positive relationships with quit decisions. The findings also revealed that employee dissatisfaction and perceived unmet promises play a mediating role on the relationship between organizational restructuring and employee quit decisions.

I. INTRODUCTION

This study focuses on the Financial Sector specifically the commercial Banks in Kenya. Globally, the banking Industry has not been immune to these forces and has undergone significant changes in recent years. A study conducted by Gallup in 2005 showed a growing trend worldwide with regard to the number of mergers and acquisitions taking place every year

among both large and small companies (Cascio, 1998). Restructuring, including downsizing, often leads to similar effects, that is, diminished loyalty from employees. In the wave of takeovers, mergers, downsizings, and layoffs, thousands of workers have discovered that years of service mean little to a struggling management or a new corporate parent. This leads to a rise in stress and a decrease in satisfaction, commitment, intentions to stay and perceptions of an organization's trustworthiness, honesty, and caring about its employees. The success of the organizational structural change depends on the ability of these organizations to retain their key staff that will be instrumental in implementing the intended change initiatives (Kotter, 1995). This study examined the nature of relationships amongst Organizational restructuring, perceived unmet expectations, dissatisfaction and quit decisions. The study explored the integrated impact of organizational restructuring, perceived psychological contract and employee dissatisfaction on employee quit decisions.

II. LITERATURE REVIEW

A. Organizational Restructuring

Organizational restructuring brings about change and affect employees' roles and responsibilities which may in turn be perceived as a threat to job security. A threat to job security is one of the factors that lead to perceived violation of psychological contract (Rousseau, 1995). Structural review and change is inevitable if an organization intends to improve the efficiency and expansion of its operations. No organization can thrive forever if it clings stubbornly to old structures, processes, and "never or always" principles including the principle of never laying off employees (Knowdell et al, 2006). Globally, the structural changes have been experienced in all sectors whether in the private, public or in voluntary sectors. The private sector is that part of the economy which is run by private individuals or

groups, usually as a means of enterprise for profit; and is not controlled by the state (Zhang, 2009). Examples of private enterprises in Kenya include Kenya Breweries Ltd, Unilever, Proctor and Gamble, General Motors, Crown Paints Ltd, Barclays Bank, Standard Chartered Bank etc. Restructuring has also been witnessed in the private sector and the above mentioned enterprises have undergone through restructuring in one form or the other.

B. Unmet Promises (Violation of Psychological Contract)

Applied to employee - employer relationship, psychological contract refers to unwritten employer and employee expectations of the employment relationship that is mutual obligations, values and aspirations that operate over and above the formal contract of employment (Michell, 1986). Although a breach of psychological contract can be committed by either the employer or the employee, psychological contract violation is usually viewed as an employee's perception of having been treated wrongly regarding the terms of an exchange agreement with an employer (Pavlou, 2002). Employee expectations may include; expectations of tenure (job security), career progression, and entitlement to work-life benefits, flexible working arrangements and reward for contribution made. Job tenure refers to the expectation that the employee will work in the organizations as long as he/she wants to. The employee also expects that the employer or the organization will provide career growth support and promotion opportunities. Work life benefits and balance can be a key factor in establishing a positive psychological contract but this will depend on the level of mutual trust (Deci and Ryan, 2000). Lewis and Smithson (2007) looked at the impact of work-life issues on the psychological contract for younger employees. Examples of such perceived violations include feeling of no job security, inability to perform new roles, increased workload leading to no work life balance, threat to interpersonal relationships due to changes in reporting lines, boss or subordinates, personality and cultural clashes, disturbed or uncertain career prospects, ambiguous reporting systems and unclear roles, loss of or reduced power, status and prestige, unfavourable terms and conditions of service, loss of organizational or personal identity, unfavourable changes in policies and practices (Lewis and Smithson, 2007).

