

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

SO, Chi Kin

BEng (Hons), MSc

**Dissertation Prepared for the Degree of
DOCTOR OF BUSINESS ADMINISTRATION**

THE UNIVERSITY OF NEWCASTLE

May 2007

ACKNOWLEDGMENTS

I would like to take this opportunity to express my sincere thanks to Dr. Timothy Bartram, for his continuous advice, inspiring suggestions, encouragement and sharing. Special thanks should be expressed to my Mother, LI Suet Shan, who believed me, encouraged me, and supported me. Thank you to my friends, who supported me in many ways. To my DBA classmates, I feel very fortunate to have such a great group. Thank you all for all your support and encourage and many hours of discussing. A special thanks to Dr. Gian Casimir, for being a good coacher during my studying time in Newcastle University.

TABLE OF CONTENTS

	Page
LIST OF TABLES	vi
LIST OF FIGURES	vii
CHAPTERS	
1. INTRODUCTION	1
1.1 Background of the Study	1
1.2 Justification for the Dissertation Project	2
1.3 Aims of the Dissertation	4
1.4 Structure of the Dissertation	5
1.5 General Overview	8
2. LITERATURE REVIEW	10
2.1 Downsizing	10
2.1.1 Effects of Downsizing	12
2.1.1.1 The Positive Consequence of Downsizing	13
2.1.1.2 The Negative Consequence of Downsizing	14
2.2 Need for Trust between Organization and Employees	18
2.3 Construct Issue: The Referent of Trust	22
2.4 Context Issue: Downsizing	26
2.5 Trust with Different Antecedents and Outcomes	29
2.6 Antecedents of Trust in Direct Leader	30
2.7 Trust in Direct Leader and Outcomes	35
2.8 Antecedents of Trust in Organizational Leaders	37
2.9 Trust in Organizational Leaders and Outcomes	39
2.10 Mediating Roles of Trust in Both Leaders	40
2.11 Summary	42
3. MODEL DEVELOPMENT AND HYPOTHESES	44
3.1 Hypothesis Development of the Antecedents, Two Referent and Outcomes	45
3.2 Mediating Roles of Two Referents	48
3.3 Summary	54

4.	RESEARCH DESIGN AND METHODODOLGY	55
4.1	Research Process	55
4.2	Positivism and Interpretivism	56
4.3	Research Design	57
4.3.1	Quantitative Research	58
4.3.2	Type of Investigation: Causal vs. Correlational	59
4.3.3	Time Horizon of Study	60
4.4	Sampling	61
4.4.1	Sampling Size	62
4.4.2	Unit of Analysis – Individuals	63
4.5	Data	64
4.5.1	Data Collection Methods	64
4.5.2	Data Analyses	67
4.6	Questionnaire Design	68
4.6.1	Development Scaling and Sequence	69
4.6.2	Measurement of Variables	71
4.6.3	Generating Items for the Survey Instrument	71
4.6.4	Questionnaire Analysis Methods	77
4.7	Ethical Consideration	78
4.8	Summary	80
5.0	RESULTS	81
5.1	Respondent Characteristics	81
5.2	Descriptive Statistics	83
5.3	Correlation Analyses	94
5.4	Partial Least Squares Analyses	96
5.5	Summary	108
6.0	DISCUSSION	110
6.1	Implication of Findings	111
6.1.1	Trust Direct Leader and Antecedents	113
6.1.2	Trust in Organizational Leader and Antecedents	116
6.1.3	Mediating Effects of Two Referents	117
6.1.4	Combination of Overall Model	118
6.2	Recommendations for Organizations	120
6.3	Contribution to Managerial and Academy	122
6.3.1	Contribution of Managerial Practice	122
6.3.2	Contribution of Academic Knowledge	124

6.4	Limitations of Study.....	125
6.5	Suggestion for Future Research.....	126
6.6	Summary.....	127
REFERENCES.....		131
APPENDIX I	Survey Questionnaire.....	162

LIST OF TABLES

	Page
Table 4.1	Six Alternatives Internet Techniques 67
Table 5.1	Age of the Respondents 82
Table 5.2	Work Experience 82
Table 5.3	Descriptive Statistics for the Variables in the Hypotheses 83
Table 5.4	Means, Standard Deviations and Correlations 95
Table 5.5	AVEs, Composite Reliabilities and Item, Loadings for the Latent Constructs 99

LIST OF FIGURES

	Page
Figure 5.1.1 Histogram of Interactional Justice.....	85
Figure 5.1.2 Histogram Distributive Justice.....	86
Figure 5.1.3 Histogram of Perceived Organizational Support.....	87
Figure 5.1.4 Histogram of Procedural Justice.....	88
Figure 5.1.5 Histogram of Trust in Organizational Leader.....	89
Figure 5.1.6 Histogram of Trust in Direct Leader.....	90
Figure 5.1.7 Histogram of Turnover Intention.....	91
Figure 5.1.8 Histogram of Job Performance.....	92
Figure 5.1.9 Histogram of Job Satisfaction.....	93
Figure 5.2 PLS Results for the Mediating Effect of Trust in Direct Leader on the Relationship between Procedural Justice and Job Performance.....	101
Figure 5.3 PLS Results for the Mediating Effect of Trust in Direct Leader on the Relationship between Procedural Justice and Satisfaction.....	102
Figure 5.4 PLS Results for the Mediating Effect of Trust in Direct Leader on the Relationship between Interactional Justice and Performance.....	103
Figure 5.5 PLS Results for the Mediating Effect of Trust in Direct Leader on the Relationship between Interactional Justice and Satisfaction.....	103

Figure 5.6	PLS Results for the Mediating Effect of Trust in Organizational Leader on the Relationship between Interactional Justice and Turnover Intention.....	104
Figure 5.7	PLS Results for the Mediating Effect of Trust in Organizational Leader on the Relationship between Distributive Justice and Turnover Intention.....	105
Figure 5.8	PLS Results for the Mediating Effect of Trust in Organizational Leader on the Relationship between Perceived Organizational Support and Turnover Intention.....	105
Figure 5.9	PLS Results for the Overall Model of the Hypothesised Mediating Effects.....	107

ABSTRACT

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

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

The results support several of the hypothesized relationships. Correlational data indicated that these antecedents and trust in both leaders all demonstrated significant correlations with the work outcomes variables, with the exception of job performance. The partial least squares analysis was adopted to find out that the mediation effects between different antecedents, work outcomes and trust to different referents. The

results revealed that trust in both leaders mediated the relationships between these antecedents and the work outcomes variables. However, it is very surprising that all antecedents and trust in direct leader did not correlate with job performance and the trust in direct leader did not act as a mediator between procedural and interactional justice and job performance. Possible explanations of the results as well as implications for practice and future research are provided.

Full Text (29,400 words)