

# ORGANIZATIONAL DOWNSIZING DURING ECONOMIC RECESSION: WORK VALUES OF SURVIVING AND NON-SURVIVING MANAGERS

## ABSTRACT

*This study compares work values of surviving and non-surviving managers during a period of general economic recession in Hong Kong associated with the Asian financial crisis. Excerpted from a larger investigation involving a longitudinal design, the current data set contains work values of ethnic Chinese Hong Kong managers employed by local companies. During the period of measurement from 1995 to 1998 there was considerable panel attrition presumably mainly due to organizational downsizing. This created two sub-samples, survivors and non-survivors. All variables concerning these two groups were measured in 1995. Results indicate that, as could have been expected, non-survivors were younger, less well educated, and had shorter tenure than the survivors. Perhaps surprisingly, non-surviving managers were found to occupy higher positions than the survivors. In terms of work values, survivors attached more importance to independence in work and to have influence in the organization than the non-survivors. On the other hand, non-surviving managers attached more importance to responsibility and to have an opportunity to meet people and interact with them than survivors. Implications of these findings are discussed in detail.*

## INTRODUCTION

Organizational downsizing and organizational decline has been frequent phenomena in recent decades due to fundamental and structural changes in the world economy. Whereas organizational downsizing is an intentional, proactive management strategy, organizational decline is an involuntary negative consequence of non-adjustment to adverse environmental circumstances. However, both phenomena may be associated with a reduction of the workforce

over time, both by layoff of staff and attrition because employees leave for better job opportunities elsewhere (Freeman and Cameron, 1993). Traditionally, research has focused either on macro- or micro-oriented issues and few contributions have tried to integrate the two approaches (Feldman, 1995; Bhattacharyya and Chatterjee, 2005). Macro-oriented research has tried to identify environmental and organizational characteristics associated with organizational shrinkage and pressure to downsize (cf. Kimberly and Miles, 1980; Hambrick and D'Aveni, 1988) while their micro-oriented colleagues typically have studied the impact on organizational downsizing on individual employees (cf. Markham and McKee, 1991; Mone, 1994). However, a situation not often studied is when staff reductions occur as a response to organizational decline associated with a general economic downturn or recession of the national or regional economy. In such a situation, there could be a need to integrate the macro and micro perspective as the pressure to reduce staff may be more uniformly felt by organizations across industries. At the same time, the general economic downturn provides specific circumstances for employees with less alternative job opportunities. On the other hand, organizations need to preserve their core competencies and hence must retain key staff members for organizational survival and post-crisis redevelopment (cf. Allen et al., 2001; Lee, 2001; Nutt, 2004). Consequently, although staff reductions may be perceived as unavoidable, they may be undertaken in a differentiated manner with the outcome that the surviving managers may have other personal characteristics compared to their non-surviving colleagues.

The purpose of the current exploratory study is to examine this issue. During a period of general economic decline, surviving and non-surviving managers are compared in terms of their work values. These are relevant individual characteristics since it is difficult to disentangle values from motivation and behavior. What one values, one is motivated to obtain

or retain. Hence, work values may reflect some crucial personal traits of managers. So, a comparison of work values of surviving and non-surviving managers could be important to undertake for several reasons. Firstly, staff reductions associated with a general economic deterioration is not very often reported in the literature and the various consequences of such events needs to be better understood. Secondly, most studies deal with the effects of lay-offs on either the individual workers being laid off (e.g. Mishra and Spreitzer, 1998; Allen et al., 2001) or the survivors (e.g. Krackhardt and Porter, 1985) and not the antecedents of the layoffs. Finally, focusing on both survivors and non-survivors – at a time before the crisis was evident – gives an unbiased perception of their differences in work values.

The location of the study was Hong Kong. It was handed over to China in 1997 after 155 years of British colonial rule. Hong Kong is a modern, mostly urban metropolis that epitomizes a prosperous capitalist society with a similar per capita GDP as Britain and it has a population of about 7 million (Roberts, 1992; Cheung and Chow, 1999). The Asian financial crisis, initiated by the collapse of the Thai baht on July 2, 1997, threw Hong Kong into one of its worst general economic recessions in modern times with record high unemployment and a collapsing property market and stock market (Ingram, 1998; Leung and Hayashibara, 1998)Wolf, 1999). The investigation covers the period 1995 to 1998, reflecting the situation before and during the worsening part of the recession in Hong Kong.

The rest of the paper proceeds with a literature review delving into the three main theoretical constructs of the study succeeded by the development and statement of the research question. The methodology applied in this investigation is outlined and the results are presented. The findings are discussed in detail noting limitations and implications of the results. The paper ends with the conclusions focusing on the contributions made to the literature.

## LITERATURE REVIEW

Three concepts are discussed as the main theoretical foundation for this study. Firstly, the activities associated with a reduction of the workforce of a firm, organizational downsizing and decline are dealt with. Secondly, the perception of the mutual obligations and expectations regarding the relationship between employer and employee, the psychological contract, is discussed. Finally, there is a presentation of the specific set of values associated with the work context, work values.

