EXPERIMENTAL ANALYSIS OF ORGANIZATIONAL COMMITMENT WITHIN THE SCOPE OF DOWNSIZING THREAT AND EMPOWERMENT OPPORTUNITY

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Abstract:
The main aim of this study is to analyze the impact of downsizing threat and empowerment opportunity on organizational commitment at the beginning of the implementation process. This aim is occurred because of an important lack of knowledge in related literature, which is only concentrate on during/after situations of downsizing and empowerment implementations. Based on the aim of the research, field experiment and survey methods were selected in order to collect data of study, and applied in two stages on the 126 subject in an international textile company. The results demonstrate that organizational commitment is increased at the beginning of both downsizing and empowerment processes. This finding is contains a significant distinction from the literature, which especially asserts a negative relation between downsizing and organizational commitment. Practical implications and directions for the future research are also discussed in this paper.

Keywords: Downsizing, Empowerment, Organizational Commitment
1. INTRODUCTION

For a long time, empowerment and downsizing are considered as effective modern management tools to achieve organizational efficiency by both scholars and practitioners. Indeed, many empirical findings support these appreciations. Additionally, many researchers still examine different effects of empowerment and downsizing on organizations, groups and individuals. Among them, organizational behavior literature on empowerment and downsizing, especially concentrate on the effects of these implementations on employee emotions, opinions and behaviors (in other words attitudes). In this context, organizational commitment is the one of the most examined variable in the behavioral literature.

In spite of that, it is quite obvious that literature on the relationship among empowerment, downsizing and organizational commitment is relatively inadequate. This assertion is based on two reasons:

Firstly, there are only limited number of researches exists that examine all three variable together and simultaneously (Niehoff, 2001; Ugboro, 2003; Ugboro, 2006). Considerable amount of studies examine only the relations of two variables. In this context, results of studies on relationship between downsizing and organizational commitment are generally indicate that downsizing affects commitment negatively (Armstrong-Stassen, 1998; Luthans and Sommer, 1999; Allen et al., 2001; Spreitzer and Mishra, 2002; Brockner et al., 2004; Travalgione and Cross, 2006). On the other side, results of studies on relationship between empowerment and organizational commitment are generally indicate that empowerment affects organizational commitment positively (Bogler and Somech, 2004; Somech, 2005, Liu, et al., 2007; Kyoo and Shim, 2010).

Secondly, studies that analyzing impact of downsizing/empowerment on organizational commitment are generally conducted either during or after situations of the downsizing/empowerment implementations. Thus, although results of these type researches valid in during or/and after situations, do not give any information about the beginning of process.

This is an important lack of knowledge for related literature by reason of organizational commitment is not only affected variable, but also a determinant factor of success or failure of downsizing/empowerment implementations. Therefore, it is a critical point, for both practitioners and scholars, to determine at which step organizational commitment is starting to increase or decrease.

1.1. Conceptual Framework of Empowerment

It is possible to assert that an organization is a field of power struggle, which under attack from outside and from within. Externally, heightened global competition, incredibly fast changes, new demands for quality and service, and limited resources demand quick responses from the organization. Internally, employees are feeling betrayed, let down, and burned out, as they feel frustrated by an organization that is making new demands on them and changing the rules of the game. At the same time, they are also demanding more meaning, more candors, and more fulfillments from their work (Dennis et al., 1991, p. 3).

As a consequence of that, organizations are demanding more from their employees than ever before. Higher customer expectations, increased globalization, more sophisticated technology, and other external or internal forces are a few of the conditions at work. Within this uphill battle conditions, traditional command and control based hierarchies are become increasingly less appropriate. Instead, employees must learn to take initiative, be creative, and accept responsibility for their actions. Thus, they need to be "empowered" (Quinn and Spreitzer, 1997, p. 37).

Since the 1970s the concept of empowerment has been adopted to promote the rights of ethnic and sexual minorities, for training and education programs as well as in organizational development programs, and by the feminist movement (Kuokkanen and Kilpi, 2000, p. 235). In the last decade, the concept has become a widely used management term (Lincoln et al. 2002, p. 271). In this context, by considering management and non-management literature distinction, the meaning of the empowerment might evaluate in two senses. Lincoln et al. (2002, p. 273) stated that non-management literature on empowerment might be summarized as defining the concept through a notion of powerlessness and oppression. However, in managerial sense, it is not easy to mention a single and commonly accepted definition of the concept.
Conger and Kanungo (1988, p. 474) defined the empowerment term, in motivational approach, as “a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing efficacy information”.

