Downsizing Survivors and their Post-Era Behavior

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AUTHOR: Petra Karjalainen & Jonna Maria Tyynelä
TUTOR: Imran Nazir
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“Isn’t it funny how day by day nothing changes but when you look back everything is different?”

C.S. Lewis
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Pethra Karjalainen            Jonna Maria Tynneli
Abstract

The interest towards managing structural change successfully through downsizing activities has increased as a result of globalization and the recent economic, technological and demographic changes occurring across Europe. As a result of downsizing activities companies often break a Psychological Contract that an employee has established with the organization when starting the employment contract. This results in employees experiencing negative feelings, lack of motivation, inability to re-motivate oneself after the downsizings and uncertainty about one’s future within the organization. If an employee is unable to rebuild the psychological contract, one might decide to resign from the organization as a consequence. Since employees are companies most valuable asset for companies and the key asset to remain competitive, companies should focus on preventing the violation of the psychological contract. The purpose of this study is to understand why some downsizing survivors decide to voluntarily resign during the post-downsizing era. A collective case study was conducted in a form of interviews from two cases. The results from the primary and secondary data illustrated that employees who are unable to rebuild the psychological contract are more likely to voluntarily resign.

Keywords:

Change Management, Psychological Contract, Downsizing Survivors
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1. Introduction

In this section, we outline the background to the topic of this thesis. The problem and purpose of the thesis are presented along with the research question. Furthermore we provide definitions, and present the thesis disposition.

1.1. Background

The volatile and highly competitive business environment that organizations are faced with nowadays requires organizations to continuously adapt to change (Hodges & Gill, 2015). Change is no longer a sudden event, instead it is constant in nature and continuously present (Hodges & Gill, 2015). Factors driving change include societal, economic, environmental and technological forces such as globalization, fluctuations in the global economy, climate changes, changes in longevity and demographics, technological development, high competition, and the expansion of the knowledge economy (Clegg & Walsh, 2004; Andriopoulos & Dawson, 2009; Hodges & Gill, 2015). A core competence for organizations to stay competitive is the ability to implement these changes effectively (Hodges and Gill, 2015). However, an extensive amount of literature claims that organizations often fail to adapt to change successfully (Hodges and Gill, 2015).

The worldwide economic crisis that started in 2008 forced many organizations to implement Transformational Change by restructuring the organization (Hodges & Gill, 2015). The most common method for restructuring became the process of Organizational Downsizing which usually aims to cut costs by reducing the amount of personnel in an organization (McDevitt, Giapponi & Houston, 2013). The individual aspect of downsizing is often outweighed by the short term economic goals of the organization (Hodges & Gill, 2015). However in the long-run the human challenges of downsizing can be detrimental to the success of the organization. Not only does the downsizing affect the victims of layoffs but also it affects the employees who stay in the organization after the downsizing, these employees being called the survivors (Hodges & Gill, 2015). It has been studied that in fact the survivors of downsizing are more negatively affected in the long run than the victims who are laid off (Sahdev, 2004). This is due to the fact that the organization breaks a Psychological Contract between the employer and
employee (Conway & Briner, 2005). The psychological contract is described as a nonverbal and unwritten contract held by the employee regarding the promises made of reciprocal obligations that the employee and organization have towards one another (Dhanpat, & Parumasur, 2015). Dhanpat and Parumasur (2015) claim that the violation of the psychological contract results in a decrease of the employees’ willingness to work within the organization, lowers organizational commitment and increases the likelihood of the employee leaving the organization. Sahdev (2004) claims that strategies to re-establish the psychological contract remains as a challenge.

1.2. Problem

Guest and Conway (2002) argue that the psychological contract theory is increasingly used as a framework when conducting research on employment relationships. The literature regarding psychological contracts between the employee and organization has grown during the recent years, however the phenomenon of the employees experiencing a violation of the psychological contract has not been extensively researched. Arnold (1996) states that the concept of the psychological contract includes several unresolved conceptual and empirical issues, and even though the psychological contract is a valuable concept, it needs more careful definition and more strict testing.

Especially literature that focuses on the post era of the contract violation lacks empirical research and the topic has only recently been studied by scholars (Tomprou, Rousseau & Hansen, 2015). More research is needed on how the violated contract can be re-established as the breach and violation of psychological contract are present in today’s volatile business environment (Conway & Briner, 2005).

The Psychological Contract Theory has been used for studying the behaviour and attitudes of individuals who have experienced downsizings. However the research is mostly focused on the victims of downsizings instead of the survivors who remain in the company. Therefore, more research should focus on the survivors of downsizing and their psychological contracts, since employees remaining within organizations are the key asset for staying competitive. We also identified some researchers arguing that a portion of downsizings survivors eventually voluntarily resign from organizations. However the literature lacks comprehensive research about this phenomenon and its’ connection to the psychological contract theory (Tomprou et al., 2015).
1.3. Purpose

The purpose of this thesis is to understand the behaviour of downsizing survivors, who are influenced by the organizational downsizings. More specifically, we aim to understand the reasons that cause some downsizing survivors to resign voluntarily from organizations after experiencing and surviving downsizings.

To fulfill our purpose, we will apply relevant parts from the Psychological Contract Theory, which is increasingly used as a framework when conducting research on employment relationships (Guest and Conway, 2002). In combination with this, a Collective Case study Method is conducted accordingly to Stake (1995).

1.4. Research Question

Our goal in terms of research questions is to discover:

• Why do some downsizing survivors decide to leave the organization on one’s own initiative?

1.5. Definitions

**Downsizing** is an action executed by organizations to gain profitability by reducing the number of employees (Hodges & Gill, 2015).

**Psychological Contract** is an unwritten agreement between the employee and organization regarding the reciprocal obligations that the parties have towards one another (Rousseau, 1989).

**Psychological contract breach** is a prior stage of the psychological contract violation. In this stage an employee perceives the discrepancy between the reciprocal obligations (Conway & Briner, 2005; Morrison & Robinson, 1997).
**Psychological contract violation** is an emotional and affective state experienced by the employee after they have recognized that the organization has failed to fulfill the obligations promised. It is defined as inherently perceptual, meaning that when we refer to the term violation we are talking about violation as an experience of the employee and not as an objective reality (Conway & Briner, 2005; Morrison & Robinson, 1997).

**Downsizing Survivors** are the employees that do not get laid off as a result of a downsizing process (Robbins, 1999).

**Reciprocal obligations** are beliefs of the promises that an employee and an employer have towards one another (Rousseau, 1989).

### 1.6. Disposition

This thesis is structured in the following manner: Firstly the introduction part introduces the research topic. Following the introduction is the frame of reference, which aims to describe and highlight the existing literature of change management and the psychological contract theory. Next, a description of the chosen method and data gathering process is presented. Following this the empirical findings are presented, which are then analyzed through chosen theories. Finally, we draw conclusions answering the research question presented earlier.
2. Theoretical Frame of Reference

This chapter aims to present the literature on Change Management, the Psychological Contract theory and Downsizings, and thereby give the reader an understanding of the theoretical perspective used in this study.

2.1. Change Management

Today, at the continuously growing business environment and during the economically uncertain times, change has become a norm for companies to maintain their existence and success (Al-Haddad & Kotnour, 2015). Nearly all organizations, both public and private, have experienced some form of change during the recent years (Clegg & Walsh, 2004; Al-Haddad & Kotnour, 2015; Burnes, 2004; Hailey & Balogun, 2002; Kotter, 1996). The ability to successfully execute change is crucial for company survival (Andriopoulos & Dawson, 2009). Change itself is about changing processes, routines, structures and outcomes as well as changing how people think, act and do business (Diefenbach, 2007). Organizational change occurs over a period of time and it is the process of negotiating or renegotiating a shared meaning about what is to be valued, believed in and aimed for (Spencer-Matthews, 2001; Hodges & Gill, 2015).

Change can result from societal, economic, environmental or technological factors. Societal factors include factors such as governmental laws and regulations, major political and social events, increase in longevity or changes in demographics (Andriopoulos & Dawson, 2009; Hodges & Gill, 2015). Economic factors can be classified as factors of economic fluctuations (Clegg & Walsh, 2004; Andriopoulos & Dawson, 2009; Hodges & Gill, 2015). Most significant example of environmental factors is climate change (Hodges & Gill, 2015). Lastly, technological changes can be exemplified as rapid developments and changes in technology (Clegg & Walsh, 2004; Andriopoulos & Dawson, 2009; Hodges & Gill, 2015).

Even though change has become normality, the failure rates of change initiatives are reported to be high (Al-Haddad & Kotnour, 2015; Clegg & Walsh, 2004; Hodges & Gill, 2015; Strebel, 1996). Change is not welcomed because it disrupts the balance in the organizations, and it is assumed, that over 50% of the change initiatives fail whereas only around 20% succeed (Strebel, 1996). This assumption is also supported by Clegg & Walsh (2004), stating that despite having a strategy and a lot of practice, the success rates are low. The failure of change
initiatives are caused by poor planning of change processes, lack of commitment to change, overly fragmented change programs, or a failure to adopt a business process logic that would focus on continuity (Burnes & Jackson, 2011; Clegg & Walsh, 2004). Hodges and Gill (2015) point out that a growing amount of scholars are questioning whether it is even possible to manage change successfully.

Organizations should focus on change enablers when implementing change processes in order to enhance the success of change. Examples of change enablers include clearly expressed visions and goals, defining the role of employees who are affected by the change, offering guidance for the leaders or training for employees (Al-Haddad & Kotnour, 2015).

The employees receiving the change are defined as change recipients. The organizational transformation is often demanding for its members and they might experience feelings of being lost, lack of motivation, being doubtful towards the future, and face problems while solving new tasks (Hechanova & Cementina-Olpoc, 2013). In order to avoid change resistance, change recipients should be involved in the change process and offered enough information about the upcoming changes, however this happens relatively infrequently in practice (Clegg & Walsh, 2004).

2.1.2. Change Resistance and Cynicism

Change resistance often appears when organizations introduce radically new ways of working (Thundiyil, Chiaburu, Oh, Banks & Peng, 2015). There are many reasons why change resistance occurs in organizations. If change initiatives are pushed on the change recipients, when the recipients have nearly no influence over the design, the resistance to change might be perceived as the only way how they can use control over the situation (Clegg & Walsh, 2004). Employees might have experienced various managerial initiatives during the past years and because of that, they might be afraid of being worse off as a result of change, and therefore do not adapt to the new initiatives openly and optimistically (Clegg & Walsh, 2004). They possibly have experienced unsuccessful or inefficient change programs in the past, or might perceive that managers are promoting change programs for personal career reasons (Clegg & Walsh, 2004).

Change cynicism refers to a skeptical belief towards the change initiatives (Thundiyil et al., 2015). Cynicism towards organizational change is usually considered to be a crucial factor influencing the employees’ acceptance towards change initiatives (Thundiyil et al, 2015).
Change cynicism is generally defined as employees’ negative and pessimistic attitude towards specific organizational change initiative, and they might question the motives of the change initiatives (Reichers, Wanous & Austin, 1997; Feldman, 2000). This is caused by the presence or absence of trustworthiness (Thundiyil et al., 2015). Trust is described as a psychological state obtained from a relationship between the two entities where one party relies on the actions of the other. Both, change cynicism and resistance to change are functions of skepticism and refer to negative attitudes towards the change initiatives (Thundiyil et al., 2015).

2.1.3. Structural Change

Change can occur in various ways. As an example, change can be incremental aiming to provide improvements, transformational trying to redefine organizations’ strategic direction, operational aiming to improve operations and processes, or structural intending to implement structural changes (Hodges & Gill, 2015). Structural change is the most important aspect related to the purpose of this thesis within change management.

Downsizings, mergers and acquisitions are the most common forms of restructuring (Hodges & Gill, 2015). McDevitt et al. (2013) define downsizings as an intentional management strategy, that aims to purposefully reduce the amount of the personnel within organizations. It is usually accomplished by reducing the number of employees through terminations, redeployment, early retirement, outsourcing or by reducing the number of organizational units or management layers (Hodges & Gill, 2015). The most common reason for organizations to undergo downsizing operations is the need to reduce costs and increase effectiveness as well as coping with external pressures (Hodges & Gill, 2015).