### **Organizational Downsizing and Decline**

Downsizing is a management strategy designed to improve organizational efficiency, productivity or competitiveness. It is an *intentional* organizational action differentiating it from the loss of market share, loss of revenues, or unwitting loss of employees that may occur during organizational decline. Downsizing also typically is associated with *reductions in personnel*, although other resources can also be cut. The focus of downsizing is to enhance the *efficiency or effectiveness* of the firm. It is either undertaken proactively or reactively to contain costs or to improve competitiveness. Hence, management may use downsizing as a defensive reaction to organizational decline or to enhance organizational performance. Either or, it is targeted at organizational improvement. Last, but not least, downsizing may impact work processes, intentionally or unintentionally. A reduced workforce means that fewer individuals are available to do the same amount of work. This may have an effect on what work gets done and in what way (Freeman and Cameron, 1993). The outcome could be overload, burnout, inefficiencies, conflict, and low morale (Brockner et al., 1994). Some

downsizing may also lead to a certain amount of organizational redesign through, for example, discontinuation of functions, collapsed hierarchical levels, merged units, redesigned tasks, etc. So, downsizing usually affects work processes, directly or indirectly (Freeman and Cameron, 1993).

Organizational decline is distinctly different from downsizing. Decline is a negative consequence of maladaptation to a dysfunctional environmental condition. In other words, decline happens *to* an organization and from a managerial perspective of the organization, it is *unintentional*. Organizational decline must not necessarily involve a reduction in workforce but may do so to match losses in revenues or production. In such a case, downsizing is applied in response to organizational decline. As opposed to downsizing, organizational decline is not targeting improvement but is instead often associated with deteriorated efficiency leading to staff attrition. Consequently, a reduced workforce over time may have occurred due to unintentional attrition (organizational decline) or as a result of intentional reductions targeting organizational improvement (downsizing) (Freeman and Cameron, 1993).

Reductions of the workforce of a firm may be associated with perceived violations of the psychological contract. This key concept is discussed below.

### **The Psychological Contract**

While the formal aspects of work are regulated by legal regulations both within the organizations and by national regulations, the psychological contract is used as a term to explain the complex and often implicit interplay of mutual obligations and expectations in the relationship between employer and employee (Kotter, 1973).

One reason why the term psychological contract has received renewed interest is the

quickenning pace of change in most organizations together with the globalization, which creates a work environment where it has become increasingly difficult to maintain stable psychological contracts (Lo and Aryee, 2003; Thomas, Au and Ravlin, 2003). The psychological contract might be most clearly identified is in situations where it for some reasons is breached, as when one of the parties are clearly at fault or when the general economic situation forces many companies towards lay-offs, restructuring, mergers, etc. (Westwood, Sparrow and Leung, 2001). Radically changing work conditions for the individual manager such as increasing work load, longer working hours, focus on value-added contributions, less clear strategic direction due to sudden strategic reorientation, intangible benefit reductions, etc. might easily be considered breaches of the psychological contract. While such breaches might entail several consequences, a breach of the psychological contract by employers has been specifically shown to decrease work performance and increase employees' turnover intentions (Lo and Aryee, 2003).

While some have proposed that the constant changes, outsourcing and industry-wide downsizing have permanently changed the nature of the psychological contract (Ghoshal and Bartlett, 2000) recent research has questioned whether this notion of job security has substantially changed (Beaumont and Harris, 2002). What is essential, however, is that it has been shown that work values shape the employees' perception and evaluations of the psychological contract (De Vos, Buyens and Schalk, 2005). This means that work values can be seen as antecedents, moderators and bases for response vis-à-vis the psychological contract (Thomas, Au and Ravlin, 2003). This is important since it is necessary for the organization to recreate the psychological contract after the crisis with the survivors, e.g. in the career structures (Evans, Gunz and Jalland, 1997). Therefore, a discussion of the theoretical construct of work values is warranted.

## **Work Values**

Numerous studies have examined work values, rewards, and their relationships with other work-related organizational behaviors, such as work commitment and job satisfaction (Kalleberg, 1977; Walker, Tausky and Oliver, 1982; Pinfield, 1984; Mottaz, 1986; Mottaz, 1988; Kanchier and Wally, 1989; Loscocco, 1989; Wood, Wallace and Zeffanc, 2000; Wong and Chung, 2003), stress and performance (Siu, 2003), and organizational citizenship (Ryan, 2002; Feather and Rauter, 2004). Before proceeding to review the concept of work values, it is necessary to give some initial attention to the meaning of values.

One of the most prominent and influential writers on values and value systems is Rokeach (1973) who defines a value as "an enduring belief". Central to these definitions is the fact that values and value systems are thought of in relative terms; values in terms of preferences for behaviors or end-states relative to their converses and value systems in terms of the relative importance of any given value relative to others in the system. Work values have subtle but powerful influence on work life (Hofstede and Bond, 1984).

Since values are created in most types of the social interaction, the workplace is one of the major social environments in which values are created, shared and developed. Roe and Ester (1999) have provided an extensive review of the literature concerning values and work making a distinction between general values, or general life values, and values concerning specific life domains. While this distinction seems to be commonly agreed on, there is some debate over the relations between the two: While some argue that work values represent a subset of the general values, others argue that "taking a more holistic view integrating work and non-work values, may be more productive" (Elizur and Sagie, 1999) by stressing the structural similarity between work values and general values. The most important factor, however, is that work

values cannot be examined independent of either organizational or national culture (Roe and Ester, 1999).

