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## The Role Of Employee Unmet Promises In The Relationship Between Organizational Restructuring And Employees Quit Decisions In Commercial Banks In Kenya

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**Abstract:** *This study was aimed at investigating the antecedents and predictors of employee quit decision process during organizational restructuring. This was done by examining the nature of relationships between Organizational restructuring, Employee Unmet promises and quit decisions. The literature review revealed that a number of studies have been conducted on the predictors and antecedents of employee quit decisions. However, these studies did not examine any integration between them. The objective of this study was to explore the integrated relationship amongst organizational restructuring, employee quit decisions and employee unmet promises. A sample size of 375 was selected from a total population of 15,017 employees from commercial banks in Kenya. A structured questionnaire with Likert-type statements anchored on a five-point scale ranging from "Not at all (1)" to "To a great extent (5)" was used to collect data. The study employed Pearson's Product Moment Correlation and hierarchical Regression analysis to test the hypotheses. The findings showed a significance relationship between organizational restructuring and employee quit decisions. Further, the findings revealed that the effect of organizational restructuring on employee quit decisions is mediated by Employee unmet promises.*

## 1. Introduction:

Employee quit decision is a careful evaluation by the employee whether to continue working for the organization or leave it altogether (Conway & Guest, 1997). Quit decisions are influenced by the employee personal attributes such as engagement and commitment level, loyalty to the organisation, past experience, age, career level and length of service (Robinson and Rousseau, 1994; Conway and Guest, 1997). Studies conducted on this subject found that one of the key factors influencing employee quit decisions is perceived violation of psychological contract. There are different types of quitters: impulsive quitters, comparison quitters, preplanned quitters and conditional quitters. Employee exits can also be classified as voluntary or involuntary. There are two basic types of involuntary termination, known often as "fired" or "laid off." (Armstrong, 1999). Applied to employee - employer relationship, psychological contract refers to unwritten employer and employee expectations of the employment relationship that is mutual obligations, values and aspirations that operate over and above the formal contract of employment (Michell, 1986). Although a breach of psychological contract can be committed by either the employer or the employee, psychological contract violation is usually viewed as an employee's perception of having been treated wrongly regarding the terms of an exchange agreement with an employer (Pavlou, 2002). Organizational restructuring refers to changing or reorganising the structure of a company so that it can operate more efficiently and effectively (knowdell et al, 2006). Organizational restructuring brings about change and affect employees' roles and responsibilities which may in turn be perceived as a threat to job security. Globally, the structural changes have been experienced in all sectors whether private, public or in voluntary sectors. This study focused on the Financial Sector within the Private Sector in Kenya. The study specifically targeted the commercial Banks in Kenya. The various internal and external changes are fundamentally transforming the nature of organizations (Cheng et al, 1998).

A number of studies have been carried out with a view to establishing the reasons why employees quit their jobs (Armstrong, 1999; Maslow, 1954; Pavlou,2002; Dopson and Newell, 1996; Robinson and Rousseau, 1994; Lee et all, 1994, 1996, 1999). However, these studies have mainly focused on the content of employee quit decisions and not the process through which such decisions are made. Maslow (1954) and Pavlou (2002) found positive associations between employee dissatisfaction and decision to quit, but their studies did not explain how this linkage is achieved. In these studies an assumption is made that dissatisfied employees are likely to quit their jobs. However, they fail to recognize various factors that

are likely to moderate the quit decision making process. Dopson and Newell (1996) attempted to explain how unmet employee expectation would lead to perceived psychological contract violation but did not test any specific hypotheses on perceptions that could explain this assumption. Frijda (1988) attempted to examine the linkage between psychological contract and employee quit decisions. However, he did not explain the psychological process the employee goes through before arriving at quit decisions.