McDevitt et al. (2013) suggest that organizations should emphasize open, honest and effective communication with the employees during all stages of the downsizing process. Furthermore, they argue that in order keep the employees motivated during the uncertain period of time, organizations should keep up a positive orientation and an optimistic atmosphere.

Downsizings are challenging for all people involved in it. The three main groups affected by downsizings are employees leaving the organization referred as victims, the remaining employees called as survivors of downsizings and the managers of both parties (McDevitt et al., 2013; Hodges & Gill, 2015). Employees who are the victims of downsizings often feel uncertainty and are afraid of the challenges related to reemployment (Hodges & Gill, 2015).
Despite the reason of the downsizings, victims’ social and psychological wellbeing gets detrimentally affected (Bennet, Martin, Bies & Brockner, 1995). Furthermore they might blame the managers for losing their job and might as a result engage in harassment or sabotage of the firm’s activities (McDevitt et al., 2013). Therefore managers should emphasize understanding the victim’s perspective in order to protect the company’s good reputation as an employer and prevent retaliatory behaviors such as prosecutions against the company.

2.1.4. Downsizing Survivors

Robbins (1999) describes how survivors of downsizings often experience uncertainty about one’s job, lack of commitment, motivation and loyalty towards the organization, as well as reduced willingness to take risks. Similarly Fouad, Liu & Cotter (2013) explain how these feelings can result to higher rates of sick and absence days, decreased job performance, fear of change and lowered emotional wellbeing.

Job insecurity and work overload that survivors often experience are related to exhaustion and cynicism at the workplace (Fouad et al., 2013). Occasionally the survivors have been reported to have more negative feelings than the employees who are laid off. Noer (2009) describes this phenomenon as a survivor sickness, which is a pattern of emotions and concerns the survivors of downsizings might experience. These often involve anxiety, guilt, mistrust, anger, decreased motivation and depression. However as Robbins (1999) explains, prevalently survivors feel relief for being able to keep their workplaces.

Negative feelings are more likely to occur when survivors experience that their networks are destroyed as a result of downsizings, or if they perceive a victim similar to themselves, or when they have a psychological attachment to the victims (Fouad et al., 2013). Survivors might feel guilty if they perceive that the qualifications of a laid off employee are higher than theirs (Robbins, 1999). Furthermore, survivors might become intimidated to speak out or take risks in order to avoid undue attention (Robbins, 1999).

Survivors with low self-esteem tend to experience worry and insecurity after downsizings (Robbins, 1999). Furthermore Robbins (1999) states that survivors with low self-esteem are more likely to work harder after the downsizings than are those with high self-esteem since they see increased work efforts as a way to reduce the threat of being downsized. To avoid negative feelings and to increase organizational commitment, the survivors should be supported by
offering career management and social support (Fouad et al., 2013). Brockner (1988) suggests that companies should provide assistance, increase managerial accessibility and treat survivors with dignity and respect.

Survivor’s perception of the fairness of downsizings is strongly affected by how they perceive the management has treated the victims of the layoffs (Caldwell, Herold & Fedor, 2004). If survivors of downsizings view the treatment of victims as unfair or unjust, their organizational commitment might get negatively affected. Overall negative emotions that the downsizing survivor’s experience, are caused by the psychological contract that one has with the organization and its’ breach (McDevitt et al. 2013). This is a phenomenon that frequently occurs as a result of the downsizing process, further leading to a reduced performance or a lack of motivation to remain within the organization (Conway & Briner, 2005; Robinson, 1996).

2.2. Psychological Contract

Rousseau (1989) determines the Psychological Contract as a set of an individual’s beliefs of both, organizational and employee obligations, that need to be fulfilled by both parties (Rousseau, 1989; Nicholson & Johns, 1985). The psychological contract involves trust, sense of relationship and a belief in a promise or future benefits (Rousseau, 1989). Trust between the employee and the organization is built through the combination of the belief that the contribution of both parties will be reciprocated (Rousseau, 1989). Typically the parties forming the agreement are an employee and an organization (Argyris, 1960; Levinson, 1962, Schein 1980, Rousseau, 1989). Employees form beliefs about particular resources they own and can provide to the organization, as well as the obligations they expect to receive in return from the organization (Aselage, Eisenberger, Shore, Coyle-Shapiro, 2003). Similarly, Schein (1980) states that psychological contract reflects the employee’s and organization’s expectations of the specific resources both parties owe to each other. Shore and Coyle-Shapiro (2003) claim the formation of the contract is motivated by fulfillment. According to a study by Rousseau (1989), obligations are beliefs of reciprocal promises that the employee and the employer have for one another. An employee forms the contract with the organization based on the mutual agreement of resources that are promised to them, as well as obligations that the organization expects to receive from the employee (Aselage et al., 2003).
The uniqueness of the psychological contract originates from its’ characteristics, including it being voluntary, subjective and informal (Dahdev, 2004). It also progresses over time and must be constantly renegotiated (De Vos, & Meganck 2009; Sahdev, 2004; Schein, 1980). The psychological contract differs from other contracts since it is a highly subjective contract, whereas usually contracts are mostly objective (Rousseau, 1989). The subjectivity of the contract results from distinctions of expectations, obligations and the perception of terms between different parties. Furthermore these change throughout the employment contract (Rousseau, 1989).

According to Rousseau (1989), the psychological contracts differ in terms of its’ strength and generality. McDermott, Conway, Rousseau & Flood (2013) suggest that a major way how managers can make companies successful, is by creating good psychological contracts with their employees. On the contrary to this, Guest (1998) questions whether psychological contracts even exist anymore in today’s business environment, since the the nature of the employment relationships and organizations are changing.

Rousseau (1995) claims that every employee determines the terms and conditions of the psychological contract in three main ways. Firstly, employees might receive persuasive communication from the other party, such as implicit or explicit promises from the employer. Initially this occurs when the employee is being recruited. Once hired, the parties may discuss about the existing obligations between them. Secondly, employees’ observe how their colleagues and supervisors act and are treated by the organization. Thirdly, the organization provides strategic practices, such as compensation systems, performance reviews and educational material that affect employees’ creation of the psychological contract (Rousseau, 1995). However, Guest (1998) highlights the challenge to establish the actual point at which the psychological contract can be said to exist. Furthermore Arnold (1996) questions whether every employee even has an existing psychological contract.

According to Rousseau (1989), even though the agreement is formed between the two parties, only the employee has a psychological contract towards the organization. Some individual supervisors from the organization can observe a personal contract to the employees while experiencing their own psychological contract with the organization, but the organization itself only provides the base for the contract and cannot have a psychological contract with its members (Rousseau, 1989; Morrison & Robinson, 1997). Even though the organization does not form a psychological contract with its employee, psychological contract is part of the
organization’s culture, and it emerges from interactions and communications with the organization, and determines how culture is acted out (Nicholson & Johns, 1985).

The psychological contract changes and develops over the employment relationships (Morrison & Robinson, 1997). The longer the relationship between the employer and the employee with repeated cycles of reciprocity, the deeper the employee perceives the relationship to be, and more contributions and inducements are involved (Guest, 1998; Rousseau, 1995). Robinson, Kraatz and Rousseau (1994) state, that the reciprocal obligations that an employee perceives change notably during his or her first years within the organization. The obligations that the employee perceives to own to the organization decrease over time, whereas obligations that the employee expects to receive from the organization increase (Robinson et al. 1994).

Psychological contract is connected to the employee’s level of commitment towards the organization (Rousseau, 1989). The commitment is characterized by three factors: the acceptance of the organization’s values, willingness to exert effort on behalf of the organization, and desire to remain an employee (Rousseau, 1989). The level of commitment affects the employee’s behavior. If an employee lacks personal commitment to the firm they might not feel obligated to warn the employer in advance when leaving the firm (Rousseau, 1989).

2.1.2. Nature of Contracts

Rousseau (1990) states that psychological contracts are either Transactional or Relational by nature. Transactional contracts are determined as contracts that emerge in a specific time frame, mostly within an organization that has a buy-orientation. Kramer and Tyler (1996) state that transactional relationship is based on short-term goals, where immediate and direct reciprocity is highly valued. In this type of relationship the employee values the monetary benefits he or she receives as an exchange to the efforts made to the employer (Morrison & Robinson, 1997). Transactional contracts lack long-term commitment and the main motivator for employees consists of competitive wages (Tomprou et al., 2015; Rousseau, 1990). In contrast, relational contracts are based on long-term and indirect reciprocal obligations, where loyalty and support are highly valued in addition to monetary benefits. Morrison and Robinson (1997) argue that the level to which one experiences the psychological contract violation highly depends on the nature of the employment relationship one has with the employer.
2.3. Downsizing Survivors’ Psychological Contract Violation

The occurrence of breach and violation of the psychological contract is a relatively frequent phenomenon due to the constant changes that concurrent organization go through in order to adapt to the volatile business environment (Hodges & Gill, 2015; Sahdev, 2009; Conway & Briner, 2005). Therefore, it has never been as important as it is now to understand the psychological contracts of employees (Turnley & Feldman, 2000; Hodges & Gill, 2015; Sahdev, 2009).

Conway and Briner (2005) argue that the most valuable idea in the psychological contract theory is perhaps the breach and violation of psychological contracts, as they help to comprehend how the psychological contract affects an employee’s feelings, attitudes and behavior (Conway & Briner, 2005). Conway and Briner (2005) together with Morrison and Robinson (1997) highlight the importance of making a distinction between the two concepts of psychological contract breach and psychological contract violation. The breach of psychological contract is a preceding stage prior to the contract violation, where the employee perceives a discrepancy between the reciprocal obligations made previously in the employment relationship. Violation is described as the emotional implications that the breach of contract constitutes (Conway and Briner, 2005; Morrison & Robinson, 1997; Rousseau & McLean Parks, 1993). Both the breach and violation of contract that the employee experiences are inherently perceptual, thus the other party in the employment relationship does not necessarily sense the violation in a similar manner as the employee does (Morrison & Robinson, 1997).

A violation of the psychological contract often damages the foundation of the relationship between the individual and organization (Turnley & Feldman, 2000). Turnley and Feldman (2000) further argue that violation has wide ranging negative impacts on the employee attitudes and behavior. Examples of these include, low levels of job-security, job dissatisfaction, ineffective performance, negligence of in-job duties, a diminished willingness to voluntarily engage in innovative behavior and an increased attempt to resign from the employment contract (Conway & Briner, 2005; Turnley & Feldman, 2000; Robinson & Rousseau, 1994). Turnley and Feldman (2000) further continue that when the psychological contract is severely violated, one is more likely to voluntarily terminate the employment relationship, and begins to search other more appealing and attainable job opportunities outside the employment relationship. The negative consequences are likely to go beyond negative emotions that the employee experiences.
(Turnley and Feldman, 2000). The reason why employees often react to violation severely results from the psychological contract being established based on good faith and fair dealing, which involves both the employee and employer relying on one another (Robinson and Rousseau, 1994). Rousseau (1989) claims that once the psychological contract is violated, it is not easily repaired and the renewal of it requires re-establishing trust. Rousseau (1989) further argues that the renewal of a violated contract can only be achieved by repeating the process that initially created the employment relationship between the employee and his or her employer. Consistent with this, Sahdev (2004) and Tomprou et al. (2015) state that strategies to rebuild the violated contract continues to be a challenge.

Morrison and Robinson (1997) argue that the level to which one experiences the psychological contract violation depends highly on the nature of the psychological contract one has with its’ employer. When one’s contract is based on a transactional contract, the employee is more likely to detect a breach of contract occurring, but as Kramer and Tyler (1996) further claim, when one’s psychological contract is based on a relational contract, a violation of contract is experienced as more severe than with a transactional. Pate and Malone (2000) argue that those employees’ whose contract was relational in nature prior to the violation often tend to re-establish the new contract as a transactional contract instead of a relational. This further describes how re-establishing the contract could potentially be an issue, and that employees rarely rely on the original psychological contract to the extent that they did before the violation (Pate & Malone, 2000).

Employees’ reaction towards downsizings is likely to be negative in cases where the employee perceives that the downsizings are handled in an unfair manner, if they perceive lack trust from management, if they have close relationship with people who ended up as victims of downsizings and if there is a high threat of upcoming downsizings (Brockner, Spreitzer, Mishra, Hochwarter, Pepper & Weinberg, 2004). Interestingly, employees who experience injustice frequently from their employers are more prone to experience contract violation less intensively, than those employees who have not experienced hardly any negative events during their employment relationship within the organization (Morrison and Robinson, 1997).