Therefore it can also be assumed that these work values could be relatively constant in crisis periods and thus it becomes crucial for organizations that people with the necessary or sought after work values are not lost for the organization in the general downsizing, since they may be crucial for the subsequent rebuilding of the company.

Furthermore, the changes in the psychological contract are likely to affect employees differently depending on the differences in their work values. Particularly times of stress will affect performance of employees with particular work values hard (Siu, 2003).

## **RESEARCH QUESTION**

In a general economic downturn or recession, involving the national or regional economy, other job opportunities may not be numerous and few employees may want to leave their current employment voluntarily. Hence, organizational downsizing involving staff reductions may be the main strategy employed to try to arrest the organizational decline and achieve survival of the firm (Freeman and Cameron, 1993).

Downsizing should preferably be done very carefully as it is crucial not to lay off the wrong employee. In the short run, a company needs staff members with a capability of saving the company. To a certain extent, in a longer perspective, employees capable of re-developing the business further are also needed. Hence, both short-term survival and longer term re-development are contingent on that the company succeeds in retaining the right people and only dismisses employees that can be expected to contribute less to these two crucial tasks. Strategies for successful downsizing may have some common ingredients encompassing such a

differentiated approach. Common components could include: Downsizing is undertaken based on recommendations from lower-level employees involving job and task analyses of how work is organized at the moment, use of both short-term (staff reduction) and long-term approaches (organization redesign and change of the organizational culture), using internal means to identify areas of redundancy and inefficiency and targeting such areas for downsizing, and slowly moving towards less organized complexity while retaining essential core competencies and supporting functions (cf. Cameron, Freeman and Mishra, 1991; Cascio, 1993; Nutt, 2004).

In other words, if the ability to deal with the crucial task of the imminent survival of the firm, as well as longer term re-development, is reflected among the personal characteristics of the remaining managers, it is not unlikely that surviving managers have different work values than the non-survivors. This presumption leads to the following research question:

**Research Question:** During periods of a general economic downturn or recession of the national or regional economy accompanied by downsizing of the work force of declining firms, do surviving and non-surviving managers have different work values?

## **METHOD**

### **Place of Investigation**

Hong Kong was the location of this study. It was handed over to China in 1997 after 155 years of British colonial rule. Hong Kong covers an area of 1,075 square kilometers, about the size of New York City, and it is located south of the Chinese mainland. Hong Kong is a modern, mostly urban metropolis that epitomizes a prosperous capitalist society with a similar per capita GDP as Britain. Currently it has a population of about 7 million, predominantly

comprised of the Cantonese dialect group mainly originating from the adjacent province of Guangdong in mainland China (Roberts, 1992; Cheung and Chow, 1999).

### **Economic Decline in the Late 90s**

With the collapse of the Thai baht on July 2, 1997, a chain reaction started Asia's economic turmoil to become known as the Asian financial crisis (Wolf, 1999). Hong Kong was less affected at first by this crisis, but less than a year after the handover to China, the economy had negative growth, unemployment had risen to a 15-year record of 4.5 per cent and property prices had collapsed an average of 40 per cent. Furthermore, the Hang Seng stock market index crashed from a high of more than 16,000 at its peak the previous year to below 7,000 (Ingram, 1998; Leung and Hayashibara, 1998). In 1998, Hong Kong experienced its first budget deficit which increased even further in 1999 (Economist, 2000). Tourism, one of the foundations of the Hong Kong economy, was hit. Being one of the few Asian economies not to devalue its currency, Hong Kong became one of the most expensive places in Asia (Economist, 1998). This along with the structural economic changes from a primarily industrial economy towards an economy based on the service sector (Siu, 2003), has undeniably brought some fundamental changes to people at all hierarchical levels.

Figure 1 provides quarterly economic data of the percentage change in GDP and unemployment rate for the studied period 1995–1998 and a few years before and after. From a stable strong growth pattern and a low unemployment rate before 1995, the GDP figures became slightly more unstable during the period up to 1998, when an abrupt change sent the Hong Kong economy into recession that lasted well into 1999. This trend change was accompanied by a steadily rising unemployment rate settling at a much higher level than before. Towards 1999, the economy started to rebound, shortly followed by a new fall in GDP

figures entering recession again in the latter half of 2001. However, this short economic upswing did not bring much improvement in the unemployment figures that remained at a relative high level to rise even further with the onset of the recession in 2001.

---

Insert Figure 1 about here

---

## **Data Collection**

The data used in this study was excerpted from a larger investigation involving a longitudinal three-panel, cross-cultural design. However, the current data set only contains ethnic Chinese Hong Kong managers employed by local companies. In the larger study, the work values of participants in this panel were measured in 1995 and 1998. Between those two measurements there was considerable panel attrition. Due to the adverse economic development in Hong Kong, many companies had a high staff turnover. A consistent reason for dropping out of the panel was that the managers had left their initial employment between the two measurements, voluntarily or involuntarily, and could not be traced. This created two sub-samples, those who stayed on and those who dropped out during the measurement period. The first group of managers will be labeled 'survivors' and the second group 'non-survivors'. In this study, all variables concerning these two groups were measured in 1995.