C. Employee Dissatisfaction

Employee dissatisfaction arises from the realization by an employee that his or her expectations will not be met by the organization. In this context, employee dissatisfaction is not necessarily the opposite of satisfaction. Job

satisfaction implies enthusiasm and happiness with one's work. It is the key radiant that leads to recognition, income, promotion, and the achievement of other goals that lead to a general feeling of fulfilment (Morrison and Robinson, 1997). Employees almost always send signals of their discontent. The clear and obvious signs of employee dissatisfaction include: excessive tardiness and absenteeism, lack of enthusiasm indicated by reducing working hours, decreased quality and quantity of work, complaints by employees against colleagues within the company, complaints by an individual employee regarding (salary, benefits, working hours, working conditions, etc.), increased e-mail usage during work time, displays of anger, frequent arguments with associates or team members or other inappropriate activity.

When employees are dissatisfied as a result of organizational restructuring, they will react differently. The courses of action an individual may take in response to any change process initiated by the organization are: voicing any feelings-helps to reduce losses and restore trust, silence which may mean willingness to endure or accept unfavourable circumstances in the hope that they may improve, neglect of one's duties or involve in counterproductive behaviours, exiting the organization, often the last resort whenever everything else cannot work (Adrien et al, 2004). The current study suggests that the employees who are dissatisfied as a result of organizational restructuring will either decide to quit or stay with the hope that things will improve and become better.

D. Employee Quit Decisions

Employee quit decision is a careful evaluation by the employee as to whether to continue working for the organization or leave it altogether (Conway & Guest, 1997). An employee faced with quit decisions evaluates the consequences of either quitting or continuing to work for the organization. Studies conducted on this subject found that one of the key factors influencing employee quit decisions is perceived violation of psychological contract.

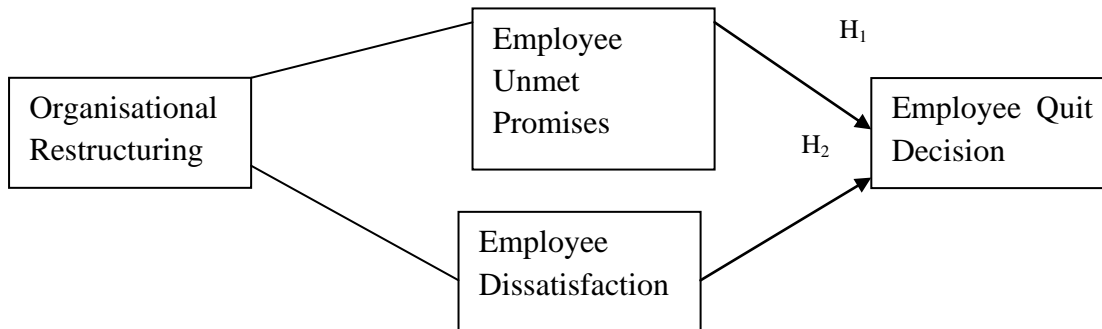
Analyses by Cascio (1998) and Kaye (1999) reveal that the employees leave because they have been pulled away by "more pay" or "better opportunity." Yet, more than 80 percent of employees leave because of the "push" factors related to poor management practices or toxic cultures that drove them out. If an employee feels sidelined or not getting due respect/returns, discord is unavoidable (Konrad, 2006).

E. Conceptual Framework

A schematic diagram presented in Figure 1 captures the key variables underpinning the employee quit decisions. It shows the integrated

interrelationships among Organizational restructuring (independent variable), quit decisions (dependent variable), unmet promises and employee dissatisfaction as intervening variables

Figure 1: Relationship between Organizational Restructuring and Employee quit decisions mediated by Employee Unmet Promises and Dissatisfaction



F. Hypotheses of the Study

A summary of the hypotheses and the corresponding research objectives is given in Table 1.