In Kenya there have been a few studies conducted on employee quit decisions (Muia, 1983; Gekonge, 1999). However, these studies have not examined the predictors and antecedents of quit decisions in an integrated manner. Another factor noted while reviewing literature on the subject is that most of the turnover studies have been conducted in the culture of western and developed countries work settings by ignoring their cross cultural implications in developing countries. The present study set off to answer the following questions. What the nature of relationships is amongst: organizational restructuring, perceived unmet promises and employee quit decisions.

## **2. Literature Review:**

Organization structure refers to the pattern of relationship among positions and various functional areas as well as among members of the organization (Cheng et al. 1998). Any radical strategic changes in the organizational structure leads to what is commonly known as re-structuring and must be accompanied by changes in systems, processes and people management practices (Nilakant and Ramnarayan, 2006). No organization can thrive forever if it clings stubbornly to old structures, processes and “never” or “always” principles including the principle of never laying off employees. Structural changes may arise from the various combinations of strategic changes an organization may undertake in order to survive or prosper (Knowdell et al, 2006). Strategic decisions that can lead to organizational structural change include decisions of: mergers, acquisitions, conversions and business re-engineering. Organizational restructuring therefore impacts on employee’s psychological expectations such as: work life balance, Job security, career growth and development opportunities, equitable (fair) pay/reward and benefits, challenging work in line with abilities, clear performance targets, performance feedback, fair treatment and involvement in major decision making process (Clark et al, 1998). However, organizational structural changes can lead to perceived psychological contract violation (Dopson and Newell, 1996).

Restructuring is likely to bring about: threat to job security (fear of job loss or demotion), possibility of job transfer or relocation, fears of inability to perform new roles, possibility of increased workload, threat to interpersonal relationships due to changes in reporting lines, boss or subordinates, personality and cultural clashes, disturbed or uncertain career prospects, ambiguous reporting systems and unclear roles, loss of or reduced power, status and prestige, unfavourable terms and conditions of service, loss of organizational or personal identity, increased organizational size, changes in policies and practices (Lewis and Smithson, 2007).

An important element of the concept of the psychological contract is the notion of contract violation and its consequences (Rousseau, 1995; Morrison and Robinson, 1997). Perceived violation of psychological contract may lead to certain conclusions by the employee. The employee loses trust in the employer; feels betrayed and may be less committed towards achieving the desired organizational goals. The employee may also be disengaged completely from the activities of the organisation. Such consequences may lead to the beginning of employee's quit decision making process. The link between restructuring and its impact on people's perceptions support the premise that any structural changes undertaken by an organization may lead to perceived psychological contract violation. This study aims at closely examining the relationship between organizational restructuring and perceived psychological contract violation.

A huge concern to most companies is the loss of key staff to competition. Key staffs are crucial to the realization of the organization's goals. Besides, replacement of these key staff is a costly expense especially in areas where the required skills are scarce in the market. Other costs associated with loss of key staff are: cost of training the replacement, cost of not having someone to do the job in the meantime, the loss due to learning period of the new employee, the loss of morale in co-workers, loss of trade secrets which the departing employee may share with new employer especially the competitors. It is therefore important to understand the process through which an employee arrives at a decision to quit or stay in the organization. There are four courses of action an individual may take in response to perceived violation of psychological contract. These are: voicing any feelings-helps to reduce losses and restore trust, Silence which may mean willingness to endure or accept unfavourable circumstances in the hope that they may improve, neglect of one's duties or involve in counterproductive behaviours, exiting the organization, often the last resort whenever everything else cannot work (Adrien et al, 2004). The current study endeavours to establish the quit decision process likely to be taken by employees during organizational restructuring

by examining the nature of relationships between organizational restructuring, perceived unmet expectations and quit decisions.