Although all measurements were applied on an individual level, the selection of units was undertaken on the organizational level. This was done to ensure representativeness and to facilitate the interviewing procedure, since respondents could be accessed in groups as well as individually. To limit non-response and response errors, all measurements were carried out

through personal appointments, during which questionnaires were completed while a research associate waited to collect the completed instrument.

Surviving managers had a mean age of 34.92 years (SD=8.36) and an average tenure with their firms of 8.65 years (SD=9.62). The average age of the non-survivors was younger, 30.49 years (SD=6.34). They also had a shorter corporate tenure of 4.88 years (SD=6.66). As displayed by Table 1, although the majority was male for both survivors and non-survivors, the overwhelming majority of the survivors were middle and top level managers while a clear majority of the non-survivors was first and middle level managers. Also, while the majority of the non-survivors were university graduates, most survivors had another educational qualification. As displayed by Table 2, a MANOVA and ANOVA confirmed that there were significant differences in age, education, position, and tenure between surviving managers and non-survivors. These variables will be used as controls in the analysis.

---

Insert Table 1 about here

---

---

Insert Table 2 about here

---

## **Instrument**

The questionnaire used the 24-item instrument on general work values developed by Elizur

(1984), which has been thoroughly tested in various cultural contexts (Borg, 1986; Elizur et al., 1991) and is therefore appropriate for the this study. The scale was administered to all respondents in its original English version. The questionnaire covers a wide variety of values categorized as *cognitive* (e.g. interest), *affective* (interpersonal relations) or *instrumental* (material outcomes). The same values also comprise a secondary classification, based on a distinction between *rewards* (pay, recognition, feedback, advancement and status) and *resources* (the remaining items).

The scale range is from 1 to 7 (1 = very unimportant; 7 = very important). The reliability score is  $\alpha = .84$ , which is acceptable (Nunnally, 1978).

## RESULTS

Our research question was formally tested by means of MANCOVA and ANCOVA. As shown in Table 3, the MANCOVA with age, education, position and tenure as covariates indicated an overall significant inter-group difference in work values between surviving managers and non-survivors ( $F=4.01$ ;  $p<.01$ ). ANCOVAs revealed four statistically significant differences among the mean importance of the work values between the two groups. Surviving managers had a higher mean score than non-survivors for *independence in work* ( $F=64.27$ ;  $p<.001$ ) and *influence in the organization* ( $F=3.98$ ;  $p<.05$ ). On the other hand, non-survivors had a higher mean score than surviving managers for *opportunity to meet people and interact with them* ( $F=3.30$ ;  $p<.10$ ) and *responsibility* ( $F=3.21$ ;  $p<.10$ ). These results provide an affirmative answer to our research question that during periods of a general economic downturn or recession of the national or regional economy accompanied by downsizing of the work force of declining firms, surviving and non-surviving managers may have different work values, at least in certain respects.

---

Insert Table 3 about here

---

## **DISCUSSION**

Examining the background variables of the two groups of managers, as could have been expected, non-survivors were found to be younger, less well educated, and have shorter tenure than the survivors. The only surprise here was that non-surviving managers occupied higher positions than the survivors. One may speculate that younger managers with shorter tenure but with experience of higher managerial positions may have felt more mobile and also more attractive for the job market than older managers already since long established in a middle position in a company. This is not consistent with a study of US managers (Fee and Hadlock, 2004) which found that there was no difference in turnover rates between CEOs and other managers. However, this might be explained by the greater power distance in the Hong-Kong setting (Hofstede, 1997), where top managers might act as buffers in absorbing some of the insecurity.

The main results are quite straightforward. Controlling for the inter-group discrepancies in background variables, we found that there was indeed a difference in work values between the surviving and non-surviving managers. The most distinct difference between these two groups of managers was in terms of the work value labeled *independence in work*. Survivors attached much more importance to this work value than non-survivors. This may reflect the change in working conditions brought about by the increasingly adverse economic conditions. The individual competency of surviving managers may be threatened as they have to assume the

job tasks of their laid-off colleagues which may induce perceptions of job overload and lack of job clarity (Mishra and Spreitzer, 1998). In a context of rising uncertainty, when clear work directions may be scarce, managers that are able to perform independently may be more successful and better appreciated than others. Managers valuing independent work may also be more acutely needed to save the firm during the general economic downturn. The traditional authoritarian management style in Hong Kong, associated with a relatively high power distance (Hofstede, 1997), may be less effective in a desperate situation when overwork is combined with both less familiar and more unstructured work tasks for the individual employee. This is a fundamental finding with important potential implications for firms weathering hard economic times.

Other findings were not as significant but help to create a more nuanced picture: Not surprisingly, the surviving managers also thought it was more important to have *influence in the organization* than the non-survivors. Presumably, that is likely to be related to a more active and flexible attitude towards the psychological contract which may have contributed to their survival.

On the other hand, the group of non-surviving managers attached somewhat more importance to *responsibility* than survivors. This can easily be argued to be closely linked to the psychological contract in that responsibility is typically given and taken in a vertical relationship in the organization in the same informal manner as the psychological contract (Guest, 2004). Therefore managers placing importance on responsibility are more at risk in reacting negatively to breaches of the psychological contract with adverse affect on performance or job satisfaction.