Table 1: Summary of Research Hypotheses, Test of Hypotheses, Corresponding Objectives and Questionnaire Items

| Hypothesis | | Statistical Test | Research objective | Question |
|----------------------|--|----------------------------------|---|-------------------------------|
| H₁ | Relationship between organizational restructuring and employee quit decisions is mediated by employees unmet promises | Hierarchical Regression Analysis | To establish the mediating effect of Perceived unmet promises on the relationship between restructuring and quit decision | 8.1 to 8.19 and 9.1 to 9.19 |
| H₂ | Relationship between organizational restructuring and employee quit decisions is mediated by employee dissatisfaction. | Hierarchical Regression Analysis | To establish the mediating effect of employee dissatisfaction on the relationship between restructuring and quit decision | 7.1 to 7.19 and 11.1 to 11.19 |

III. RESEARCH METHODOLOGY

At the institutional level, the population consisted of 17 commercial banks that had been restructured from 1998 to 2008, while 15,017 employees constituted population at the individual level. Employees from 17 Banks (with a total number of 15,017), were included in the study. However not all the 15,017 employees participated in the study as it would not be possible to contact all of them. In order to ensure that the sample was representative, a proportionate number based on the total number of employees in each bank was computed. Out of 15,017, the number of employees surveyed was 375 which represents 2.5% of the total population determined as discussed in the subsequent sections on sampling design and determination of sample size. The

proportion (2.5%) was computed using the formula presented below.

A. Sampling Design

For purposes of this study, the researcher desired a minimum precision of + 5% and a confidence level of 95% which is commonly used in social studies (Kothari, 2002). Sample size was determined using the following formula (Kothari, 2002):

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2 (N - 1) + z^2 \cdot p \cdot q}$$

Where

n = sample size

p = sample proportion, q = 1 - p

z = The variant =1.96 (as per table of area under normal curve for the given confidence level of 95%) N = total population, e = The desired Precision level

Table 2: Determination of sample size from each bank

| Name of Bank | (a) No. of staff | (b) Sample 2.5% of (a) |
|-------------------------------------|------------------|------------------------|
| Kenya Commercial Bank Ltd | 2,990 | 74 |
| Barclays Bank of Kenya | 2,785 | 69 |
| Equity Bank Ltd | 2,237 | 55 |
| Co-operative Bank of Kenya ltd | 1,691 | 42 |
| Standard Chartered Bank (K) ltd | 1,279 | 32 |
| National Bank of Kenya ltd | 996 | 25 |
| K- Rep Bank ltd | 664 | 16 |
| CfC Stanbic Bank | 546 | 13 |
| Diamond Trust Bank Ltd | 364 | 10 |
| Commercial Bank of Africa ltd | 358 | 9 |
| National Industrial Credit Bank Ltd | 298 | 7 |
| Investment & Mortgages Bank ltd | 276 | 6 |
| Eco Bank | 189 | 4 |
| Citi Bank N.A | 153 | 8 |
| Guardian Bank Ltd | 98 | 3 |
| Oriental commercial Bank ltd | 58 | 1 |
| City Finance Bank ltd | 35 | 1 |
| Total | 15017 | 375 |

The procedure used to determine and select the sample shown in table 2 is based on the recommendation by Krejcie and Morgan (1970) for population larger than 10,000, 95% level of confidence and 2.5% margin of error.

B. Data Collection

A structured questionnaire with Likert-type statements anchored on a five-point scale ranging from “Not at all (1)” to “to a great extent (5)” was used to collect data. The use of questionnaire was preferred in this study because the respondents were literate and were able to understand the questions and respond appropriately. In order to ensure consistency, all the research assistants were trained with a view to sensitizing them on the content of the questionnaire and data collection method and procedures and issues of ethics. The questionnaires were administered on a drop-and-pick basis.

C. Validity and Reliability of Data Collection Instruments

The validity of the questionnaire was tested through a pilot study. This pilot survey was conducted to find out if the respondents could answer the questions without difficulty thereby confirming clarity and relevance of the questions. In the pilot study, 50 respondents were conveniently selected from three banks; 25 respondents representing the large banks category, 15 respondents representing the medium size banks and 10 respondents representing the small banks category. The feedback was used to fine tune the final questionnaire to be used for the study. In addition, the questionnaires were reviewed by volunteer survey design experts from Consumer Insight and Infotrak Research Consulting firms who were able to establish face validity. Internal consistency reliability was established using Cronbach Alpha. The results are presented in Table 3.