Mishra, Speitzer and Mishra (1998) state that while a great amount of downsizing survivors experience negative consequences from downsizings, there are also employees who are not extensively affected by them. Some might even experience the changes resulting from downsizings as more positive than negative (Mishra et al., 1998). Organizational downsizings do not necessarily result to the survivors experiencing a violation of the psychological contract
(Brockner et al., 2004). Instead, employees who survive the downsizings might experience a feeling of gratitude towards the employer as they have been given the opportunity to retain their job within the organization (Brockner, 1988). Consequently, they perceive an increased obligation towards their employer (Brockner, 1988). Therefore in order to notice whether one has experienced a contract violation as a consequence of organizational downsizings, it is necessary to understand the different factors and processes that can potentially initiate and eventually lead to the psychological contract violation (Morrison & Robinson, 1997).

2.3.2. Antecedents of Psychological Contract Violation

Factors that can potentially initiate the violation of the psychological contract need to be understood in order to determine whether an employee has experienced a contract violation (Morrison & Robinson, 1997). Similarly Bankins (2015) argues that to explore the employee responses to contract change it is necessary to identify the processes preceding the violation. However, Conway and Briner (2005) argue that there exists a limited number of studies conducted on what constitutes violation of contract and their development. A possible cause of violation according to a theoretical framework presented by Morrison and Robinson (1997) is a condition of Reneging, which is described as a preceding condition where the employee perceives that the employer deliberately breaks the promise previously made with the employee. Reneging often occurs because the employer is unable to fulfill the promise due to the organization’s poor performance (Morrison & Robinson, 1997). As Hodges and Gill (2015) state, organizations that undergo downsizings are unable to fulfill the promises made to the employee. The more promises the organization makes, the more difficult it becomes for the organization to fulfill each promise, thus the employee is more likely to perceive that the employer does not fulfill the reciprocal obligations of the contract, therefore a discrepancy between promises occurs (Conway & Briner, 2005).

Secondly, another preceding factor leading to contract violation includes lack of proper human resource management practices (Conway & Briner, 2005; Grant, 1999). Employees are more likely to perceive promises to be fulfilled when they experience that the organization adopts human resource practices and puts the communicated promises into practice (Conway & Briner, 2005; Guest & Conway, 2002). Thirdly, employees are more prone to experience a contract violation when they experience lack of support from their organization and supervisors (Conway & Briner, 2005; Sutton & Griffin, 2004). If employees perceive support from the organization, they are more likely to forgive and forget small breaches made by the organization (Conway & Briner, 2005).
Furthermore, Robinson and Morrison (2000) argue that employees who have experienced breach or violation in their previous employment relationships are more prone to monitor discrepancies of the reciprocal obligations in order to make sure that the organization fulfills their promises. Therefore as they monitor more, they are more likely to detect occurring discrepancies in the employment relationship (Morrison & Robinson, 1997; Robinson & Morrison, 2000; Conway & Briner, 2005). Interestingly, employees who perceive alternative job opportunities available are more likely to engage in monitoring the discrepancies of reciprocal obligations (Morrison & Robinson, 1997; Robinson & Morrison, 2000; Conway & Briner, 2005), whereas those employees who do not are likely to feel powerless to act if one finds a discrepancy (Morrison & Robinson, 1997; Robinson & Morrison, 2000; Conway & Briner, 2005).

2.4. Psychological Contract Resolution

Many of those employees who experience psychological contract violation decide to remain with the employer despite the detrimental emotional effects violation has on them (Tomprou et al., 2015). A disruption of the reciprocal obligations appears between a remaining employee and their employer as a consequence of contract violation, which leads the employee to a state that he or she is unable to rely on the psychological contract in the same way as they did prior to the violation (Tomprou et al., 2015). Similarly Bankins (2015) argues that breach and violation events are triggers for the change of the psychological contract. As a consequence, the employee begins to seek different ways to decrease the negative emotions and perceived discrepancy of promises by trying to resolve the violated psychological contract with the employer (Tomprou et al, 2015). Hodges and Gill (2015) further supports this by claiming that individuals attempt to avoid uncertainty resulting from change, which motivates them to engage in different coping strategies in order to reduce the perceived uncertainties. Tomprou et al (2015) argues that these remaining employees seek to find violation resolution through a self-regulation process, which describes the coping efforts that the employee initiates in order to reduce the negative effects that have decreased their ability to rely on the previous psychological contract (Tomprou et al., 2015). The self-regulation process of employees whose contract has been violated pursues to attain two goals, discrepancy reduction and reduction of negative effects. When the employee is able to fulfill these goals one is most likely to resolve the violated contract and thus is motivated
to continue working despite previous experience of negative consequences and uncertainties (Tomprou et al, 2015).

2.5. Perceived Likelihood of Contract Resolution

An employee is motivated to take corrective action towards resolving a violated psychological contract if they perceive a likelihood of it being resolved (Tomprou et al., 2015). This perception also affects the way the employee responds during the immediate aftermath of contract violation and the responses overtime (Tomprou et al., 2015). Furthermore the perceived likelihood of contract resolution is connected to the coping strategies that the employee engages in, in order to rebuild the contract after violation (Tomprou et al., 2015). Factors that affect the perception of the likelihood of resolution includes: perceived level of organizational responsiveness, the speed of progress, personal resources, organizational resources, non-work resources and past experience (Tomprou et al, 2015).

2.5.2. Perceived Organizational Responsiveness

The perceived organizational responsiveness is determined by an employee’s perception of the employer’s willingness to resolve the contract violation, which is influenced by how the employee experiences the employer’s acknowledgement of the contract violation and its’ repairing efforts (Tomprou et al., 2015). McDevitt et al. (2013) state that employees’ perception of management’s responses to their needs in terms supervision and administrative rules is vital for the employees to perceive a higher likelihood of contract resolution. The employee evaluates whether the employer has expressed sincere apologies of the situation and the way the cause of violation is explained (Lewicki & Bunker, 1996; Tomlinson, Dineen, & Lewicki, 2004; Tomprou et al, 2015). Lewicki & Kramer (2010) state that the validity of the explanations that lead to the psychological contract violation have a great impact on whether the individual perceives that they can rebuild trust and consequently resolve the violated contract. If the cause of violation is explained to the employee in a way that reduces the employer’s responsibility of the situation and makes the violation seem unavoidable, the employee experiences less negative feelings and is more likely to believe that the violation can be resolved (Tomprou, 2015). This can also lead the employee to re-evaluate the situation in a more positive manner, and even perceive the situation only as a low level of contract fulfillment and not as a violated psychological contract.
As Brockner et al. (2004) state, the downsizings leave the survivors feeling uncertain and worried about their long-term career prospects within the organization. Organizations that perform repairing efforts such as promises of a more positive future or offer compensations are viewed as more trustworthy (Tomprou, 2015). Besides the repairing efforts, organizational support, transformational leadership, shared values and communication have a positive effect on individual’s ability to overcome the violation (Hechanova & Cementina-Olpoc, 2013). According to Caudron (1996), providing training, educational opportunities and counseling for the survivors affects the organization’s post-downsizing results positively. Survivors often experience, that employers assume that the employees should be grateful for the sake of being able to remain within the organization (Campbell-Jamison, Worrall and Cooper, 2001). Survivor’s perception of the fairness of downsizings is strongly affected by how they perceive the management has treated the victims of the layoffs, and when they perceive that the victims have been treated fairly, they are more likely to commit with the organization, and their reactions towards the changes resulting from downsizings are more positive (Caldwell, Herold & Fedor, 2004).

2.5.3. Speed of Progress

The speed of progress is another indicator of effectiveness in regards of the employee’s perception of the employer trying to solve the violated contract (Tomprou et al, 2015). The faster the speed of the employer’s efforts towards resolving the violated contract, the less frustration the employee experiences and the more likely they are to believe that the violation can be resolved (Tomprou et al, 2015). Gillespie and Dietz (2009) similarly claim that a decrease of trustworthiness resulting from organizational change is more likely restored when the employer responds quickly to the discrepancy of promises. A slow response could increase the likelihood of the employee experiencing frustration and cynicism (Gillespie & Dietz, 2009).

2.5.4. Personal, Organizational and Non-work Resources

The personal, organizational and non-work resources that are available to the employee are closely linked with the way how they cope with downsizings (Armstrong-Stassen & Schlosser, 2008). Personal resources such as optimism, perceived level of control of the situation and the capacity of goal achievement support the employee’s efforts to resolve a violation and adjust to stressful situations (Tomprou et al., 2015). Optimism is an individual’s ability to believe in positive outcomes during uncertain periods (Peale, 1956). Armstrong-Stassen and Schlosser
(2008) state that downsizing survivors who are optimistic are more likely to have positive prospects of the organization’s future and engage in positive coping strategies (McDevitt et al., 2013).

Employees who possess personal resources often picture the work environment in a more positive manner and they experience more coping resources and coping alternatives. These are closely linked to contract resolution and higher levels of job performance and satisfaction. Individuals who do not have an optimistic view of the organization are more likely to exit the employment contract. (Withey & Cooper, 1989).

Interestingly, Campbell et al. (2001) argue that survivors who have rarely experienced downsizings before are less optimistic than those who have experienced numerous downsizings. Ng and Feldman (2010) further support this by stating that the individual’s past experience with the employer influences the level to which he or she experiences the contract violation. Employees who have coped successfully with stressful situations in the past often obtain competencies that make them less sensitive to future stressors, which is explained by the individual’s ability to learn from stressful or traumatic situations that they experience (Tomprou et al., 2015). This ability further explains why employees who have experienced various downsizings within a same organization feel less uncertain and worried than those who have hardly ever experienced those (Tomprou et al., 2015).

Also, the length of the employment relationship has an impact on the level of optimism the employee experiences after the contract violation. Employees who have a long relationship with the employer are less affected by the contract violation (Ng and Feldman, 2010). The past working experience impacts the self-regulation process and the violation resolution because the individuals who have a long-term employment relationship with the organization are more likely to have a relational contract, which is associated with the employees’ higher motivation to pursue efforts of contract resolution and willingness to remain with the employer (Tomprou et al., 2015).

Survivors who have a high capacity of goal achieving are more prone to speak up, work harder and ask for help (Tomprou et al., 2015). Also, Brockner et al (2004), state that employees tend to increase their efforts to resolve the contract violation when they believe that they have high control over the situation and an ability to affect their own outcomes.
Campbell-Jamison et al. (2001) further argue that the level of control an employee perceives also depends on the involvement one has in decision making and the level of influence the employee has regarding the situation. This can explain why managers often perceive a more positive view of the post era of downsizings as they attain more information about future plans than employees who often receive information much later (Campbell-Jamison et al., 2001).

Organizational resources describe the emotional and social support that the employee perceives to receive from their managers and coworkers (Tomprou et al, 2015). The employee is more likely to take initiatives of resolving the violation of contract if they experience support from managers and co-workers (Tomprou et al, 2015). Hodges and Gill (2015) further support this by claiming that various forms of social support help employees cope with the negative effects of stress caused by change. Similarly, Lawrence and Callan (2011) argue that employees are more open and willing to cooperate with change if they perceive to get support and recognition from their management. Consequently, if the employee perceives to lack support from their managers they are more likely to experience negative emotions and reject the change (Kiefer, 2005).

Non-work resources describe the employees’ resources that he or she possesses outside the organization, including alternative job opportunities, family support, non-work and leisure activities and external financial resources (Tomprou et al., 2015). These non-work resources become more appealing when the employee experiences a contract violation. According to Tomprou et al. (2015), individuals who possess a high amount of non-work resources tend to disengage from the stressful situation by increasing their attention to other alternative opportunities as a way to distract themselves from the stress-related emotions followed by contract violation. They often re-evaluate their priorities in life which can lead to the employee perceiving that their current work is not a priority any longer (Tomprou et al., 2015).