The group of non-surviving managers also attached somewhat more importance to have an

*opportunity to meet people and interact with them* than survivors, which may be explained by the fact that some of the non-surviving managers actively could have used their contacts to try to find another job.

Three of these group differences are among the *cognitive* work values (e.g. interest) and only one inter-group discrepancy can be found among the *affective* work values (interpersonal relationships) and none for the *instrumental* work values (material outcomes). It is notable that even in a relationship-based cultural context as Hong Kong (Siu, 2003), affective work values may not be helpful in keeping a job.

## **Limitations**

As always, the findings of this study may have some potential shortcomings affecting their interpretation and generality. Firstly, the total sample of managers is not large, and the resulting number of managers in each group is small, especially the set of non-survivors. Although the MANOVA indeed indicated a significant inter-group difference, it is not unlikely that the indicated work value differences represent a conservative estimate of such differences between survivors and non-survivors. Similar to most statistical tests, the results of multivariate tests is contingent upon, among other things, the sample size. It has been claimed, that it could be quite problematic to identify effects, if they actually exist, in smaller sample sizes than 50 (Hair et al., 1995).

Secondly, while the managers that were no longer with their respective company in 1998 could have left their firms for a number of reasons, there was likely two main justifications. Either they left voluntarily by their own initiative or they were dismissed. It is not completely unlikely that dissatisfaction created by changing work conditions might have generated some employee turnover (Hom and Kinicki, 2001). However, given the severe economic recession in

Hong Kong, at least at the end of the period of study, severely restricting the availability of alternative employment opportunities, it is more likely that a majority of the non-survivors were laid off.

Finally, the uniqueness of the location of the study may impose some limitations in the generality of our results. Although Hong Kong is a modern, mostly urban metropolis that epitomizes a prosperous capitalist society, as stated above, it is also part of a cultural context distant from those of many Western locations of a similar size and character. Acknowledging this, it may be reasonable to claim that the findings may have some relevance for locations with a similar cultural environment, as for example other places in Asia. However, it could be less appropriate to generalize these findings to other areas.

## **Implications**

There are both theoretical and practical implications of these findings. Theoretically, in times of change, specifically in adverse economic situations, the findings seem to suggest that some managers might have trouble adapting or renegotiating their psychological contracts. Furthermore, the region wide recession which forms the framework of this research, gives some interesting implications for the understanding of the importance of work values since the breach of the psychological contract would typically not entail a voluntary change of jobs or career path. This bridges the micro/macro gap in understanding the differences between individual managers in the context of organizations decline. Finally, the findings of this research illustrates the intricate interplay between work values in times of changes in the psychological contract.

In practical terms, the findings suggest that it is not necessarily the least independent managers that remain in the organization. That may have some consequences for the strategic retention of

managerial staff. In times of general economic decline of the national or regional economy, companies may want to retain managers that can help them survive the period of hardship and they are helped in doing so by the lack of alternative employment. That may counteract the creation of a so called “cesspool syndrome” as proposed by Bedeian and Armenakis (1998). They argued that the most competent employees may quit voluntarily, leaving behind more inefficient and incompetent colleagues who will hasten the demise of the organization. From that perspective, it is encouraging to find that managers who remained on their jobs especially valued *independence in work*. That type of work value could be useful in a crisis situation when individual initiatives of managers may become a valuable asset to any organization. With reduced hierarchies and a decreased number of managers, downsized firms may rely more on trust and empowerment (Mishra and Spreitzer, 1998).

Future studies within this area may both try to improve on the limitations of this study and expand its scope. Although it is a difficult task, a more efficient handling of the longitudinal investigation would be beneficial. For obvious reasons, individuals may be reluctant to commit themselves to longitudinal studies. However, sufficient statistical power is necessary for more definite results of future studies. Although companies typically try to protect information regarding employer-employee relationships and details on the termination of such relations, more effort could profitably be spent by investigators of further studies to uncover reasons why employment relationships were terminated. To enhance the external validity of future studies, other than Asian locations may be selected. An expansion of the scope of this type of studies could be undertaken by expanding the range of work values investigated and also include other personal characteristics of the employees relevant to the firm and its operations during general economic downturns. Another change of scope would entail an investigation of individual firms that are not subjected to organizational decline as a result of general economic

recessions, but which suffer from other hardships not necessarily affecting other businesses in their respective industries.

## CONCLUSION

The contribution of this highly exploratory study lies in the potentially reassuring message to business firms experiencing general economic downturns of the national or regional economy that surviving managers may have some key characteristics that could be necessary to ride out the crisis. This is different from the traditional perspective suggesting that companies in dire straits may lose their best and brightest first (cf. Bedeian and Armenakis, 1998).