On the other hand, Thomas and Velthouse, in 1990 extended Conger and Kanungo’s approach to empowerment by introducing cognitive approach. They defined the term as increased intrinsic task motivation and developed a model that involves four cognitions as the basis for empowerment: sense of impact, competence, meaningfulness, and choice (Thomas and Velthouse, 1990, p. 666). These four variables, which were considered as dimensions of empowerment, might clarify as the following (Thomas and Velthouse, 199, pp. 672-673):

- **Sense of Impact**: This assessment refers to the degree to which behavior is seen as "making a difference" in terms of accomplishing the purpose of the task, that is, producing intended effects in one's task environment.
- **Competence**: This assessment refers to the degree to which a person can perform task activities skillfully when he or she tries.
- **Meaningfulness**: This assessment concerns the value of the task goal or purpose, judged in relation to the individual's own ideals or standards. In other words, it involves the individual's intrinsic caring about a given task.
- **Choice**: This last assessment involves causal responsibility for a person's actions.

1.2. Conceptual Framework of Downsizing

At least since the mid-1980s, employment downsizing has been regarded as the preferred route to improve corporate efficiency. Literally, dozens of articles have documented the phenomenon of corporate employment downsizing that has been occurring since the mid-1980s. Many of the articles have focused on the negative consequences to individuals, families, and communities of people losing their jobs. Others, particularly in the business press, have extolled the benefits of companies making themselves “lean and mean” (Morris, et al., 1999, p. 78).

In strict sense, downsizing refers to the planned elimination of positions or jobs (Cascio, 1993, p. 96). Some cuts are driven by reductions in labor demand following on from decreased demand for a firm’s products or services. Firms, however, may also reduce jobs even in environments in which demand is robust, seeking increased operating efficiencies (as technological changes provide opportunities to substitute capital for labor, or to organize work in new ways, for example) (Chadwick, et al., 2004, p. 405).

On the other hand, in broad sense it refers to a set of activities, undertaken on the part of the management of an organization and designed to improve organizational efficiency, productivity, and/or competitiveness. It represents a strategy implemented by managers that affects (a) the size of the firm's workforce, (b) the costs, and (c) the work processes (Cameron, 1994, p. 192).

According to DeWitt (1998), there are three downsizing methods, or selective resource reduction approaches are evident in the literature: retrenchment, downsizing, and downscoping. These approaches summarized as follow (DeWitt, 1998, pp. 60-61):

- **Retrenchment**: The first downsizing approach, retrenchment, maintains the firm's scope while maintaining or even augmenting its output. Retrenchment tactics include centralization and specialization of production, alteration of supplier relationships, and realignment of managerial responsibilities.
- **Downscaling**: The second downsizing approach, downscaling, is the use of permanent cuts in human and physical resources to maintain product line and market scope yet reduce output to bring supply in line with demand. Extended vacation shutdowns or temporary employee furloughs should not be confused with downsizing. Downscaling vacates competitive space and involves permanent sacrifice of scale advantages.
- **Downscoping**: The third downsizing approach, downscoping, directs reductions at the resources underlying variety in a firm's activities. As managers selectively shrink the firm's boundaries, its overall output may decrease. In addition, because downscoping reduces the complexity of a firm's product-market-technological position, the need for vertical and
horizontal differentiation is reduced. Thus, downscoping usually combines physical and human resource reductions with simplification of organizational systems or processes.

Studies of downsizing have also identified that there are three main players in the downsizing process: The organization, the remaining employees or ‘survivors’ and the departing employees or ‘victims’ (Clarke and Patrickson, 2001, pp. 64-65). Thus, these players just as important as other related internal or external factors, have a determinative effect on success or failure of downsizing process.

1.3. Conceptual Framework of Organizational Commitment

Commitment to work is a topic of long standing interest to management scholars, as evidenced by the proliferation of concepts (job involvement, etc.) designed to operationalize the construct (Morrow, 1983, p. 486). Since the 1960s, commitment concept continues to be one of the most exciting issues for both managers and researchers (Bhatnagar, 2000, p. 424).

Becker, in 1960, has noted that “the concept of commitment is widely used but has received little formal analysis” (Becker, 1960, p. 32), and attempted to crystallize the concept of commitment. Studies on definition of the concept after the Becker’s work were increasingly gravitated towards organizational perspective and this progress brought the measurement of commitment into question (Sezgin and Aşgar, 2012, p. 22).