2.5.5. Post-Violation Coping Strategies

Bankins (2015) argues that contract breach, and especially violation are situations known to cause stress to varying degrees. Bankins (2015) further states that during and after downsizings, employees engage in various coping strategies, which describe the emotional, behavioural and cognitive ways how the employee manages stress caused by breach of contract and violation. The coping strategies that the employee decides to engage in affect both, the emotional and behavioral outcomes of the stressful situation (Bankins, 2015). In order to understand the employee responses during the post-era of downsizings it is necessary to consider the different
coping strategy one engages in (Gowan, Riordan & Gatewood, 1999; Leana, Feldman and Tan, 1998; Gakovic & Tetrick, 2003).

Skinner, Edge, Altman and Sherwood (2003) state that individual is likely to engage in many coping strategies simultaneously during the stressful event. The coping strategies that the employee engages in are highly influenced by the employee's perception of the likelihood of violation resolution (Skinner et al., 2003). Available coping resources consist of the previously mentioned factors affecting the employees’ perception of the likelihood of violation resolution (Gowan et al., 1999; Withey & Cooper, 1989; Tomprou et al., 2015).

When the employee believes that the violation can be resolved they often use a form of positive coping strategies called approach oriented coping strategies, where the employee seeks to repair or renegotiate the damages resulting from psychological contract violation, and increase their contributions towards the organization while hoping it will trigger a reciprocal gesture of future promises regarding the job (Tomprou et al, 2015). Problem-focused coping, a type of the approach oriented coping strategy describes the individual's behavior that is directed to control or eliminate the cause of stress itself (Leana et al., 1998). One may engage in problem focused coping by actively pursuing efforts to eliminate the stress for instance by speaking out, asking for help and working harder (Tomprou et al, 2015). The problem focused coping is connected to the high level of previously mentioned personal resources that the individuals have (Tomprou et al, 2015).

In a situation where the employee perceives that the contract resolution is less likely to occur, the employee often opts for emotional and social support and thus uses an emotion-focused coping strategy (Tomprou et al., 2015). This often occurs prior to other coping strategies as it is a way of the employee alleviating negative feelings and consequences that are associated with downsizings, helping to focus on problem focused coping (Leana et al., 1998). One engages in emotion focused coping for instance by discussing the stressful event with other people, which is positively related to the level of social support one has in both personal and work life (Tomprou et al., 2015).

When the employee perceives that the likelihood of resolution is very limited they are likely apply avoidance-focused coping strategies that include disengaging from the situation mentally or behaviorally (Tomprou et al., 2015). One disengages mentally from a stressful situation by lowering the expectations regarding the employer or by engaging in non-work activities (Tomprou et al., 2015). The employee might re-prioritize external activities or other goals
outside the employment relationship. The employee disengages behaviorally by lowering their contributions to the employer or either by quitting the employment contract. This is more likely to happen when the employee has high levels of non-work resources such as alternative job opportunities, external financial resources or non-work activities (Withey & Cooper, 1989). Similarly, Turnley and Feldman (1998) state that quitting the employment relationship is often seen as an attractive alternative if the employee has other appealing alternatives available (Turnley & Feldman, 1998). Wrosch, Scheier, Carver and Schultz (2003) state that when an employee engages in behavioral disengagement, one perceives an inability to fulfill one’s goals within the organization. In order to avoid negative emotions one begins the process of attaining more appealing and attainable goals outside the organization (Wrosch et al., 2003). When an employee perceives that improving the contract is unlikely and the barriers to exit the organization as low, one is likely to start thinking about leaving the organization. Furthermore the employee starts to search for alternative job opportunities, takes initial steps towards exiting and finally quits the job (Withey & Cooper, 1989).

These avoidance-focused coping strategies are less likely to resolve the violation of contract and thus have a negative effect on the contract resolution (Tomprou et al., 2015). Withey and Cooper (1989) state that those people who decide to implement an exit strategy as a strategy to cope with dissatisfaction have compared the attractiveness of staying or leaving the organization, through which they have come to the conclusion that exiting the company is a more attractive alternative.

2.5.6. Resolution of the Post-Violation Psychological Contract

When an employee observes that the contract discrepancy and the negative effects are eliminated, resolution of the contract violation takes place (Tomprou et al., 2015). The individual’s successful engagement in positive coping strategies and the well perceived level of organizational responsiveness are the main factors to resolve the contract violation successfully (Tomprou et al., 2015). Violation resolution occurs through the coping strategies, which can further lead the employee to resolve the post-violation contract in four different ways (Tomprou et al., 2015).

Tomprou et al. (2015) present four potential ways how to re-establish the post-violation psychological contract, that are thriving, reactivation, impairment and dissolution. Thriving and reactivation result from a highly successful violation resolution. Psychological contract thriving improves the employee’s relationship with the organization by generating a more beneficial...
employment arrangement for the employee or both parties (Tomprou et al., 2015). The arrangement is usually resulted from constructive efforts to make the contract more beneficial by both parties, and these efforts often lead to the employees to use new knowledge and skills during the post violation era (Tomprou et al., 2015). Employee perceives possible changes in the employment arrangement positively (Schwarzer & Knoll, 2003). The positive perception towards the new employment arrangement is likely to replace the negative effects that were caused by the psychological contract breach (Tomprou et al., 2015).

Reactivation appears when an employee is able to rebuild the psychological contract based on the pre-violation psychological contract or a similar alternative as a base in their employment relationship (Rousseau, 1995). An employee might experience that the original psychological contract was violated but has returned to the same level as it was before the violation (Rousseau, 1995).

Impairment occurs when the post-violation contract is less aligned with the previous psychological contract that the employee had before the violation (Tomprou et al., 2015). Employees are able to create a new contract but might perceive it to be less attractive than the previous contract (Tomprou et al., 2015). For instance, when an employee switches from a relational to a transactional contract, an impairment occurs, since the employee is able to rebuild the contract is worth less than before (Tomprou et al., 2015).

Dissolution occurs when the employment arrangement has broken and the employee is unable to re-establish the psychological contract (Tomprou et al., 2015). The employee might remain within the organization but is unwilling to make more than minimal efforts on behalf of the organization and no longer feel committed (Tomprou et al., 2015). The reciprocal obligations the employee expects from the organization are also strongly diminished, and he or she might do what is required in order to keep the job but does not expect anything in return from the organization (Tomprou et al., 2015). The victim is unable to consider any possible opportunities to re-establish a new agreement with the organization, and often as a result might exit the organization (Tomprou et al., 2015).
2.6. Reflection on Literature Review

The previous research discussed in the Frame of Reference helps us to understand the Psychological Contract Theory, and how it can be relatable to downsizing survivors.

Although the psychological contract theory has been widely studied, the academic field lacks research of psychological contract breach and violation. The breach and violation of the psychological contract occurs frequently in organizations undergoing structural change initiatives. When the survivor is unable to rebuild the contract after it has been violated, they are more likely to end up quitting their employment relationship. Research lacks studies of the downsizing survivors and their psychological contracts, specifically studies that focus on preventing downsizing survivors exiting the organization. Therefore our goal is to understand:

• Why do some downsizing survivors decide to leave the organization on one’s own initiative?

We believe that the Psychological Contract theory together with Change Management will help us to understand the behavior of the downsizing survivors. Furthermore we assume that the effects of the Psychological Contract Violation will help us to understand the reasons why some downsizing survivors voluntarily exit the organization.
3. Methodology

This section describes the investigative styles and techniques used to fulfill the purpose of the thesis. Firstly, an introduction is presented on the chosen methodology, where the research method is outlined together with arguments regarding its’ relevance to our study. Followed by this, the chosen research strategy for our study is presented and defended.

3.1 Research Method

3.1.1 Qualitative Research

“Qualitative research is an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The researcher builds a complex, holistic picture, analyzes words, reports detailed views of informants, and conducts the study in a natural setting” (Creswell, 1998, p.15).

We decided to adopt the qualitative research method in order to understand how downsizing survivors behave during the post era of downsizings. More specifically, we wanted to understand the reasons why some survivors decide to exit the psychological contract by resigning the organization. Therefore, we found that the qualitative research method was most relevant to fulfill our purpose, since our study emphasizes on the interpretation and the individual perspective of a complex phenomenon (Klenke, 2008). As our study is based on a highly intrinsic and subjective phenomenon, we needed to obtain descriptive and in-depth responses, which further defend our choice of method. If we would have chosen to adopt a quantitative approach, we would have most likely pre-determined the answers to some extent, therefore not allowing the respondents to freely express their feelings and thoughts regarding the phenomena (Klenke, 2008). The qualitative research approach also allowed us to choose a smaller sampling size. This further enabled us to grasp extensive descriptions and in depth data, which would have not been attainable if the sample size was large, which is highly recommended when conducting a quantitative research method (Klenke, 2008). To further defend our chosen method, the research question of this thesis is in the “why” format which is best answered by using a qualitative research approach (Klenke, 2008).
3.2. Research Strategy

3.2.1 Case study method

Case study method has become one of the most frequently used strategies to conduct qualitative research in organizational and social studies (Stake, 1995; Klenke, 2008). Stake (1995) states, that the case study approach enables researchers to grasp an understanding of the complexities of social phenomenon. Similarly Yin (2012) claims, that the case study approach allows researchers to gain holistic characteristics of a phenomenon within its’ real life context from the perspective of those who are involved in it. However, despite it being one of the most used methods in qualitative research, it has not received full approval among some scholars (Yazan, 2015). As Yazan (2015) states, the case study method lacks well defined definitions as well as structured protocols, because the foundational methodologists in the area of case study research do not have a mutual understanding regarding the design and implementation of the case study. Meaning, that the way one designs a case study depends heavily on which approach he or she is most influenced by (Yazan, 2015). The perspectives among the methodologists differ by their epistemological commitments, definition of cases and case study, the design of the case study, data collection, data analysis and data validation (Yazan, 2015).

Yin and Stake are the dominating two methodologists who provide procedures to follow when conducting case studies. Yin (2012) defines case study as a contemporary phenomenon within its real life context that the research has little ability to impact on. Contrary to Yin (2012) Stake (1995) does not define cases as accurately as Yin (2012) since he believes that definitions depend upon the user. He defines a case as an integrated system, which has a boundary and a working system (Stake, 1995). He further states that a case should be viewed as an object instead of a process (Stake, 1995).

We decided to follow Stake’s (1995) approach of case study design instead of Yin’s (2012) approach based on its’ relevancy to our research purpose. Our research purpose was to study and understand the employee perspective of a phenomena, and since Yin (2012) emphasizes processes and events as a research objective instead of people and programs, we found that this approach was not appropriate neither functional for our purpose. Further to defend our choice, Yin (2012) takes a more positivistic view of conducting case studies, whereas Stake (1995) considers case study researchers as interpreters, consistent with our aim of understanding the psychological contract of downsizing survivors.
Stake (1995) also constantly highlights the study being an iterative process, enabling us to design a more flexible study, where changes could be applied to the research design even after proceeding from design to data collection and analysis (Stake, 1995). This gave us the possibility to change boundaries, data collection methods and research questions throughout the entire process of the research. The flexibility of the research design was seen as great advantage to us because we did not hold any prior experience of conducting research, and therefore the ability to change and repair incorrect actions throughout the writing process was crucial to us.

Stake (2005) makes a distinction between the types of cases that can be studied. He distinguishes cases into 3 types including *intrinsic, instrumental* and *collective case studies*. He claims that an intrinsic case study should be applied when the case is of interest itself. In a situation when the case is used to understand an issue or refine of theory, he suggests to apply an instrumental case. The instrumental case can be stretched further into a collective case where the research applies more than one case to understand the phenomenon (Stake, 1995).

For our research, we applied a collective-case study design based on the methodology described by Stake (2005). To further defend our choice of approach and its’ relevancy to our purpose, Conway and Briner (2005) state that there exists studies of psychological contracts which have applied the case study approach through collecting data from various cases. Consistent with our purpose, these studies also aimed at gaining rich descriptions of psychological contracts between employees and their organizations (Conway & Briner, 2005). We chose to engage in two cases jointly in order to advance our understanding and to provide insight into the downsizing survivor’s psychological contracts.

The case selection criteria was based upon our purpose. We chose the cases that were most likely to maximize our learning of the phenomena, and that enabled us to obtain varying views from those employees who had survived downsizings. Obtaining information from varying employee perspectives further increased our validity through triangulation, where the aim is to find meaning through interpretations.