## REFERENCES

- Allen, T. D., Freeman, D. M., Russell, J. E. A., Reizenstein, R. and Rentz, J. O. (2001). "Survivor reactions to organizational downsizing: Does time ease the pain?" *Journal of Occupational & Organizational Psychology* **74**(2): 145-165.
- Beaumont, P. and Harris, R. (2002). "Examining white-collar downsizing as a cause of change in the psychological contract: Some UK evidence." *Employee Relations* **24**(4): 378-388.
- Bedeian, A. G. and Armenakis, A. A. (1998). "The cesspool syndrome: How dreck floats to the top of declining organizations." *Academy of Management Executive* **12**(1): 58-64.
- Bhattacharyya, S. and Chatterjee, L. (2005). "Organizational downsizing: From concepts to practices." *Vikalpa: The Journal for Decision Makers* **30**(3): 65-79.
- Borg, I. (1986). "A cross culture replication on elizur's facets of work values." *Multivariate Behavioral Research* **21**: 401-410.
- Brockner, J., Konovsky, M., Cooper-Schneider, R., Folger, R., Martin, C. and Bies, R. J. (1994). "Interactive effects of procedural justice and outcome negativity on victims and survivors of job loss." *Academy of Management Journal* **37**(2): 397-410.
- Cameron, K. S., Freeman, S. J. and Mishra, A. K. (1991). "Best practices in white-collar downsizing: Managing contradictions." *Academy of Management Executive* **5**(3): 57-74.

- Cascio, W. F. (1993). "Downsizing: What do we know? What have we learned?" *Academy of Management Executive* **7**(1): 95-105.
- Cheung, G. W. and Chow, I. H. (1999). "Subcultures in Greater China: A comparison of managerial values in the people's republic of China, Hong Kong, and Taiwan." *Asia Pacific Journal of Management* **16**: 369-387.
- De Vos, A., Buyens, D. and Schalk, R. (2005). "Making sense of a new employment relationship: Psychological contract-related information seeking and the role of work values and locus of control." *International Journal of Selection and Assessment* **13**(1): 41-52.
- Economist (1998). "Business: The lunchbox tourists." *Economist*. **349**: 67-68.
- Economist (2000). "Asia: Atonement day." *Economist*. **354**: 50.
- Elizur, D. (1984). "Facets of work values: A structural analysis of work outcomes." *Journal of Applied Psychology* **69**: 379-389.
- Elizur, D., Borg, I., Hunt, R. and Magyari-Beck, I. (1991). "The structure of work values: A cross-cultural comparison." *Journal of Organizational Behavior* **12**: 21-38.
- Elizur, D. and Sagie, A. (1999). "Facets of personal values: A structural analysis of life and work values." *Applied Psychology: An International Review* **48**(1): 73-87.
- Evans, M. G., Gunz, H. P. and Jalland, R. M. (1997). "Implications of organizational downsizing for managerial careers." *Canadian Journal of Administrative Sciences* **14**(4): 359-372.
- Feather, N. T. and Rauter, K. A. (2004). "Organizational citizenship behaviours in relation to job status, job insecurity, organizational commitment and identification, job satisfaction and work values." *Journal of Occupational Psychology* **77**: 81-94.
- Fee, C. E. and Hadlock, C. J. (2004). "Management turnover across the corporate hierarchy." *Journal of Accounting and Economics* **37**(1): 3-38.
- Feldman, D. C. (1995). "The impact of downsizing on organizational career development activities and employee career development opportunities." *Human Resource Management Review* **5**(3): 189-222.
- Freeman, S. J. and Cameron, K. S. (1993). "Organizational downsizing: A convergence and reorientation framework." *Organization Science* **4**(1): 10-30.
- Ghoshal, S. and Bartlett, C. (2000). *The individualized corporation*. London, Random House.
- Guest, D. E. (2004). "The psychology of the employment relationship: An analysis based on the psychological contract." *Applied Psychology: An International Review* **53**(4): 541-556.
- Hair, J. F. J., Anderson, R. E., Tatham, R. L. and Black, W. C. (1995). *Multivariate data*

*analysis*. New Jersey, Prentice-Hall, Inc.