Mowday et al. (1974) defined organizational commitment in terms of the strength of an individual’s identification with and involvement in a particular organization. In this study, they characterized organizational commitment by at least three factors: (a) a strong belief in and acceptance of the organization's goals and values; (b) a willingness to exert considerable effort on behalf of the organization; (c) a definite desire to maintain organizational membership (Mowday et al., 1974, p. 604). This study contributed to another important research by Mowday et al on organizational commitment in 1979. In this way, authors developed Organizational Commitment Questionnaire (OCQ), and introduced attitudinal approach to commitment literature.

In contrast to Mowday et al.’s intrinsic “need-satisfaction” perspective of attitudinal approach, Pfeffer and Salancik (1978) asserted behavioral approach, which focuses on extrinsic situational constraints like working conditions, goals, rewards, etc., for conceptualizing and measurement of organizational commitment (Sezgin and Aşgar, 2012, p. 22). They stated that “there have been relatively few attempts to explore situational constraints as alternative explanations for work attitudes and behaviors” (Pfeffer and Salancik, 1978, p. 224) and tried to explain the concept with regard to behavioral approach.

A different approach to organizational commitment developed by Allen and Meyer (1991). Authors gone beyond the existing distinction between attitudinal and behavioral approaches of past researches, and argued organizational commitment as a psychological state, has at least three separable components reflecting (a) a desire (affective), (b) a need (continuance), (c) an obligation (normative) to maintain employment in an organization (Allen and Meyer, 1991, p. 61).

According to Allen and Meyer, three-components of organizational commitment can conceptualize as follow (Allen and Meyer, 1991, pp. 82-83):

a) Affective commitment reflects a desire to maintain membership in an organization that develops largely as the result of work experiences that create feelings of comfort and personal competence.

b) Continuance commitment reflects a need to remain, and results from recognition of costs (e.g., existence of side bets, lack of alternatives) associated with leaving.

c) Normative commitment reflects an obligation to remain resulting from internalization of loyalty norm and/or the receipt of favors that require repayment.

2. METHODOLOGY

2.1. Developing the Research Design and Hypothesis

The present study was designed for the purpose of hypothesis testing on the basis of collecting data from individual level units of analysis, in a semi-natural setting and in a longitudinal time period. In this context, empowerment opportunity and downsizing threat were determined as independent variables,
and organizational commitment was determined as dependent variable. Within this context, two hypotheses were developed based on the aim of the research.

H1: Organization commitment of employees is positively differentiating in relation to empowerment opportunity.

H2: Organization commitment of employees is positively differentiating in relation to downsizing threat.

2.2. Data Collection Procedure and Sample

By considering the design of the research, field experiment and survey methods were used in order to collect data of study. In this context, the data set of the research was obtained in two stages.

At the first stage of research, a survey, which includes organizational commitment scale, was applied to the 150 employee in company. To measure dependent variable of research, organizational commitment scale (five-point Likert-type) with 18 items was used (1: I certainly disagree, 2: I do not agree, 3: I neither agree nor disagree, 4: I agree, 5: I certainly agree). This scale, which commonly used in literature, was developed by Allen and Meyer (1990) for the purpose of determining the degree of organizational commitment of employees in the context of affective, normative and continuance dimensions. After eliminating the questionnaires that were annulled or not returned, we were left with a final sample of 126 respondents. The response rate was 84% (126 usable questionnaires), an acceptable response rate for this kind of study.

After the first stage, data set was grouped in two by using simple random sample method, and groups were denominated as EP (empowerment group, n=63) and DP (downsizing group, n=63).

The second stage of research was conducted after 14 days. It was assumed that this time gap is adequate to prevent recalling items of the questionnaire. At the second stage of research, employee’s lists, which demonstrates who is in EP or DP groups were given to the official managers of the Human Resource Department of company. With this, employees were invited to the different meeting rooms, which are located in company, in order to apply experimental phase of research.

Within the meeting rooms, officials of the HRM department gave a briefing for 15 minutes to the groups. They explained to the EP group members that top management have been decided to putting empowerment process into practice within the company. Right after they give a presentation, which was priorly checked by researcher, on the benefits (impact, competence, meaningfulness and choice) of the empowerment for the employees. Lastly, they distributed the organizational commitment survey with company’s own billhead to the employees and stated to the EP group that top management team is going to make a final decision on putting empowerment into practice or not according to the given answers.

Similarly, other officials of the HRM department gave another briefing for 15 minutes to the DP group. They explained to the DP group members that top management have been decided to putting downsizing process into practice within the company because of the financial crisis. Then, they informed that they have to lay off 30 of them. With this, they explained, because of the criticality of the decision, they want to determine who will lay off by using a objective and fair process. They stated to the DP group that, they are going to distribute a questionnaire to employee, and according to the given answers they will make final decision on who will lay off and who will stay.