Table 3: Summary of Cronbach's Alpha Reliability Coefficients

| Factor (Scale) | Number of Items | Cronbach's Alpha |
|---------------------------------------|-----------------|------------------|
| Organizational Restructuring concerns | 19 | 0.73 |
| Quit decisions | 19 | 0.81 |
| Employee dissatisfaction | 19 | 0.79 |
| Perceived unmet promises | 19 | 0.88 |

Cronbach's alpha values showed that the instrument was reliable since organisational restructuring had 19 items and the cronbach's alpha coefficient was 0.73, quit decisions had 19 items and the coefficient of cronbach's alpha was 0.81, employee dissatisfaction with 19 items as well had a coefficient of 0.79 while that of Perceived unmet promises had a coefficient of 0.88. Nunnally (1978) suggested that as a rule of thumb, Cronbach's Alpha should not be lower than 0.7. In the case of the instrument for this study, the Cronbach's Alpha values for all measured variables equalled or exceeded 0.7. The data collection instrument was therefore reliable and acceptable for purposes of this study.

IV. DATA ANALYSIS

The Quantitative data was analyzed using Statistical Package for Social Sciences (SPSS) software version 17 and descriptive statistics as well as inferential statistics were obtained accordingly.

Pearson's Correlation technique was used to test for multicollinearity among the predictor variables. The data collected was subjected to normality test using Kolmogorov-Smirnov goodness of fit test. Test of heteroscedasticity was done using the standard error of estimate of the regression line. The mediating role of employee dissatisfaction and perceived unmet promises between the relationship between organizational restructuring and quit decisions was determined using Partial correlation analysis.

Table 4: Results for Pearson Correlation Analysis for Multicollinearity Tests

| Variables | Org restructure | Perceived unmet promises | Dissatisfaction | Quit decision |
|---------------------|-----------------|--------------------------|-----------------|---------------|
| Org Restructure | 1 | | | |
| Perc unmet promises | .612 | 1 | | |
| Dissatisfaction | .301* | .841* | 1 | |
| Quit decisions | .123* | .491* | .913* | 1 |

*P<0.05

Normality test was done using Kolmogorov-Smirnov test which showed that the data was normally distributed.

The result for the test of heteroscedasticity was found to have a t-test value of 0.795, which was not significant at p<0.05, indicating absence of heteroscedasticity.

V. FINDINGS AND ANALYSIS

The key features of the research findings are the descriptive statistics and the results of the tests of hypotheses. The analytical techniques used were Normal Kolmogorov- Smirnov test, Pearson's Correlation, Partial correlation and Stepwise Regression Analyses.

A. Response Rate

The initial distribution of questionnaires yielded a result of 325(87%) questionnaires. The researcher redistributed 50 more questionnaires to new respondents who were available and the second feedback of the questionnaires was 100%. This therefore enabled the researcher to get the planned 375 response rate of 100%. The response rate (100%) was very high relative to response rates recorded in a number of previous studies; for example, Anantharaman, (2003) achieved 75.5%, Youndt et al (1996) had 26% while Green et al, (2006) only managed 15.4% response rate in their studies.

B. Test of Appropriateness of Data

Tests of multicollinearity, heteroscedasticity, homoscedasticity and normality were conducted to ascertain the appropriateness of the data. The absence of multicollinearity was tested using Pearson Correlation Coefficients and the results showed no multicollinearity since the correlation coefficient for all the predictor variables were less than 0.95, based on Garson (2008) rule of thumb. The results for the test of multicollinearity are presented in table 4.

C. Organizational Restructuring

The respondents were asked to indicate which of the four possible types of restructuring, namely merger, acquisition, rightsizing and others their organization had undertaken from 1998 to 2008. The results are presented in Table 5.