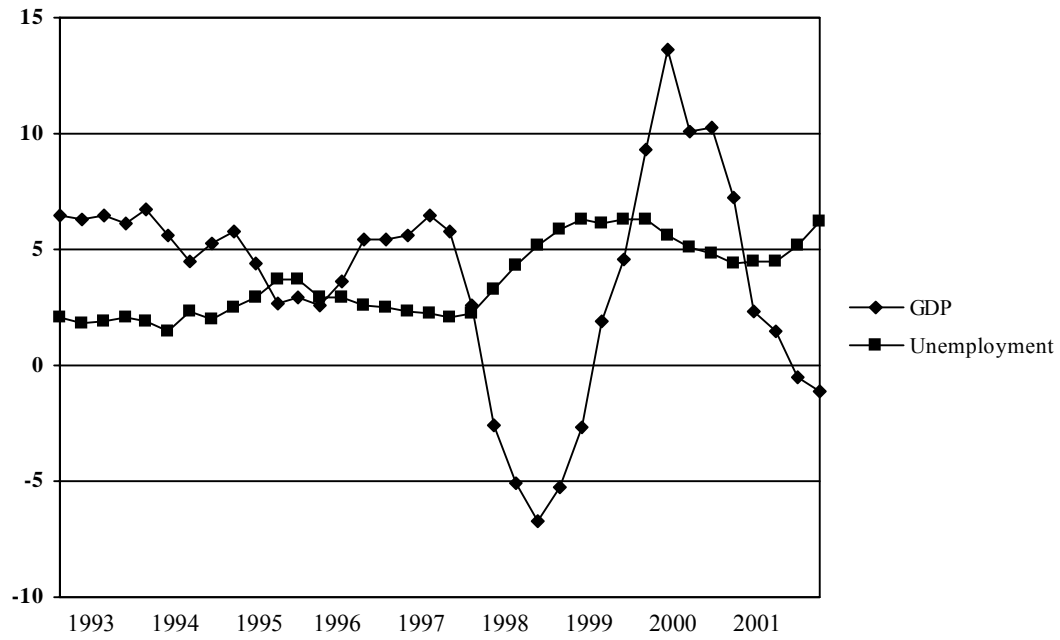
- Hambrick, D. C. and D'Aveni, R. A. (1988). "Large corporate failures as downward spirals." *Administrative Science Quarterly* **33**(1): 1-23.
- Hofstede, G. and Bond, M. H. (1984). "Hofstede's culture dimensions: An independent validation using Rokeach's value survey." *Journal of Cross-Cultural Psychology* **15**: 417-733.
- Hofstede, G. H. (1997). *Cultures and organizations: Software of the mind*. New York; London, McGraw-Hill.
- Hom, P. W. and Kinicki, A. J. (2001). "Toward a greater understanding of how dissatisfaction drives employee turnover." *Academy of Management Journal* **44**(5): 975-987.
- Ingram, D. (1998). "Hong Kong (round table): April (346): 124-125.
- Kalleberg, A. L. (1977). "Work values and job rewards: A theory of job satisfaction." *American Sociological Review* **42**(1): 124-43.
- Kanchier, C. and Wally, R. U. (1989). "Factors influencing career change." *International Journal for the Achievement of Counselling* **12**(4): 309-321.
- Kimberly, J. and Miles, R. (1980). *The organizational life cycle*. San Francisco, CA, Jossey-Bass Publishers.
- Kotter, J. P. (1973). "The psychological contract: Managing the joining-up process." *California Management Review* **15**(3): 91-100.
- Krackhardt, D. and Porter, L. W. (1985). "When friends leave: A structural analysis of the relationship between turnover and stayers' attitudes." *Administrative Science Quarterly* **30**(2): 242-261.
- Lee, G. (2001). "Towards a contingent model of key staff retention: The new psychological contract reconsidered." *South African Journal of Business Management* **32**(1): 1-10.
- Leung, J. and Hayashibara, M. (1998). "In the line of fire." *Asian Business* **34**(9): 22-29.
- Lo, S. and Aryee, S. (2003). "Psychological contract breach in a Chinese context: An integrative approach." *Journal of Management Studies* **40**(4): 1005-1020.
- Loscocco, K. A. (1989). "The instrumentally oriented factory worker: Myth or reality?" *Work and Occupations* **16**(1): 3-25.
- Markham, S., E. and McKee, G. H. (1991). "Declining organizational size and increasing unemployment rates: Predicting employee absenteeism from within- and between-plant perspectives." *Academy of Management Journal* **34**(4): 952-966.
- Mishra, A. K. and Spreitzer, G. M. (1998). "Explaining how survivors respond to downsizing: The roles of trust, empowerment, justice, and work redesign" *Academy of Management*

*Review* **23**(3): 567-589.

- Mone, M. A. (1994). "Relationships between self-concepts, aspirations, emotional responses and intent to leave downsizing organizations." *Human Resource Management* **33**: 281-298.
- Mottaz, C. J. (1986). "Gender differences in work satisfaction, work-related rewards and values, and the determinants of work satisfaction." *Human Relations* **39**(4): 359-377.
- Mottaz, C. J. (1988). "Determinants of organizational commitment." *Human Relations* **41**(6): 467-482.
- Nunnally, J. (1978). *Psychometric theory*. New York, NY, McGraw-Hill.
- Nutt, P. C. (2004). "Organizational de-development." *Journal of Management Studies* **41**(7): 1083-1103.
- Pinfield, L. T. (1984). "A comparison of pre- and post-employment work values." *Journal of Management Studies* **10**(3): 363-370.
- Roberts, D., Ed. (1992). "*Hong kong 1992: A review of 1991*". Hong Kong, Government Information Services: Hong Kong.
- Roe, R. A. and Ester, P. (1999). "Values and work: Empirical findings and theoretical perspective." *Applied Psychology: An International Review* **48**(1): 1-21.
- Rokeach, M. (1973). *The nature of human values*. New York, Free Press.
- Ryan, J. J. (2002). "Work values and organizational citizenship behaviors: Values that work for employees and organizations." *Journal of Business and Psychology* **17**(1): 123-132.
- Siu, O.-I. (2003). "Job stress and job performance among employees in Hong Kong: The role of Chinese work values and organizational commitment." *International Journal of Psychology* **38**(6): 337-347.
- Thomas, D. C., Au, K. and Ravlin, E. C. (2003). "Cultural variation and the psychological contract." *Journal of Organizational Behavior* **24**(5): 451-471.
- Walker, J. E., Tausky, C. and Oliver, D. (1982). "Men and women at work: Similarities and differences in work values within occupational grouping." *Journal of Vocational Behavior* **20**: 7-36.
- Westwood, R., Sparrow, P. and Leung, A. (2001). "Challenges to the psychological contract in Hong Kong." *International Journal of Human Resource Management* **12**(4): 621-652.
- Wolf, C., Jr. (1999) "Asia gets back on its feet." Hoover Digest Volume, DOI:
- Wong, C. S. and Chung, K. M. (2003). "Work values of Chinese food service managers." *International Journal of Contemporary Hospitality Management* **15**(2): 66-75.
- Wood, J., Wallace, J. and Zeffanc, R. M. (2000). *Organizational behavior: A global*

*perspective.* Singapore, John Wiley & Sons.