These cases were bounded by people and their behavior after experiencing several rounds of downsizings within an organization. The two chosen cases differ as Case Alpha sample consists of downsizing survivors who remained with their employer during the post-era of downsizings, whereas Case Beta sample consist of downsizing survivors who decided to leave the employer on one’s own initiative during the post-era of downsizing.
3.3 Sample Selection

The sampling criteria that we used as a basis for choosing our respondents was restricted to a condition, that the respondent had to have experienced and survived an organizational downsizing operation. Also, we aimed at obtaining two types of respondents, who either still work for the same organization that initiated the downsizings, or who has resigned the organization voluntarily after first experiencing and surviving the downsizing.

Furthermore we utilized a convenience sampling method, throughout which the most accessible subjects were selected (Saunders, Thornhill & Lewis, 2009). This was most suitable for us due to the limited time we had for conducting the study. We had previous contacts to two subjects, one from Company X and the other one from Company Y, who both fulfilled the sampling criteria of our study. Through these subjects’ acquaintances we received other contacts who also fulfilled the sampling criteria. Therefore our sampling also consisted of snowball sampling, which is defined as a sampling method, where subjects further suggest other suitable candidates for primary data collection (Morgan, 2008). Consistent with our research, this sampling method is commonly used in research were the topic is sensitive in nature and where the subjects are difficult to access. Although this sampling method is subject to biases, we found that through this sampling method we were able to attain suitable subjects within a short timeframe (Morgan, 2008). As we lacked time and other resources, this was the best sampling method that was available for our purposes.

3.4. Data Collection

3.4.1 Secondary Data

The data collection of our research consisted of two stages. The first stage included an in-depth research of secondary data. The secondary data consisted of academic articles and books from different recognized databases such as Scopus, Google Scholar, Web of Science and Jönköping University’s Database Primo. Key search words used were Change Management, Structural
Change, Organizational Change, Downsizing, Psychological Contract, Psychological Contract Violation and Downsizing Survivors. After collecting the secondary data we began collecting primary data in the form of interviews. However consistent with Stake (1995) we engaged in an iterative process throughout our study, were we returned back to the secondary data several times throughout the analysis in order to make it consistent with our findings.

3.4.2 Primary Data

In order to obtain our respondents’ descriptions and interpretations of the research topic, we found that conducting semi-structured interviews was the most relevant data collection method for our purpose. To further defend our choice of data collection method, consistent with Conway and Briner (2005), we found that the interviews enabled us to collect data of the needed idiosyncratic experiences and interpretations of the psychological contract. The intrinsic and subjective nature of psychological contract required a data collection method that gave the respondents the freedom to express themselves (Conway & Briner, 2005). The interviews were vital for expanding our understanding of downsizing survivors and their psychological contracts (Conway & Briner, 2005). The semi structures interview questions were formed accordingly to Stake (1995), who suggests that novice researchers establish their interview questions on the basis of what needs to be known. The questions formed for the interviewees are based on relevant theories found in the literature review. Most of the questions were constructed in advance, however the semi-structured nature of the interviews also enabled us to ask additional questions from topics that appeared during the interviews that seemed relevant for our research question (Klenke, 2008). We conducted a pilot interview with one of the respondents in order to ensure that the questions were understandable for the respondent and that they provided the needed descriptive data for us.

The qualitative data was obtained from Finnish employees who have survived organizational downsizings. The interviews were conducted in April 2016 through Skype which enabled us to create a more flexible interviewing schedule that was critical considering the fact that the authors and interviewees were living in different countries. The interviews were conducted in Finnish as we wanted the employees to feel comfortable and relaxed in the interview sessions. Also, by constructing the interviews in Finnish we eliminated the possibility of misunderstandings relating to the questions asked and we increased the employee’s ability to fully communicate their feelings and thoughts regarding the discussed issues. The interview questions were grouped under three sections: pre-downsizing era, the era during the downsizing process and post-downsizing era. This enabled us to compare how the respondents’ feelings and
behaviors differed and changed as a result of downsizings, which also enabled us to detect the changes in one’s psychological contracts.

As the topic of our study was perceived as sensitive, we assured anonymity for the respondents by changing their names and genders for the study. The interview questions were provided to the respondents in advance. This gave the respondents a chance to refuse to respond to some questions. “Confidentiality requires that the interviewer guarantees to keep the names and other identifying information associated with the interviewee anonymous because interviewees may be sharing highly personal information, it is important for the interviewer to assess how much confidentiality he or she can promise” (Klenke, 2008, p. 149-150). The opportunity to skip some questions was given to the respondents however none of them refused to reply to any of the asked questions.

<table>
<thead>
<tr>
<th>Name</th>
<th>Anna</th>
<th>Johanna</th>
<th>Peter</th>
<th>Sarah</th>
<th>Stina</th>
<th>Tom</th>
<th>Maria</th>
<th>Ella</th>
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<td>34</td>
<td>19</td>
</tr>
</tbody>
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Table 1.1 Interview List

Two interviewees are working for Company X that is a large, international company providing services and operating in a vital industry. Six interviewees work for Company Y, which as well is an international company providing consumer goods and services and operates in a highly dynamic industry.
3.5. Data Analysis

Stake (1995) defines analysis as a deconstruction of the data and impressions that are interpreted through the data collection process. The parts that are interpreted are then given a meaning as an effort towards sense making. Stake (1995) promotes four types of data analysis strategies in order to reach meaning, including *categorical aggregation, direct interpretation, pattern matching*, and *analytic generalization*.

The data analysis started by transcribing the recorded interviews into a written form, as suggested by Stake (1995). All recordings were listened by both of us several times, in order to gain a deep understanding of all interviews, since some of them were only gathered by one of us. The interview transcripts were reviewed, and a chart with main findings from the interviews was created in a word file. A coding system during the analyzing process evolved which helped us to distinguish the main categories that evolved. Once the categories were identified through coding, it enabled us to open up the data through the identification of different themes and patterns (Stake, 1995).

Firstly, the themes and patterns were analyzed within both cases, described as within-case-analysis by Stake (1995). We followed Stake’s (1995) categorical aggregation style in order to identify and provide a detailed description of the themes and patterns within each case. After both cases were analyzed, we conducted a cross-case analysis aiming to compare the two cases and find similarities and differences between the two cases and the themes that occurred within the cases. Once all data was collected, transcribed and analyzed, a list of specific features was created.

Consistent with Stake (1995) we also applied analytic generalization, which aims at questioning whether the patterns found in the analysis apply for other similar cases (Klenke, 2008). Through the analytic generalization we aimed at testing the validity of the research outcome against the theoretical framework of the phenomenon (Klenke, 2008). This was executed through the iterative process mentioned earlier. We applied it constantly throughout the analysis by rereading the transcripts and reflecting it to the theoretical framework. We also exerted in critical reflection through incorporating the accumulated knowledge of themes and patterns we found to the theoretical framework (Klenke, 2008). Consequently the theoretical
framework changed throughout the analysis which was necessary in order to build consistency between the findings and theory.

### 3.6. Validity

The credibility and trustworthiness of this study was assured by triangulation of the descriptions and interpretations. Triangulation is an effort to ensure that the right information and interpretations are obtained (Stake, 1995). Through triangulation we gained confirmation, increased credence of the interpretation and demonstrated commonality of the assertion (Stake, 1995).

We applied a protocol of *data source triangulation* which aims at looking whether the phenomenon or case remains as the same at other times, in other contexts, or as people interact differently (Stake, 1995). First, we adopted the protocol of data source triangulation by comparing interpretations from varying perspectives within the cases. The employees in both cases varied in terms of the departments they were located in, their job responsibilities and the hierarchical position within the organization. This gave us the opportunity to perceive various interpretations of the phenomenon, which further enabled us to increase the credence of our observations and demonstrate the commonality of our assertions. We further applied data source triangulation through testing whether the interpretations found in one of the cases were also observable from the other case.

Furthermore we applied a protocol of *theory triangulation*, which describes how validity of the interpretations can be improved through various people interpreting the data (Stake, 1995). Stake (1995) states that two investigators never interpret data entirely in the same manner, therefore there always exists some form of triangulation when more than one person is studying the findings. The interpretation is triangulated when the investigators describe the phenomenon similarly and when they agree upon its’ meaning (Stake, 1995). We applied this by comparing our personal interpretations of the data. Then, the similarities and differences were compared. Furthermore, those meanings that we agreed upon were incorporated to the analysis.
4. Empirical Findings

The purpose of the empirical story is to summarize the main findings from the interviews in order to make it easier for the reader to understand further analysis.

4.1. Empirical Story

Case Alpha

Case Alpha consists of four employees that have experienced multiple downsizings but have remained within the organizations. All respondents have had a long career within the same company. Anna and Johanna are working for company X, whereas Peter and Sarah for company Y.

Anna has worked for Company X for her entire career, 38 years, and strongly enjoys her job. One of the biggest changes resulting from downsizing occurred when she had to change the department within the organization, however she finds this as a positive change and enjoys her new tasks more. She is highly motivated towards her job and wishes to be able to stay within the same company until retirement.

Johanna has also worked for Company X for a long time, 28 years, and she has experienced four downsizings. From all respondents, she had the longest time since the last downsizings occurred. However, she currently feels slightly uncertain about her future career prospects within the company.

Peter as well has done his entire career of 24 years for Company Y. He works at the managerial level and has experienced so many downsizings that he could not remember the exact number, but recalls it to be more than five. He is very motivated and optimistic towards his job, and wants to remain within the company as long as possible. He perceives downsizings as a necessary action, and does not blame the company for nearly anything. He sees the reason for the company’s bad performance to be the decreased competitiveness of products instead of blaming the company’s strategy or management. He highly trusts and believes what the company says. Peter was offered a possibility to receive a severance package if he would have
voluntarily left the company during the downsizing process, but he decided to continue within the company.

Sarah has experienced four downsizings during her 18 years within Company Y and she works at the managerial level in her department. She feels some uncertainty of her future career prospects and is more critical towards company Y’s way to implement the downsizings, but however feels thankful for being able to remain within the company so far. Sarah as well was offered the severance package in return for a voluntary resignation but she preferred remaining within the company.

Case Beta

Case Beta consists of four employees that were working for Company Y, but decided to resign on their own initiative after experiencing multiple downsizings. Stina and Tom were white-collar workers whereas Maria and Ella worked within production. When voluntarily resigning, all respondents received a severance package covering one year’s worth of salary.

Stina worked for company Y for 14,5 years before resigning herself. She could not remember the exact amount of downsizings that she experienced within the company, but recalls the number to be from 7 to 10. Before the downsizings started to occur on a yearly basis, she perceived her job as enjoyable, however the uncertain times made her question whether she was working in the industry most suitable for her. She realized that she would be suitable for a job that is more humane in nature. As a result she began to consider and plan another career outside the company.

Tom could not either name the exact number of downsizings he experienced during his 16 years in company Y, but recalls it to be at least 5. He explained how his work was enjoyable until the downsizings started to occur frequently, and he disliked the last years within the company. He perceived that he was forced to do an increased amount of tasks during the last years and was not truly motivated anymore. He started to plan his career outside the company already a couple of years before resigning by studying two degrees, and only remained within the company because of the economic reasons. He had already written a new employment contract with another organization before he eventually resigned.
Maria worked within the production department for 7 years, and experienced 3 or 4 downsizings during those years. She started to work there straight after graduating from high school. She remained within the company for monetary reason as she considered it to be a temporary option while figuring out what she wants to study in the future. She had gotten accepted to a university a year before she resigned herself, however she stayed within the company for one more year because of monetary reasons.

Similarly Ella worked within the production department for 6 years. She experienced 3 or 4 downsizings and mostly stayed there for monetary reasons. She as well was uncertain of what to do in the future and had started her career there straight after high school. When she decided to resign herself, she began studying for university entrance exams.
5. Analysis

In this section the findings from Case Alpha and Beta will be analyzed alongside the theoretical framework and our own interpretations.

5.1. Introduction to the Analysis

The purpose of this thesis is to understand the behavior of downsizing survivors after they have experienced and survived downsizings. As suggested by Conway and Briner (2005) we applied the ideas of psychological contract breach and violation in our analysis in order to understand the employee’s behaviors and attitudes after they had experienced organizational downsizings.