Hereby, both DP and EP groups filled up the survey, which is also be filled up 14 days ago. After the collecting questionnaires, subjects were informed about the experiment and by receiving their approvals the second stage of research was terminated. Additional information about the sample is shown in Table 1.

<table>
<thead>
<tr>
<th>Table 1: Information about Sample</th>
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<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Position</td>
</tr>
<tr>
<td>Blue-collar</td>
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</table>
3. FINDINGS

3.1. Reliability and Validity Analyses

In order to test validity of scales, primarily exploratory factor analysis, and after confirmatory factor analysis were implemented for variable. Additionally, reliability analyses performed both initial and final validity analyses. This is because of the conflict and different approaches on the sequence of validity and reliability analysis in the literature. Thus, it is approved to analyze both initial and final reliability in either case. In this regard, initial reliability and validity (EFA) analyses results and coefficients for scale are shown in Table 2.

Table 2: Initial Reliability and Validity (EFA) Results

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Item</th>
<th>Factor Loadings</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affective Commitment</td>
<td>OBduy1</td>
<td>.836</td>
<td></td>
</tr>
<tr>
<td></td>
<td>OBduy2</td>
<td>.831</td>
<td></td>
</tr>
<tr>
<td></td>
<td>OBduy3</td>
<td>.808</td>
<td></td>
</tr>
<tr>
<td></td>
<td>OBduy4</td>
<td>.838</td>
<td></td>
</tr>
<tr>
<td></td>
<td>OBduy5</td>
<td>.820</td>
<td></td>
</tr>
<tr>
<td></td>
<td>OBduy6</td>
<td>.770</td>
<td></td>
</tr>
<tr>
<td>Continuance Commitment</td>
<td>OBdev1</td>
<td>.752</td>
<td>n= 252</td>
</tr>
<tr>
<td></td>
<td>OBdev2</td>
<td>.742</td>
<td>KMO=.935</td>
</tr>
<tr>
<td></td>
<td>OBdev3</td>
<td>.815</td>
<td>Bartlett's Sph. X2= 3946,755</td>
</tr>
<tr>
<td></td>
<td>OBdev4</td>
<td>.691</td>
<td>p= 0.000</td>
</tr>
<tr>
<td></td>
<td>OBdev5</td>
<td>.798</td>
<td>Total Explained Variance= 74,519</td>
</tr>
<tr>
<td></td>
<td>OBdev6</td>
<td>.545</td>
<td>Factor Loadings&gt; .50</td>
</tr>
<tr>
<td>Normative Commitment</td>
<td>OBnor1</td>
<td>.627</td>
<td>α=.953</td>
</tr>
<tr>
<td></td>
<td>OBnor2</td>
<td>.832</td>
<td></td>
</tr>
<tr>
<td></td>
<td>OBnor3</td>
<td>.786</td>
<td></td>
</tr>
<tr>
<td></td>
<td>OBnor4</td>
<td>.783</td>
<td></td>
</tr>
<tr>
<td></td>
<td>OBnor5</td>
<td>.767</td>
<td></td>
</tr>
<tr>
<td></td>
<td>OBnor6</td>
<td>.746</td>
<td></td>
</tr>
</tbody>
</table>

Usually, a value of 0.70 in the Cronbach’s alpha is considered adequate in order to ensure reliability of the internal consistency of a questionnaire. Additionally, a rule of thumb is that the corrected item-total correlations for each item should preferably be .30 or higher. Cronbach’s alpha values of organizational commitment scale (α=.953), is adequate to ensure reliability. In addition, corrected item-total correlation value of each item is also sufficient (r>.30).

Within the exploratory factor analyses process, six items of affective commitment, six items of continuance commitment, and six items of normative commitment were entered into factor analysis. Factor loadings of items for each scale were found as <.50, which is above the accepted value, and cumulated in single factors as expected. Kaiser-Meyer-Olkin (KMO) values were found for each scale as <.70, which is above the accepted value. In other words, organizational commitment scale was loaded on three factors and explained 74.519% of the total variance. These results marked the homogeneous structure of the variables and the result of Bartlett Tests for each scale showed that the variables were suitable for factor analysis.

After the exploratory factor analyses, confirmatory factor analyses (CFA) were conducted for the scale using AMOS 20. The overall effectiveness of the measurement models was examined using six common model fit measures: normed X 2/DF (X 2to degree of freedom), goodness-of-fit index (GFI), adjusted goodness of fit index (AGFI), normalized fit index (NFI), comparative fit index (CFI), and root mean square error of approximation (RMSEA). Initial results of scale are shown in Table 3.