### **3. Theoretical Foundations:**

The concept of employee expectations is supported by a number of theories. Victor Vroom's Expectancy theory explains that people have preferences and outcomes which tend to reflect a person's underlying need state. The three components of this theory are: expectancy which refers to the probability that if an amount of effort is applied, some desired performance will be realized, Instrumentality which refers to the probability that the desired performance will be rewarded and valence which refers to the probability that the reward will be worthwhile. The Goal theory states that motivation is driven primarily by goals or objectives that individuals set for them. Unlike Expectancy theory, where a satisfactory outcome is the prime motivator, Goal theory suggests that it is the goal itself that provides the driving force (Locke, 1968). The employee also expects that he/she will be rewarded for work done (contribution) and that reward will be equitable. Equitable reward concept is supported by Stacy Adam's equity theory which says that people make comparisons between themselves and others in terms of what they invest in their work (inputs) and what outcomes they receive from it (Dopson and Newell, 1996).

Therefore like the valence theory, equity theory also recognizes attractiveness (valence) of rewards in a work context except that equity theory emphasizes the extent to which the rewards are seen to be comparable to those available to the peer-group. However such thinking is best applied to extrinsic rewards such as pay, promotion, pension arrangement, company car etc and not to intrinsic rewards such as job interest, personal achievement and exercise of responsibility, which by their very nature are personal to the individual, entirely subjective and therefore less capable of comparison in any credible sense (Conway and Guest, 1997). Maslow's hierarchy of needs theory explains that people always want more and what they want depends on what they already have. He identified five main levels of needs, from, at the lowest level, physiological needs, through safety needs, love needs and esteem needs, to the need for self actualization at the highest level (Conway and Guest, 1997). According to Maslow's theory, higher needs are only activated once the lower needs have been satisfied. Although Maslow suggests that most people have these basic needs in about the order indicated, he also makes it clear that the hierarchy is not necessarily a fixed order.

There will be a number of exceptions to the order indicated. For some people, there will be a reversal of hierarchy. For example self esteem may seem to be more important than love to some people and so on and so forth (Maslow, 1954). This behaviour supports the characteristics of the psychological contract where individual's preferences and taste shifts every now and then.

Longitudinal research by Rousseau (1995) revealed that perceived contract violation predominantly occurred in respect of training/development, compensation and promotion. The study further revealed that a threat in job insecurity is the factor with the highest impact on perceived breach of contract resulting in the highest level of perceived contract violation. Changes in careers following restructuring may constitute a breach of psychological contract (Dopson and Newel, 1996). Perceived violation of employee expectations or psychological contracts can be influenced by the change management interventions put in place to successfully manage the change process (Rousseau, 1995; Kotter, 1995). When employees perceive unmet expectations as a result of organizational restructuring, they will react differently. The courses of action an individual may take in response to any change process initiated by the organization are: voicing any feelings-helps to reduce losses and restore trust, Silence which may mean willingness to endure or accept unfavourable circumstances in the hope that they may improve, neglect of one's duties or involve in counterproductive behaviours, exiting the organization, often the last resort whenever everything else cannot work (Adrien et al, 2004). The current study categorizes the possible actions by the employees arising from perceived unmet expectations as follows: quit my job, stay in my job, feel dissatisfied but wait to see what happens next before deciding to quit or stay.

#### **4. Conceptual Framework:**

Organizational structural changes or restructuring has been associated with retrenchments (Knowdell et al, 2006). Since retrenchment implies that some employees would be laid off, there will be a feeling of job insecurity by the employees. In such circumstances employees will develop a feeling of bitterness with the organization and may start looking for employment elsewhere outside the organization. If the employee comes across some opportunities outside the organization, he or she will engage in quit decision process. Robinson and Rousseau (1994) believe that breaches can erode employment relationship, in

particular damaging trust and job satisfaction. Individuals who have experienced psychological contract breaches are more likely to quit the organization than those who have not. In addition, some employees may re-assess their broader contract, focusing on transactional elements such as pay and tangible benefits (Luhmann, 1979).