Table 5: Distribution of the Organizations by Type of Restructuring

| Reason for restructuring | Frequency | % |
|--------------------------|------------|------------|
| Merger only | 75 | 20.0 |
| Acquisition only | 53 | 14.1 |
| Rightsizing only | 202 | 53.9 |
| Two or more of the above | 45 | 12 |
| Total | 375 | 100 |

Employee Concerns arising from Organizational Restructuring

The respondents were asked to indicate the extent they were or would be concerned about various dimensions which were developed based on theoretical considerations and interpretations of various typologies of human resource orientations found in the literature. The dimensions consisted of: possibility of job loss, ambiguous reporting systems and unclear roles, possibility of incompetent leadership, unfavourable terms and conditions of service, disturbed/uncertain career prospects, possibility of increased workload, possibility of less importance of the job, extent of organization stability and growth in profitability, loss of or reduced power/ status/ prestige, unfavourable changes in policies and practices, loss of trust among colleagues, possibility of being transferred or relocated elsewhere, possibility of job-interest misalignment, threat to or loss of interpersonal relationships, fears of inability to perform or fit in new roles, organization values and ethics, organization brand and market reputation, change in size of organization and loss of organizational and personal identity. Each dimension was rated by the respondents on a Likert five-point scale ranging from “Not at all (1)” to “to a great extent (5)”. The mean score for each dimension as rated by the respondents include: grand mean score for the concerns arising from announcement of restructuring is 3.37 out of 5; the top five concerns with the highest mean ratings by the respondents were possibility of: job loss ($\bar{x} = 4.87$), ambiguous reporting systems and unclear roles ($\bar{x} = 4.83$), incompetent leadership ($\bar{x} = 4.81$), unfavourable terms and conditions of service ($\bar{x} = 4.77$) and uncertain career prospects ($\bar{x} = 4.47$) while the concerns with the lowest mean ratings were possibility of : inability to perform new roles ($\bar{x} = 2.41$), loss of organization values and ethics ($\bar{x} = 2.11$), negative effect on organization brand and market reputation ($\bar{x} = 2.06$), undesired change in organizational size ($\bar{x} = 1.97$), and loss of organizational and personal identity ($\bar{x} = 1.92$). The above results suggest that during restructuring, the issues that would be of utmost concern to the employees are job security, impact on reporting lines and role clarity, competence of leadership in effectively managing the restructuring process, impact on terms and conditions of service, and

impact on future career in the organization. However, employees would be less concerned with the impact of restructuring on organization values and ethics, brand and market reputation, change in organizational size and loss of organizational and personal identities.

Employee Dissatisfaction arising from announcement of Organizational Restructuring

Employee dissatisfaction arises from non achievement or realization by an employee that his or her expectations will not be met by the organization. In this study, the respondents were asked to rate the extent to which various reasons (dimensions) lead or would lead to their dissatisfaction. The dimensions used were developed with regard to job insecurity, transfer to another location, inability to perform new role, lack of job-interest alignment, less job impact and recognition, work life balance, broken relationships with colleagues, mistrust amongst colleagues/manager, incompetent leadership, uncertain career prospects, unclear role clarity, loss of power/status, unfavourable terms/conditions of service, loss of organizational/personal identity, organization size changed, unfavourable policies/procedures, organization instability, organization brand damaged, no organization values, lack of support from colleagues. The grand mean score for all dimensions for dissatisfaction was 2.64. The top five reasons causing the greatest dissatisfaction had the following mean ratings: job insecurity ($\bar{x} = 3.23$), lack of role clarity ($\bar{x}=3.01$), incompetent leadership ($\bar{x} = 2.91$), and unfavourable terms/conditions of service ($\bar{x} =2.76$) and uncertain career prospects ($\bar{x} = 2.56$). The reasons with the lowest mean ratings were: inability to perform new role ($\bar{x} = 1.91$), loss of organizational values ($\bar{x} = 1.87$), damaged organizational brand and market reputation ($\bar{x} =1.85$), undesired change in organizational size ($\bar{x} = 1.81$) and lack of support from colleagues ($\bar{x}= 1.72$).