Table 3: Initial CFA Results
As seen in Table 3, according to initial CFA results, X2/DF, GFI, AGFI, NFI, CFI and RMSEA values of measurement model for organizational commitment are incompatible with fitting indices. Thus, in order to achieve a well-fitting model, the measurement model for organizational commitment in the CFA was revised.

Within the revision process for organizational commitment, four items (OBduy6, OBdev2, OBdev6, OBnor1) were removed because of large standardized residuals with other items, one at a time. Additionally, modification indices were examined and as a result of this examination, error terms of OBnor2 – OBnor3 and OBnor3 – OBnor5 were founded highly interrelated. Thus covariance was included to the model between error terms of these three items. After dropping two items, and adding covariance between two error terms, the measurement model for organizational commitment was exhibited overall good fit. Subsequent to revision process of CFA for organizational commitment, final results for scale are shown in Table 4.

As seen in Table 4, according to final CFA results, measurement models for scale are compatible with fitting indices. Reliability, factor loadings, construct validities and explained variances of measurement model are summarized in Table 5.

Consequently final results of reliability and validity analyses (EFA and CFA) are demonstrate that organizational commitment scale is totally reliable and valid.

### 3.2. Hypotheses Testing

Before declaring hypothesis test results, it is necessary to determine which testing methods (parametric or nonparametric) are available for the data analyzing process. Thus, in order to test distribution normality of data, One Sample Kolmogorov–Smirnov test applied to the scale. One sample
K-S test results demonstrate that the distribution of data is not normal. Thus, Wilcoxon analysis, which is available nonparametric method to test research hypothesis, is applied.

Table 6: Wilcoxon Analysis Results for H1

<table>
<thead>
<tr>
<th>N</th>
<th>Results</th>
</tr>
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<tbody>
<tr>
<td>Negative Ranks</td>
<td>20</td>
</tr>
<tr>
<td>Positive Ranks</td>
<td>42</td>
</tr>
<tr>
<td>Ties</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
</tr>
</tbody>
</table>

As seen in Table 6, after the perception of empowerment opportunity in the company, 20 employees’ ranks changed negatively, 42 employees’ ranks changed positively, and 1 employee remain initial situation. According to Wilcoxon analysis results for H1, which is suggesting that the organization commitment of employees is positively differentiating in relation to empowerment opportunity, is significantly supported ($p = 0.000$).

Table 7: Wilcoxon Analysis Results for H2

<table>
<thead>
<tr>
<th>N</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative Ranks</td>
<td>3</td>
</tr>
<tr>
<td>Positive Ranks</td>
<td>57</td>
</tr>
<tr>
<td>Ties</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
</tr>
</tbody>
</table>

As seen in Table 7 after the perception of downsizing threat in the company, only 3 employees’ ranks changed negatively, 57 employees’ ranks changed positively, and 3 employees remain initial situation. According to Wilcoxon analysis results for H2, which is suggesting that the organization commitment of employees is positively differentiating in relation to downsizing threat, is also significantly supported.

4. CONCLUSION AND DISCUSSION

The present study was conducted in an international textile company by using field experiment and survey methods with the purpose of analyzing organizational commitment at the beginning of the downsizing and empowerment processes. Thus, it contributes to the organizational commitment literature by filling an important gap.

Literature review shows that, there is not any this kind research has been conducted before. Thus, it is possible to state that the most distinctive feature of the present study is its semi-experimental methodology and its aim. As stated before, researches on effects of downsizing or empowerment on organizational commitment are only concentrated on the ongoing processes or ended-processes. Therefore, studies, which were examined downsizing and organizational commitment relation, generally find negative results. But the present study revealed that organizational commitment is increased at the beginning of the downsizing process. Similar results are also validated for the relation between empowerment and organizational commitment.
These results set light to initial phases of downsizing/empowerment processes. This is because both downsizing and empowerment need/demand committed employees at the implementation stage more than ever. Present study suggests that this necessity might be satisfied by effective management of organizational commitment at the beginning of the process.

Additionally, present study is an important attempt to contributing limited number of researches, which examining downsizing, empowerment and organizational commitment variables all together and simultaneously.

Based on the results of study, we call scholars of organizational behavior for more research on the link between empowerment, downsizing, other commitment types and different job attitudes by considering process phases (before, during, after) of implementations. In this regard, researches with cultural or sectorial comparative patterns are also needed for future studies in order to achieve a completely understanding on differences or similarities between variables. Additionally, different variables like job insecurity, existence of alternative job opportunities, conflict management, and organizational change might be added to research models in order to achieve more holistic results.

REFERENCE LIST