The first stage in our analysis was to identify whether the respondents had experienced a breach and violation of the psychological contract. This was analyzed based on the level to which the respondents perceived that the reciprocal obligations were fulfilled during the downsizing. Furthermore we analyzed the reported attitudes that the respondents had towards the organization both before and after the downsizings.

We then analyzed an employee’s perception regarding the likelihood of contract resolution, which is closely linked to the coping strategies that employees engage in to deal with the stressful situation of downsizings. Main factors affecting employee’s perception of likelihood of contract resolution are: Nature of one’s pre-violation psychological contract, survivor’s reaction to change, level of optimism and non-work resources. Furthermore the coping strategies that the employee engages in are linked to the employee's ability to re-establish the psychological contract. The previously mentioned categories that emerged from the findings enabled us to perceive the differences between the two cases that were studied jointly. This further enabled us to form an understanding of the connection between the existing theory and our findings.

5.2. Violation of the Psychological Contract

Case Alpha respondents described their attitudes towards the employer before the downsizing in a positive manner. They stated how they perceived the organization as a lifelong employer. Anna describes “When I was hired for the organization the employer stated that once you get into this company, you will most likely be guaranteed a life-long career”. Similarly, Peter stated
that “I assumed I would be working for the organization until I retire”. Both Sarah and Johanna also stated that they perceived their organization as an employer who offers high job security and a lifelong career. The respondents further demonstrated how the reciprocal obligations had always been fulfilled prior to the downsizing. Anna stated “I always perceived that the organization offered the right amount of compensation in exchange for my effort and time”.

Case Alpha respondents reported that once the first downsizing initiative was announced, they felt that the organization was no longer the stable employer they had once perceived it to be. They felt that they had fulfilled all the promises towards the employer, but after the downsizing announcement, they perceived that the employer was no longer fully fulfilling the reciprocal promises that contributes for their effort made for the organization. They all stated that the organization did deliver the promises regarding pay, but described that they experienced that the organization did not fully fulfil the other more intangible promises such as job-security. Based on Conway and Briner (2005), Morrison and Robinson (1997), Rousseau and McLean Parks (1993) we can assume that Case Alpha respondents perceive a breach of psychological contract, as breach of contract occurs when the employee perceives a discrepancy between reciprocal obligations.

Case Alpha respondents’ attitude towards the organization changed when the organization announced the first downsizing. They all reported to experience negative emotions such as frustration, lack of trust, high uncertainty and job insecurity. Sarah states “I lost my sleep for several nights during the downsizings, the uncertainty was very distressing”. Based on the wide ranging negative emotions that were perceived from the respondents, we can assume that the breach of contract further constituted to the psychological contract violation, which is described as the negative emotions that follow a breach of contract (Morrison & Robinson, 1997; Rousseau & McLean Parks,1993). However as Turnley and Feldman (2000) argue, one is more likely to voluntarily terminate the employment relationship if the violation is severe. Therefore as all respondents from Case Alpha remained with the organization, we can assume that their contract was not severely violated.

Case Beta respondents reported similar positive attitudes towards their employer when asked about the preceding period of the first downsizing. They all perceived the organization as a good and stable employer, for instance Stina demonstrated “I was proud to work for the organization”. Similarly others stated that they could not think anything negative to say about the company during the preceding time of the downsizings, therefore we assume that all reciprocal obligations were fulfilled.
When the downsizings were announced, Case Beta respondents experienced that the organization no longer fulfilled its’ obligations towards the employees in terms of offering a stable job. We perceived a variety of negative feelings from Case Beta when asked about their opinion regarding their employer after the downsizings were announced. They seemed to obtain a more negative attitude than did those in Case Alpha. They demonstrated negative responses such as dissatisfaction towards the employer, low levels of job security, increased uncertainty and they all claimed to feel unmotivated to work to the level which they did before the downsizings as they felt threatened of upcoming downsizings. Therefore we can assume that the psychological contract of the respondents was violated. Furthermore, since Case Beta respondents resigned, we can assume that the violation of contract was perceived as severe, since Turnley and Feldman (2000) argue that employees whose psychological contract is violated severely are more likely to resign.

We assume that the contract violation was perceived by the employee as a deliberate action as the employees from both cases described that the organization was unable to meet the reciprocal obligations due to the downturn of economy which led the organizations to implement downsizings. Consistent with Morrison and Robinson (1997), reneging, a preceding condition of psychological contract violation occurs when employees perceive that the organization cannot fulfill their promises due to the poor performance. We identified that this preceding condition occurred within all the respondents from Case Alpha and Beta.

5.3. Nature of Psychological Contract

As stated by Rousseau (1990), psychological contracts can be either transactional or relational by nature. Transactional contracts emerge within a specific time frame, they lack long-term commitment and the main motivator for the employees consists of monetary rewards (Rousseau, 1990). Relational contracts typically are long-term oriented and are characterized as the exchange of socio-emotional resources (Rousseau, 1990). All respondents from Case Alpha had a relational contract before the first downsizing and their contract still remains as relational. They reported how they had been able to create careers and climb up the corporate ladder within the organizations, which is coherent with Rousseau (1990) who describes relational contracts as long-term oriented. As an example of the long-term employment, Anna described that her initial reason for applying to the company by stating “the company offers a lifelong employment”.

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Similarly Peter explained how “If possible, I’d happily work for Company Y until I retire”. Additionally the respondents reported that they do not stay within the company only for monetary reasons, instead they highlighted their job as mentally rewarding.

Different to Case Alpha, we perceived that two of the Case Beta respondents, Maria and Ella, had a transactional contract during their entire employment within the company. They both started to work there after graduating from high school and they perceived it as a temporary job. Ella stated: “the motivator and reason to stay in the company was a stable salary, and I stayed there because I was slightly uncertain of what I wanted to do in the future”. We assume that Stina and Tom had a relational contract before the first downsizings, since they described how they expected to have a long-term career within the organization. Pate and Malone (2009) state, that when an employee with a relational contract experiences a psychological contract violation they might re-establish the contract as a transactional contract. This is in line with our findings, since when the downsizings became more frequent, we can identify that Stina’s and Tom’s contracts transformed into transactional contracts. They both support this by stating “I was willing to remain in the company after the initial downsizing, but after the following ones I felt high levels of job insecurity, began searching for other alternatives outside the organization, and only stayed there for the sake of salary”. These findings are consistent with Rousseau (1990) thus it further supports our understanding of the fact that employees who have a transactional contract perceive the employment relationship as short-term, and the main incentives to remain are the monetary compensations. Since all Case Beta respondents decided to resign during the post-downsizing era, this is coherent with Tomprou et al. (2015) stating that employees with a transactional contract are more likely to resign.

To conclude, we observed that when one has a relational contract they are more likely to remain within the organization after the psychological contract violation. If one’s psychological contract gets violated, relational contract might transform into a transactional contract. Furthermore we identified that employees owning a transactional contract are more likely to resign after the contact has been violated.
5.4. Survivor’s Reactions to Change

As stated by Thundiyil et al. (2015) change cynicism is defined as employee’s negative perceptions towards organizational change initiatives, leaders of change, or the motives of change. This is caused by a lack of trustworthiness (Reichers, Wanous & Austin, 1997; Feldman, 2000).

Case Alpha respondents were less cynical towards change initiatives than Case Beta. They were able to motivate themselves sooner after the downsizings, they perceived the changes as a positive thing and they were able to adapt to them well. Anna, Sarah and Johanna reported that “the uncertainty about the future prospects of the organization grew especially after the initial downsizings and trust slightly decreased, but returning the trust to the same level was easy after the downsizings”. Peter described “The reason for company’s decreasing performance was caused by the market changes and was not the company’s fault. Once I understood this, rebuilding trust towards the organization was easy”. This is in line with Reichers et al. (1997) and Feldman (2000), since the respondents’ trust towards the organization did not significantly change, they were less cynical towards change. Furthermore, Case Alpha respondents were more able to adapt to changes that resulted from downsizings. Anna, Sarah and Peter described how the increased workload increased the variety of their tasks was a pleasant and welcomed change. Peter highlighted “increased workload is indicating that your employer trusts you and values your work”.

In contrast to Case Alpha, Case Beta demonstrated how the respondents experienced the changes that resulted from the downsizings negatively, and therefore all respondents found working for the company as unpleasant. Even though the respondents thanked the organization for good execution of the downsizing process, they perceived that the trustworthiness of the organization decreased as a result of the continuous downsizings. Maria described how “I could not see the employer as trustworthy anymore after the downsizings started to occur frequently because I was unsure of how long I will be able to remain within the company”. Similarly Ella stated that “When the employer could not offer the job they had promised for all employees, my trustworthiness decreased”. This supports our understanding of the statement from Reichers et al. (1997), that when the employees’ perceive the organization as less trustworthy, they are more likely to be cynical towards change. Case Beta respondents were also less able to adapt to the changes that resulted from downsizings. The workload of Stina and Tom increased and their job descriptions changed. Tom described how “I did not have motivation during the last years and I felt that I was obliged to work harder with new tasks that I did not enjoy”. However we
could not observe change cynicism to this extent from Maria’s and Ella’s responses, since their workload and job description did not change. They explained how already before the downsizings they were lacking work due to the decrease in production. Based on the above mentioned differences, we can assume that change cynicism is negatively linked to survivor’s willingness to remain within the organizations. When the survivors are unable to adapt to changes and are more cynical, they are more likely to resign themselves.

To conclude, we observed that survivor’s level of cynicism towards change and one’s ability to adapt to changes affects survivor’s decision to resign from the organization. Based on the evidence, we assume that a higher level of cynicism towards change is positively linked to one’s decision to resign from the organization. Employees who remained within the organization were less cynical towards the changes that resulted from the downsizings. Their trust towards the company did not decrease radically, and they were able to adapt to the new changes better. In contrast to this, we could observe how those respondents who voluntarily resigned in the end were more cynical towards the change processes. They did not see the organization as trustworthy anymore and were not able to adapt to the changes.

5.5. Survivor’s Level of Optimism

We perceived that the responses among the two cases varied extensively when asked about the level of optimism regarding respondent’s perceptions of one’s own destiny during downsizings, current situation of the organization and future prospects of the organization. The variety in the level of optimism between the two cases is important to understand as it is a personal resource that supports the employee’s efforts to resolve the violation and adjust to stressful situations. (Tomprou et al., 2015). As Tomprou et al. (2015) state, the more personal resources one possesses the more likely they are to engage in positive coping strategies, through which they are more willing to remain within the organization.

Looking at findings from Case Alpha, we can perceive that the respondents possessed an optimistic attitude towards the current situation in the organization. Peter reported “Currently I believe in the organization’s future prospects, and I highly doubt that there will be upcoming downsizings”. He further continues “of course I have some uncertainty regarding the future success of the organization but I do not perceive that it should affect my motivation as it is just the nature of working within this particular industry where technological changes are constant”. Anna similarly stated “I don’t think that the organization will initiate new
downsizings in the near future”. Case Alpha respondents’ optimistic attitude and their decision to remain within the organization confirms that employees who possess optimism are more likely to engage in positive coping strategies which further enhances the likelihood of the psychological contract resolution (McDevitt et al., 2013). Consistent with Armstrong-Stassen and Schlosser (2008) optimistic employees expect a more positive future for the organization which further motivates them to engage in corrective actions such as working harder and speaking up.

Case Alpha respondents demonstrated to own an optimistic perception of their destiny during the downsizings. Peter stated “In all of the downsizings, I did have a hint of belief that I would survive the downsizings, since I was the only person working with these kind of tasks in the company”. Anna similarly described “I was 75% sure I would survive the downsizings”. The positive image of Case Alpha respondents further confirm Peale (1956) who demonstrates that employees with an optimistic mindset believe in positive outcomes even during uncertain times. This further motivates them to engage in positive coping strategies which are linked to the psychological violation resolution (Armstrong-Stassen & Schlosser, 2008).