The above results therefore indicate that during organizational restructuring, the reasons which cause greatest level of dissatisfaction are: loss of jobs, unclear reporting lines and roles, incompetent leadership that can successfully manage the restructuring process, unfavourable terms and conditions of service and uncertain future career

prospects. On the other hand, they would be least dissatisfied with Lack of support from colleagues, change in organizational size, damage on brand and market reputation and loss of organizational values and ethics.

Perceived Unmet Promises arising from announcement of Restructuring

Perceived unmet promises were measured using nineteen items developed across human resource management practices namely: job security, clear reporting lines and roles, competent leadership, favourable terms and conditions of service, future career prospects, work life balance, job importance, stable organization, favourable policies and practices, power, status and prestige, trust, unchanged job location, job- interest alignment, continued interpersonal relationships, matching abilities to the job, organization values and ethics, strong organization brand corporate/organization identity and size of the organization. The respondents were asked to rate on a five point Likert scale ranging from 1 ('not at all') to 5 ('to a great extent'), the extent to which they perceived that each of the promises/expectations was unmet or breached on announcement of organizational. The results showed that the grand mean score for all perceived unmet promises was 3.04. The top five dimensions that were assigned higher importance by the respondents had the following mean ratings: job security ($\bar{x} = 4.39$), clear reporting lines and roles ($\bar{x} = 4.36$), competent leadership ($\bar{x} = 4.30$), favourable terms and conditions of service ($\bar{x} = 4.08$) and future career prospects ($\bar{x} = 3.96$). The dimensions of unmet promises assigned less importance by the respondents had the following mean ratings: matching abilities to perform new job ($\bar{x} = 2.55$), organizational values and ethics ($\bar{x} = 2.43$), strong organization brand ($\bar{x} = 2.22$), corporate/organization identity ($\bar{x} = 1.96$) and organizational size ($\bar{x} = 1.90$).

The results therefore indicate that during organizational restructuring, the key dimensions that will influence employees' perception of unmet promises are: Job security, clear reporting lines and roles, competent leadership to successfully manage restructuring process, favourable terms and conditions of service, and future career prospects. On the other hand, there would be less perception of unmet promises with regard to: ability to perform new role, organizational values and ethics, organizational brand and market reputation, organizational identity and change in organizational size.

Employee Quit Decisions arising from Perceived Unmet Promises

The respondents were asked to rate the various possible reasons which lead or would lead them to engage in quit decisions if they perceived or would perceive that their promises or expectations were or

would be violated /unmet. The results showed that grand mean score for reason for engaging in quit decisions was 3.08. The top five dimensions with the highest mean ratings were: fear of job loss ($\bar{x} = 4.13$), ambiguous reporting systems and unclear roles , ($\bar{x} = 4.06$), incompetent leadership ($\bar{x} = 4.01$), unfavourable terms and conditions of service ($\bar{x} = 3.96$) and uncertain career prospects ($\bar{x} = 3.83$). The dimensions with lowest mean ratings were: unmatched abilities to perform new role ($\bar{x} = 2.22$), loss of organizational values and ethics ($\bar{x} = 2.17$), damaged organizational brand ($\bar{x} = 1.99$), loss of corporate/organization identity ($\bar{x} = 1.96$) and change of organization size ($\bar{x} = 1.92$).

The above results therefore indicate that during organizational restructuring, the key factors that will influence employee quit decisions upon perceiving unmet promises are: fear of job loss, unclear reporting lines and roles, incompetent leadership that can successfully manage restructuring process, unfavourable terms and conditions of service, and uncertain future career prospects. On the other hand the dimensions with less influence on employee quit decisions are: inability to perform new roles, loss of organizational values and ethics, damaged organizational brand and market reputation, undesired change in size of organization and loss of organizational and personal identity.