Figure 1. Hong Kong GDP Growth and Unemployment Rate, 1993 – 2002



**Table 1. Background of the Sub-samples**

Background Variables	Survivors 1995-1998 <sup>1</sup>		Non-survivors 1995-1998 <sup>2</sup>	
	Frequency	Percent	Frequency	Percent
<b>Gender:</b>				
Male	50	68.5	23	56.1
Female	23	31.5	18	43.9
<b>Position:</b>				
First Level Management	8	11.0	17	41.5
Middle Level Management	47	64.4	23	56.1
Top Level Management	18	24.7	1	2.4
<b>Education:</b>				
Other	41	56.2	4	10.0
Professional Qualification	14	19.2	3	7.5
University Degree	18	24.7	33	82.5

<sup>1</sup> Measured in 1995;  $72 \geq n \geq 73$

<sup>2</sup> Measured in 1995;  $40 \geq n \geq 41$

**Table 2. MANOVA and ANOVA for Demographics by Survivors/Non-survivors 1995-1998 (n = 113)**

Demographics <sup>1</sup>	Survivors <sup>2</sup> Mean (SD)	Non-survivors <sup>3</sup> Mean (SD)	Multi-variate Effect	Uni-variate Ratios	F-
			2.70*		
Age	34.92 (8.36)	30.49 (6.34)			8.66**
Education <sup>4</sup>	1.69 (.85)	1.32 (.69)			5.43*
Gender <sup>5</sup>	1.32 (.47)	1.44 (.50)			2.04
Position <sup>6</sup>	2.14 (.58)	2.39 (.54)			5.04*
Tenure	8.65 (9.62)	4.88 (6.24)			4.80*

<sup>1</sup> Measured in 1995

<sup>2</sup>  $n = 72$

<sup>3</sup>  $n = 41$

<sup>4</sup> 1 = Other, 2 = Professional Qualification, 3 = University Degree

<sup>5</sup> 1 = Male, 2 = Female

<sup>6</sup> 1 = First Level Management, 2 = Middle Level Management, 3 = Top Level Management

\*  $p < .05$ , \*\*  $p < .01$

**Table 3. MANCOVA and ANCOVA for Work Values by Survivors/Non-survivors 1995-1998 (n = 113)**

<i>Work Values</i> <sup>1</sup>	<i>Survivors 1995-1998</i> <sup>2</sup> <i>Mean (SD)</i>	<i>Non-survivors 1995-1998</i> <sup>3</sup> <i>Mean (SD)</i>	<i>Multi- variate Effect</i>	<i>Uni-variate F- Ratios</i>
			4.01**	
<b><i>Cognitive</i></b>				
Advancement, chances for promotion	5.96 (.86)	6.10 (.70)		.01
Feedback, concerning the results of your work	5.93 (.83)	5.98 (.76)		.40
Job status	5.76 (.70)	5.71 (.81)		.68
Achievement, in work	6.10 (.63)	6.17 (.63)		.02
Job interest, to do work which is interesting to you	5.94 (.84)	5.85 (.99)		.95
Meaningful work	5.94 (.77)	6.02 (.72)		1.02
Opportunity for personal growth	5.94 (.71)	6.15 (.94)		.06
Use of ability, and knowledge in your work	6.06 (.71)	5.90 (.89)		.92
Responsibility	6.07 (.61)	6.24 (.62)		3.21 <sup>†</sup>
Contribution to society	5.54 (1.07)	5.22 (1.06)		1.41
Independence in work	5.69 (.90)	3.80 (1.42)		64.27***
Company, to be employed by a company for which you are proud to work	5.39 (.94)	5.37 (1.02)		.13
Influence in work	5.63 (.90)	5.66 (.91)		.00
Influence in the organization	5.56 (.85)	5.24 (.86)		3.98*
<b><i>Affective</i></b>				
Recognition for doing a good job	5.85 (.69)	6.02 (.72)		.76
Co-workers, fellow workers who are pleasant and agreeable	5.64 (.97)	5.59 (.92)		.73
Esteem, that you are valued as a person	5.97 (.86)	6.07 (.79)		.08
Opportunity to meet people and interact with them	5.33 (1.26)	5.83 (1.00)		3.30 <sup>†</sup>
Supervisor, a fair and considerate boss	5.92 (.93)	6.07 (.93)		.19
<b><i>Instrumental</i></b>				
Pay, the amount of money you receive	5.61 (.70)	5.76 (.83)		.78
Benefits, vacation, sick leave, pension, insurance, etc.	5.36 (1.10)	5.63 (1.04)		1.23
Job security, permanent job	5.51 (1.15)	5.41 (1.22)		.02
Convenient hours of work	4.88 (1.38)	5.05 (1.38)		.39
Work conditions, comfortable and clean	5.33 (1.14)	5.41 (1.07)		.01

<sup>1</sup> Measured in 1995<sup>2</sup> n = 72<sup>3</sup> n = 41<sup>†</sup> p < .10, \* p < .05, \*\*\* p < .001