We further confirm that those employees who have experienced downsizings several times possess a more optimistic attitude than do those who have rarely experienced downsizings (Campbell et al., 2001). Peter demonstrated this through his statement “After experiencing as many downsizings as I have, you kind of become numb to the effects. I would argue that I am more optimistic now than I was after the initial downsizings that I survived. You see the process in a different light and you don’t take it personally”. Also other respondents in Casa Alpha stated that the initial downsizings were experienced more negatively than the following ones. The more they experienced downsizings, the faster they recovered from the negative effects. This is consistent with Ng and Feldman (2010) who claim that when one copes with various downsizings successfully, the employee develops competencies that make them less sensitive to future stressors. However, it is important to note that Case Beta respondents also experienced several rounds of downsizings, but contrary to Case Alpha we perceive that Case Beta respondents never successfully coped with them. Therefore their level of optimism was lower already after the initial downsizings. This could stem from their engagement in negative coping strategies, hence confirming Ng and Feldman’s (2010) statement that employees who do not cope with the downsizings successfully, will not develop competencies that enhance their ability to deal with the stressors.
Another factor which possibly affected the high level of optimism in Case Alpha could be explained by the long-term employment relationship that they all possessed with the organization. They all had a longer relationship with the employer than Case Beta respondents. Supporting Ng and Feldman (2010), we state that employees who have a long-term employment contract with an organization are less affected by the contract violation and possess higher levels of optimism in regards of the organization’s future.

We observed that Case Beta respondents did not possess an optimistic attitude of their prospects in the organization after downsizings, which could explain why they did not implement any positive coping strategies and thus ended up exiting the contract by quitting their jobs (Tomprou et al., 2015). The low level of optimism within Case Beta respondents was perceived through the negative attitude they had in regards of the organization’s future. As an example Stina stated “It was evident that new downsizings were on the horizon”. Ella similarly demonstrated the lack of optimism she possessed “There was hardly any work to do during the days, and it was evident that the organization was not performing well and that new downsizings were yet to come”. Maria also stated her negative attitude towards the organization’s future by saying “the organization had clearly reduced the amount of production because we had hardly any work to do”.

The lack of optimism further affected their motivation to take any corrective action, which Tom demonstrates by stating “the motivation never recovered to the level which it was before the downsizings, we were just expecting new rounds of downsizings constantly”. Confirming Withey and Cooper (1989), Case Beta respondents’ lack of optimism further enhanced the employees’ engagement in negative coping strategies which are closely linked to contract dissolution that was enhanced. The findings are also consistent with Tomprou et al. (2015) claiming that personal resources such as level of optimism have an impact on the coping strategies one chooses to implement.

Case Beta respondent’s optimism regarding the survival of downsizings was relatively low compared to Case Alpha respondents. None of Case Beta respondents stated that they were able to predict their destiny within the organization, which further enhances their willingness to consider other alternatives outside the organization. This is in line with Wrosch et al. (2003) who states that when employees perceive uncertainty and inability to fulfil their current goals in an organization, they begin to focus on more attainable goals outside the organization in order to avoid negative feelings. Thus, lack of optimism regarding their own future in the organization probably initiated them to engage in negative coping strategies, where they began
searching for more appealing alternatives. For instance Tom and Stina began preparing themselves for other jobs outside the organization, whereas Ella and Maria started to plan their futures in universities.

To conclude, one’s optimism is closely linked to the employees’ behavior after surviving downsizing. We perceive that downsizing survivors who possess an ability of optimism are more likely to remain within the organization after experiencing and surviving downsizings. Contrary to this, downsizing survivors who do not possess optimism are closely linked to the behavior of resigning the organization after experiencing downsizings. We further confirm that one’s level of optimism is affected by the length of the employment relationship one has with their employer and the amount of downsizings that the employee has coped with successfully.

5.6. Survivor’s Non-Work Resources

As Tomprou et al. (2015) state, non-work resources describe those resources that the employee owns outside the organization, including alternative job opportunities, non-work activities and external financial resources. When an employee possesses high levels of non-work resources they are more likely to disengage from the stressful situation that follows contract violation. In turn they choose to focus on other optional alternatives available for them, which distracts them from the negative emotions followed by downsizings (Tomprou et al., 2015). The findings from our study are consistent with this claim by Tomprou et al. (2015). Interestingly, we found that Case Beta respondents possessed higher levels of non-work resources than Case Alpha respondents. This possibly explains why Case Beta respondents began focusing on other goals besides their work during their time in the organization and later on found the option to exit the contract more appealing than they found contract resolution.

Case Beta respondents’ non-work resources consisted of alternative opportunities including an available study position in a university, a new job offer from another organization, a new business degree that opened doors to other organizations, and an incentive to begin studying for university entrance exams. However referring to Withey and Cooper’s (1989) statement we understand that these alternatives itself were not attractive enough for Case Beta respondents to exit the contract. The level of attractiveness became higher than the current position in the organization only after a severance package was offered on behalf of the organization for employees who wanted to resign. The ability to receive a severance package in turn for
resignation can also be considered as an alternative opportunity similar to the non-work resources mentioned earlier.

As Maria states “I was accepted to a university, but had the opportunity to postpone my studies by one year. I continued working for one more year due to the monetary reasons. However when I was offered a severance package i made the final decision to leave the organization”. Similarly Ella reported to resign only after she was offered the severance package. Also both Stina and Tom stated that they had new goals to pursue, including other job alternatives that were available through their newly received business degrees that they pursued during the time working for the organization. Tom stated that for him the timing of severance package was pure luck, as he would had resigned from the organization anyway because he had a new vacancy in another organization. Therefore for him the alternative job outside the organization was already more attractive in appeal than was his job in the organization (Withey and Cooper, 1989). When the severance package became available, all respondents from case Beta decided to exit the contract thus resigned from the organization. This is consistent to the statement by Tomprou et al. (2015) that when the employee perceives other external alternatives more appealing than their current situation they are more likely to exit the contract, thus they decide to quit. The findings enhance the theory of Withey and Cooper (1989) by confirming that possessing non-work resources does not necessarily mean that employees initiate exit strategies and thus resign from the organization. We observed that the non-work resources that the employee possesses need to be perceived as more attractive than the current situation where the employee is in, in order to the employee to initiate the actions of exiting.

Based on the findings from Case Alpha, we contradict that the severance package was the prevalent factor initiating Case Beta respondent’s decision to exit the contract. Both Sarah and Peter work for the same organization as Case Beta respondents, thus it is interesting that they did not decide to resign despite having the same opportunity available in regards of the monetary severance package. Therefore Sarah and Peter did not perceive the financial resource of the severance package as a more attractive alternative than to their position in the organization. This means that the findings are consistent with Withey and Cooper (1989) and Tomprou et al. (2015), as it enhances the understanding that if employees do not perceive alternative opportunities more attractive they are less likely to distract themselves from the stressful situation and less likely to resign. This was also confirmed by Sarah and Peter reporting that they were more eager to remain with the organization despite the alternative option of receiving financial resources.
We believe that Case Alpha respondents possibly have generally lower levels of non-work resources in terms of other job alternatives or non-work activities than the respondents from Case Beta. Based on the findings from Case Alpha we further support the claim from Tomprou et al. (2015) in regards of the affect non-work resources have on the employee's decision to remain or exit the organization. This can be illustrated through Peter’s disbelief in his available jobalternatives: “I would be stupid to resign on my own initiative. With the level of education I have, I would never have the ability to obtain a position as high that I have now”. Anna similarly stated that “I have been able to climb up the corporate ladder well and nowadays all new employees recruited to my department are required to have a higher education”. Not only do these statements further support the statement from Tomprou et al. (2015), but it also increases our understanding of the influence that one’s educational level has on their perception of possible job alternatives. Interestingly only Sarah from Case Alpha respondents had an educational degree corresponding her position in the organization. Others do not have the educational background that is usually required for those positions and they had been able to achieve their positions through their long experience within the company and commitment. It appears that people whose educational level does not fulfill the criteria of their current position perceive external job alternatives less attractive.

The lack of non-work resources could also explain why the Case Alpha respondents have higher levels of optimism and willingness to remain within the company. We assume they have high levels of disbelief regarding their ability to obtain attractive positions from other companies. Also, none of the Case Alpha respondents reported to have attractive alternative plans to pursue if they become victims of downsizing, which further explains their high motivation to remain in the organization. This observation supports Withey and Cooper (1989), who state that individuals who do not have attractive alternatives perceive the stressful situation more positively and are more motivated to apply repairing efforts to resolve the violated contract.

To conclude, downsizing survivors possessing low levels of non-work resources are more likely to remain within the organization after their psychological contract has been violated as result of downsizings. A lack of non-work resources could also explain why the downsizing survivors have higher levels of optimism and willingness to remain within the company. Contrary to this, downsizing survivors who possess non-work resources that are more attractive than their current position in the organization are likely to exit the employment contract, thus leave the organization.
5.7. Survivor’s Coping Strategies

As presented in the Frame of Reference, the coping strategies describe the employee’s emotional, behavioral and cognitive ways to cope with stress caused by contract breach and violation (Bankins, 2015). Looking at findings from Case Alpha, we confirm that employees engage in various coping strategies simultaneously (Skinner et al., 2003). The respondents reported to engage simultaneously in approach-oriented coping strategies, emotional coping and to some extent in mental disengagement. However none of them reported to engage in behavioral disengagement, which is highly related to the employee perceiving a disbelief in contract resolution which often further develops into the employee deciding to exit the contract, thus quit the job (Withey and Cooper, 1989).

Peter from Case Alpha stated “As soon as I heard that new downsizings were announced, I contacted my manager and expressed my high willingness to remain within the organization”. He further continued “After receiving information that I had survived the downsizing I still felt the need to work during the time I was supposed to be on holiday”. This indicates that Peter engaged in problem-focused coping, a form of the approach oriented coping strategies, where employees seeks to repair damages and increase their contributions towards the employer, hoping that it would trigger a gesture of reciprocal obligations (Tomprou et al., 2015). Confirming this statement from Tomprou et al. (2015) further, he tried to eliminate the negative emotions caused by the downsizing by speaking out to his employer regarding his willingness to remain and by working harder. Similarly Sarah, Anna and Johanna reported how they expressed their willingness to stay and worked harder. The high level of problem focused coping could be connected to their high level of personal resources and also the low level of non-work resources that they possessed, since Gowan et al. (1999) and Tomprou et al. (2015) state that the coping strategies that employees engage in depends on the coping resources one possesses.

Sarah from Case Alpha reported how she also engaged in emotion-focused coping, as she stated “I spoke about the situation with my coworkers and also called my sisters a lot more during the stressful period” Similarly Peter described “we were calling each other with a group a coworkers during the most stressful period of the downsizing, the ability to talk to people who are in the same position helped me to clear my mind”. Consistent with Leana et al. (1998) Sarah and Peter were both opting for emotional and social support in order to alleviate the negative emotions caused by the downsizings. Tomprou et al. (2015) state, that emotion-focused coping is mostly implemented when an employee perceives a lower likelihood of violation resolution. Therefore as Sarah and Peter both illustrated that they were calling their coworkers and family
members during the most stressful period of downsizings, we assume that neither had yet perceived a positive image regarding their future within the organization and both still perceived uncertainty in the situation.

Sarah interestingly also engaged in mental disengagement which is according to Tomprou et al. (2015) connected to a higher likelihood of the employee quitting one’s job. Sarah reported “I comforted myself by thinking that work is not the only thing in life and that I always have the option to work at my husband’s company”. She also added “Before I was confirmed to remain within the organization, I tried to keep my hopes low so that I would not be greatly disappointed if I became a victim”. This finding could mean that Sarah had low hopes during this particular period of downsizings, as she was mentally preparing herself to becoming a victim of downsizings. Consistent with this Tomprou et al. (2015) state that employees disengage mentally from a stressful event by lowering expectations or by distracting oneself. However she did not engage in behavioral disengagement which is highly related to one’s decision to leave the organization (Tomprou et al., 2015). Although she did mention that she had thought of other alternatives besides her work, such as working for her husband, she did not perceive this alternative as attractive as she perceived her current position in Company Y. This confirms Withey and Cooper (1989) as behavioral disengagement is more likely to appear when an employee has high levels of non-work resources and which are higher in attractiveness than are their current working position.

Different from Case Alpha, when looking at findings from Case Beta we discovered that the respondents engaged in emotion-focused coping strategies and avoidance focused-coping strategies, whereas they did not engage in problem-focused coping. They implement behavioral disengagement that is a form of avoidance focused coping strategy which is highly connected to the employee quitting one’s job (Tomprou et al., 2015) therefore our findings further support this theory as the Case Beta respondents all decided to leave the organization by quitting.