Quit Decisions arising from Dissatisfaction

The respondents were asked to rate the various possible reasons which lead or would lead them to engage in quit decisions if they felt dissatisfied due to restructuring process. The grand mean score for reason for engaging in quit decisions was 3.60. The dimensions with the highest influence on quit decisions were: fear of job loss ($\bar{x} = 4.88$), lack of role clarity ($\bar{x} = 4.79$), incompetent leadership ($\bar{x} = 4.65$), unfavourable terms/conditions of service ($\bar{x} = 4.55$), uncertain career prospects ($\bar{x} = 4.54$) while the dimensions with the lowest influence had the following mean ratings: inability to perform new role ($\bar{x} = 2.75$), no organizational values ($\bar{x} = 2.63$), organizational brand damaged ($\bar{x} = 2.57$), organizational size changed ($\bar{x} = 2.48$) and Lack of support from my colleagues ($\bar{x} = 2.39$). The results indicate that during organizational restructuring, the key dimensions that will influence employee quit decisions upon dissatisfaction are: fear job loss, unclear reporting lines and roles, incompetent leadership to successfully manage restructuring process, unfavourable terms and conditions of service, and uncertain future career prospects. On the other hand the factors with less influence on employee quit decisions are: inability to perform new roles, loss of organizational values and ethics, damaged organizational brand and market reputation, undesired change in size of organization and loss of organizational and personal identity.

The foregoing results therefore indicate that during organizational restructuring, the key issues that will influence employee quit decisions upon dissatisfaction are: fear of job loss, unclear reporting lines and roles, incompetent leadership to successfully manage restructuring process, unfavourable terms and conditions of service, and uncertain future career prospects. On the other hand the dimensions with less influence on employee quit decisions are: inability to perform new roles, loss of organizational values and ethics, damaged organizational brand and market reputation, undesired change in size of organization and loss of organizational and personal identity.

Test of Hypotheses

Tests of research hypotheses are presented in this section. Pearson Correlation, Hierarchical Regression and Stepwise Regression Models were used to test the hypotheses.

Relationship between organizational restructuring and employee quit decisions mediated by perceived unmet promises and employee dissatisfaction.

As proposed by Baron and Kenny (1986), mediation of variables between the independent variable and the dependent variable can be tested through hierarchical regression analysis. This is done first by analyzing the expected hierarchical relationship between the predictor variables and the criterion variable. In this study the predictor variables are: organizational restructuring, perceived unmet promises and employee dissatisfaction while the criterion variable is quit decisions. The analysis involved entering variables in the equation in the order suggested by previous studies. In the current study, it was theorized that organizational restructuring would lead to employee quit decisions through perceived unmet promises and employee dissatisfaction. Hypothesis H₁ suggested that the

relationship between organizational restructuring and employee quit decisions is mediated by perceived unmet promises was tested using hierarchical regression analysis. The same test was used to test hypothesis H₂ which states that the relationship between organizational restructuring and employee quiet decisions is mediated by employee dissatisfaction.

Employee Quit Decisions

This section presents hierarchical regression results for the mediation role of employee perceived unmet promises and dissatisfaction in the relationship between organizational restructuring and employee quit decisions. From the findings, Model 1 shows that R² =.273, indicating that Organizational Restructuring alone accounts for about 27% of the variance in employee quit decisions. In Model 2, the results show that R² =.552. This is higher than the value of R² in Model 1 by .279. The change in the value of R² in Model 2 indicates that perceived unmet promises (a predictor variable) accounts for 27.9% of the variance in employee quit decisions after controlling for organizational restructuring. Therefore, the incremental value to the variance in employee quit decisions is 0.279 which is significant (P<0.05). Results in Model 3 show that R² =.878, indicating that R² has increased by 0.326 from .552 in Model 2 to .878 in Model 3. This demonstrates that the predictor Employee dissatisfaction accounts for 32.6% of variance in Employee Quit Decisions, after controlling for organisational restructuring and perceived unmet promises, which is significant at P<0.05.

These results confirm the hypothesis that the effect of organization restructuring and employee quit decision is mediated by employee unmet promises and employee dissatisfaction. The above results are summarised in table 6.

Table 6: Summary Results for Test of Hypotheses

| Hypothesis | Test | Result | Decision (P < 0.05) |
|--|----------------------------------|---------------------|-----------------------|
| The relationship between organizational restructuring and employee quit decisions is mediated by perceived unmet promises. | Hierarchical Regression Analysis | F= 10.337 p<0.05 | Accept H ₁ |
| The relationship between organizational restructuring and employee quit decisions is mediated by employee dissatisfaction | Hierarchical Regression Analysis | F= 11.274 p<0.05 | Accept H ₂ |

VI. DISCUSSIONS AND CONCLUSIONS

In this chapter, a summary of key findings of the study are discussed and conclusions drawn. The section also covers limitations of the study, direction for future research and implication for theory, policy and practice.

A. Discussion of Findings

Mediating effect of Perceived unmet promises and employee dissatisfaction on the relationship between Organizational restructuring and Quit decisions

Objective 1.3 (d) was aimed at determining the mediating effect of perceived unmet promises and employee dissatisfaction on the relationship between organization restructuring and quit decisions. It was hypothesized that perceived unmet promises and employee dissatisfaction had mediating effect on the relationship between organization restructuring and quit decisions. The results of hypothesis testing showed that both perceived unmet promises and employee dissatisfaction had strong mediating effect on the relationship between organization restructuring and quit decisions. This implies that on announcement of organizational restructuring, employees are likely to perceive unmet promises and attain a given level of dissatisfaction before engaging in quit decisions.

However, on the announcement of restructuring, not every employee engaging in quit decisions may necessarily go through the stages of perceiving unmet promises and dissatisfaction. This is because prior to the announcement or restructuring process, some employees may have already perceived unmet promises or become dissatisfied due to previous their previous experience and therefore engagement in quit decisions may have been triggered by events or the experience the employee went through prior to announcement of restructuring. This view is supported by the study by Lee et al (1999) who found out that whenever there is an event or shock to the employee due to some changes in the organization, some employees will make a decision to quit based on the pre-existing plan or the script due to previous experience.

B. Conclusions

The key conclusion from the study is that most employees would develop the desire to quit the organization if they perceived that their expectations had been violated. Perceived unmet promises or expectations would lead the employees to perceive misfit with the organization. The results showed that the most important expectations and concerns to the employees during organizational restructuring can be categorized into five key aspects namely; Job/work related aspects, Reward and Recognition, Career and development opportunities, People and organization related aspects. At the point of announcement of organizational restructuring, the key concerns by

employees would be embedded on these expectations. Likewise employee dissatisfaction would arise when the employee believes that there has been a violation of his or her expectations (unmet promises) as a result of the restructuring. The decision by employee to quit the organization or continue staying will arise at various points in the decision making process.

C. Limitations of the Study

Despite the contribution of this study to theory, policy and practice, like any other previous studies, some limitations were noted during the research. First, the survey was conducted and data collected from the respondents only once. The current study therefore did not take into consideration longitudinal aspect, for example it did not investigate whether, the results obtained would be significantly be different if the study was to be repeated say after three years. Had the survey been repeated over a period of time say after five years by surveying the same individuals surveyed in the first instance, it would have been interesting to compare the results arising from the individual at two different points in time.

The current study assumes that restructuring organizations will make every effort to retain the services of all employees. This may not be the case as the outcome of restructuring may call for a reduction of head count. In this case, the restructuring organization will have to ensure that the restructuring is conducted in such a manner that the employees with the required key skills are retained while those who may not fit in the new organization due to lack of required key skills are treated with respect and exited through appropriate exit strategies for instance having exit support programme and counselling sessions. The process of retaining key staff and relieving those who do not fit within the new organization is a delicate one. Motivating the survivors becomes a challenge when some of their friends and colleagues are asked to leave through retrenchment exercise.

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