The Case Beta respondents reported to engage in emotion-focused coping strategies in a similar manner than did those within Case Alpha. For instance Ella stated “the downsizings were discussed among co-workers who were going through the same process”. Maria similarly stated “it was nice getting support from people who you worked with, as they were the people who understood the negative emotions that were present during that time”. Similar to Case Alpha, statements from Case Beta confirm Leana et al. (1998), as they show that these employees tried to ease the negative consequences of downsizings through discussing the events with others.
The main differing factor found in Case Beta that could not be perceived in Case Alpha was that the respondents in Case Beta all engaged in both mental and behavioral disengagement, which are both forms of avoidance strategies (Tomprou et al., 2015). After experiencing the first downsizings all Case Beta respondents stated that they began to consider other alternatives outside the organization. This confirms Tomprou et al. (2015), since they engaged in mental disengagement through re-prioritizing their goals and focusing on alternatives outside the employment relationship. Both Stina and Tom began to study a business program along working after the first downsizing experience. Tom stated “My plan was to remain with the organization until I was finished with my degree. I had already clear goals where I was going to work when I resigned from the organization”. Both Maria and Ella showed first signs of behavioral disengagement when they started to consider studying a degree instead of continuing working. As described, all Case Beta respondents perceived alternatives outside their employment relationships, which confirms the claim that if one possess non-work resources, the more likely it is that they employee starts searching for job alternatives and takes initial steps towards exiting the organization (Withey & Cooper, 1989). In the end all of Case Beta respondents took the final steps towards exiting the employment contract, thus quit their job. As they engaged in different avoidance-focused strategies they were more likely to disengage from the organization and see the alternatives outside the organization as more appealing, which initiated the final step of the dissolution of contract resolution (Tomprou et al., 2015).

Finally, the coping strategies that the downsizing survivors engage in during the post-downsizing era are closely linked to their willingness to remain or resign the organization. The survivors who engage in problem-focused coping are more likely to remain within the organization despite the negative events that they experienced. Contrary to this, survivors engaging in behavioral disengagement are more likely to resign the organization during the post-era of downsizings. Factors that affected the coping strategies one engages in include the previously mentioned level of optimism, level of non-work resources, nature of the survivor’s psychological contract prior to the downsizing and the survivor’s responsiveness to change.

5.8. Psychological Contract Resolution

All employees experienced the psychological contract violation most strongly after the first downsizings. Four potential post-violation psychological contracts are thriving, reactivation, impairment and dissolution (Tomprou et al., 2015). Case Alpha respondents reported that recovering from the following downsizings was easier and took less time. Anna and Peter got
less affected than Sarah and Johanna, hence they report the changes in their tasks that resulted from downsizings to be more enjoyable than the previous ones, they trust the company and are not afraid of upcoming downsizings. Based on Tomprou et al. (2015) we can assume that thriving occurred for Anna and Peter, as thriving appears when an employee is able to create a more beneficial post-violation psychological contract.

Even though Sarah and Johanna reported a higher level of uncertainty, they were motivated towards their work and willing to remain within the organization. Although they experienced some negative feelings after the downsizings, such as higher uncertainty of their future careers, lack of motivation and trust towards the management, they reported that after a while they were able to overcome these negative feelings. Based on their responses we can assume that psychological contract reactivation happened for them. This is coherent with Tomprou et al. (2015) stating that reactivation occurs when the employee is able to rebuild the psychological contract based on their previous psychological contract or a similar alternative. Based on the evidence from Case Alpha we can assume that employees whose post-violation psychological contract resolution occurs through reactivation or thriving are more likely to remain within the organization.

Based on Case Beta respondents’ decision to resign, we can assume that they were not able to re-establish the psychological contracts after multiple downsizings. As Tomprou et al. (2015) explain, dissolution occurs when an employee is unable to rebuild the psychological contract and the employment arrangement has broken. Therefore we can assume that dissolution occurred for all of them. In this situation an employee might stay within an organization but is not willing to exert effort on behalf of the organization (Tomprou et al., 2015). Our findings from Case Beta are in line with this statement, since the respondents remained within the organizations for a period of time for monetary reasons and to get more time to plan alternative plans for their future. They did not see any possibilities to remain within the organization, and as Tom reported “If I would have been able to remain with the same organization, it would have been a disappointment since I was so ready to leave and had already made clear plans for my future outside the organization”. However, we established that Stina and Tom first re-established their contracts through impairment, since their psychological contracts switched from relational to transactional contracts as described before which is consistent with Tomprou et al. (2015) stating that this can happen when an employee’s psychological contract resolution occurs through impairment. Afterwards, however dissolution occurred for Stina and Tom, since they could not rebuild the contract and decided to exit the organization. Therefore we can
assume that employees whose psychological contract resolution occurs through impairment or dissolution are more likely to exit the organization.

To conclude, survivors who re-establish their psychological contracts through reactivation or thriving are more likely to remain within the organization. The employee perceives the new post-violation psychological contract to be as appealing as the pre-violation contract, or even better. On the contrary, based on the findings, one is more likely to resign when impairment or dissolution occurs. If impairment occurs one does re-establish a post-violation psychological contract but is perceives it less attractive than the previous contract. When resolution occurs through dissolution, one is unable to rebuild the psychological contract.

5.9. Summary of analysis

We perceived that downsizing survivors experience a psychological contract violation when a preceding stage of reneging occurs, where the employee perceives that the employer is unable to fulfill the reciprocal obligations previously promised to them. Furthermore, the downsizing survivor experiences that the employer no longer fulfills the promise of job-security.

The downsizing survivors’ behavior during the post-downsizing era is affected by the survivor’s perception of the likelihood of psychological contract resolution. The likelihood of resolution that the survivor perceives is affected by the survivors level of optimism, their non-work resources, their reaction to change and the nature of their previous psychological contract.

The likelihood of resolution further affects the survivor’s coping strategies that describe the ways that the employee tries to cope with the stress caused by the downsizings. If the survivor perceived a high likelihood of contract resolution they engaged in problem-focused coping strategies which are closely linked to the survivor re-establishing their psychological contract and their high willingness to remain in the company despite the negative events caused by the downsizing. Contrary to this when the employee perceives a low likelihood of contract resolution, they engage in negative coping strategies in the form of behavioral disengagement that is highly connected to a contract dissolution, which increases the employee's willingness to leave the organization.

Survivor’s engaging in problem-focused coping strategies are more likely to re-establish their psychological contracts through reactivation or thriving. On the contrary to this those survivors
engaging in behavioral disengagement are likely to re-establish the contracts through reactivation or dissolution which affects employee’s likeliness to resign from an organization.
6. Conclusion

In the conclusion, we discuss how the purpose was fulfilled and summarize the key findings of the study.

This study aimed to understand the downsizing survivors and their psychological contracts. More precisely, we wanted to understand the underlying reasons why some downsizing survivors decide to leave the organization on one’s own initiative. A collective case study consisting of two groups of downsizing survivors were studied jointly. By the use of the two cases a cross-case analysis was conducted, through which we were able to perceive similarities and differences that emerged between the two cases. Through the cross-case analysis, we were able to understand the behavior of the downsizing survivors. More precisely we could identify the factors affecting the decision of why some downsizing survivors voluntarily resigned themselves from the employment relationship.

Research Question:
• Why do some downsizing survivors decide to leave the organization on one’s own initiative?

We gained an insight into the factors affecting some downsizing survivor’s decision to resign. Based on the findings, we identified that the main reason for employees to resign is one’s inability to re-establish the psychological contract that is severely violated as a result of downsizings.

When weighing the evidence we assume that a low level of optimism, cynicism towards change and lack of ability to adapt to change are linked to one’s disbelief on re-establishing the psychological contract. Also, one whose psychological contract is transactional in nature is less likely to perceive the psychological contract resolution. Furthermore, if the survivor perceives a low likelihood of contract resolution, one is likely to start seeking other career alternatives and goals outside the organization. If the survivor possesses high levels of non-work resources, such as other job alternatives, they are more likely to begin engaging in behavioral disengagement, which is a negative coping strategy, closely linked to the low likelihood of psychological contract resolution.

Engaging in the behavioral disengagement further increases the attractiveness of goals and other job alternatives outside the organization. At the point when the survivor perceives the
alternatives outside the organization as more attractive than their current position in the organization, they begin to prepare themselves to leave the organization, and as a result eventually resign.
7. Discussion

This study did not only answer the purpose and the research questions, but also it brought out other interesting interpretations that could be valuable for both the authors and practitioners. In this section we will further discuss other findings and interpretations that were not entirely related to answering the purpose of the study. Also, strengths and weaknesses of the study are discussed as well as a proposal of future research is provided.

Other findings that were not discussed in the empirical findings and analysis section bring out more insight into the topic of downsizings survivors, these insight do not necessarily align with the purpose of our thesis, yet they are interesting and possibly valuable for future research purposes. Firstly, the findings surprisingly revealed that the psychological contract of the employees was not violated as strongly as was described in the literature of downsizings survivors. We believe that the country origin of the literature is one factor causing differences between our findings and the findings stated in previous psychological contract literature, regarding the extent to which one perceives psychological contract violation. Both, the downsizing survivor literature and psychological contract literature that we used in the frame of reference are mostly written outside the Nordic countries. We assume the differences of perceptions between the respondents we had and the employees described in previous studies result from the cultural and societal differences as well as the differences of benefits the employees receive from the government and labor unions. Furthermore, we believe that the differences of national laws and norms regarding the downsizing processes have implications on the severeness of psychological contract violation. All respondents from both cases felt secured by the society if they were to become victims of downsizings. They described how they would be secured by social benefits and labor unions. Respondents brought up that a membership of a union guarantees them an unemployment fund. All of our respondents stated that they were happy and thankful with the way the organizations had handled the actual process of downsizings which illustrates that the organizations have followed the laws regulating the downsizing processes.

They described how the employer gave sincere apologies and gave reasonable explanations for the causes of downsizings. This illustrates that the level of organizational responsiveness was perceived as high among the respondents.

Furthermore, another reason why the psychological contract violation was not perceived as strongly as described in the literature could be that the respondents were constantly reasoning
the organization's action by blaming the downturn of economy. They all reported that large scale downsizings have been implemented in in many organizations in Finland during the recent years. It seemed as if it made the downsizing more acceptable because other organizations were also implementing them. They also stated that the downsizings could have not been avoided and that they were a necessary step to reduce the costs and increase the efficiency. Thus we assume that the business environment where the organization operates in has an impact on the severeness that the employee perceives the contract violation.

**Limitations**

This research has several limitations that need consideration. Firstly, this study was conducted within a limited time frame of four months. Ideally this study would have been conducted within a longer time frame so that we would have been able to interview employees before, during and after the downsizing process. Due to the fact that the respondents had experienced the last downsizings a couple of years ago, the findings might not correspond to the initial feelings and reactions experienced. The respondents live in Finland and possess a finnish citizenship, which impacts the respondents’ value base through cultural factors that they are influenced by, therefore the study contains cultural limitations. Additionally, this study focused on employees from only two different companies, thus the study cannot be generalized in terms of a broader spectrum of companies and industries. One can perceive Company X to be underrepresented with two interviewees. However, since the purpose of this study was to understand people and their behavior instead of companies and their cultures, this is not highly relevant regarding this study.

Furthermore, Conway and Briner (2005) argue, one can question the validity of using employees’ self-reports as a measure of behavioral outcomes. These responses often might be biased, for instance employees describing their behavior in a more socially appealing way. Also, this study is highly based on our own subjective interpretations, meaning that this study is influenced by our personal views of the phenomena. Lastly, the interviews were conducted in Finnish and therefore translated to the thesis’ language, English. This could possibly decrease the accuracy of the data, as some meanings could have been lost in the process of translation.
Future Research

This study contributes to the already existing literature of psychological contract theory, change management and downsizings. It can be used by employees working in organizations that are undergoing downsizing or other change processes, as well as the organizations aiming to prevent violating the psychological contract. Other scholars interested in the topic can use this study as well as other students searching for topics for their thesis. Furthermore future research could investigate if the responses vary between countries and cultures. Even though the study was based on already established literature, a more comprehensive study conducted with more firms from different industries and interviewees would be needed in order to generalize the findings. Although the educational background and country of origin were studied, other demographic factors were not, thus leaving room for a larger study concentrating on these factors.
References


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