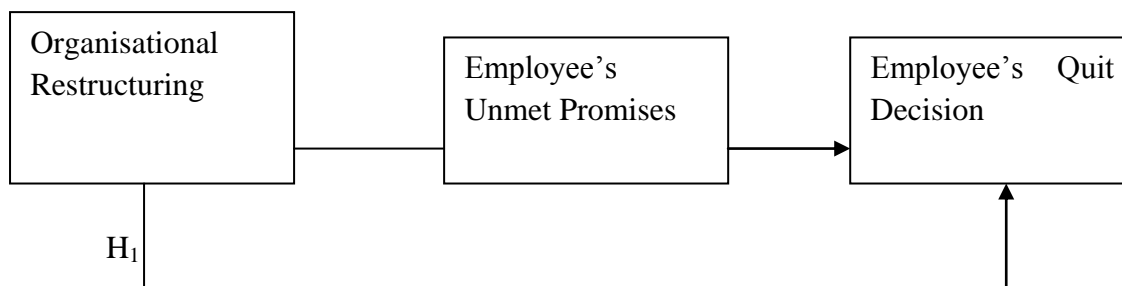


Figure 1: Conceptual Framework

From Figure 1, the hypotheses presented in table 1 were formulated:

Hypothesis		Test of	Research objective
H1	There is a positive relationship between organizational	Pearson's correlation	To establish the nature of relationship between
H2	The relationship between restructuring and employee quit decisions is mediated by perceived unmet promises	Hierarchical Regression Analysis	To establish the mediating effect of Perceived unmet promises on the relationship between restructuring and quit decision

Table 1: Summary of research hypotheses, test of hypotheses, corresponding objectives

**5. Research Methodology:**

The target population was employees of commercial banks in Kenya that underwent restructuring through mergers, acquisitions, rightsizing and conversions between 1998 and 2008. Employees from all 17 Banks were included in the study. For each bank, the employee numbers were stratified into managerial and non-managerial cadres and each cadre subjected to systematic sampling, to obtain the employees to be interviewed. Sampling interval was calculated for each cadre by dividing the total number of employees in that cadre by the desired sample size for that cadre. For purposes of this study, the researcher desired a



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

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

$$e^2 (N-1) + z^2 \cdot p \cdot q$$

Using this formula the computed sample (n) was 375 out of a population of 15,017. This translates to 2.5%. Using 2.5% the sample was distributed among the responding firms as shown in table 2.

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

Table 2: Determination of sample size from each bank

## 6. Data Collection:

A structured questionnaire with Likert-type statements anchored on a five-point scale ranging from “Not at all (1)” to “to a great extent (5)” was used to collect data. Questions three to Six in the questionnaire were designed to address research questions and objectives based on study variables. The use of questionnaire was preferred in this study because the respondents were literate and were able to understand the questions and respond appropriately.



## 7. Validity And Reliability Of Data Collection Instruments:

The validity of the questionnaire was tested through a pilot study. In the pilot study, 50 respondents were conveniently selected from three banks namely; Barclays Bank (25 respondents) representing the large banks category, Commercial Bank of Africa (15 respondents) representing the medium size banks and Prime Bank (10 respondents) (representing the small banks category). The feedback was used to fine tune the final questionnaire to be used for the study. The respondents interviewed in the pilot study were excluded from the study sample of 375. In addition, the questionnaires were reviewed by volunteer survey design experts from Consumer Insight and Infotrak Research Consulting firms. The experts reviewed the questionnaires and listed potential problems and classified them to specific points where difficulties may occur. The views from the experts were used to further fine tune the questionnaires.

The pilot study data was further used to test for internal consistency, reliability by computing Cronbach Alpha for measures of each variable. The results are presented in Table 3.

Factor (Scale)	Number of	Cronbach's
Organizational Restructuring concerns	19	0.73
Quit decisions	19	0.81
Perceived unmet promises	19	0.88

*Table 3: Summary of Cronbach's Alpha Reliability Coefficients*

## 8. Data Analysis:

The Quantitative data was analyzed using Statistical Package for Social Sciences (SPSS) software version 17 and descriptive statistics and cross tabulation as well as inferential statistics were obtained accordingly. The statistics used were frequency distributions and mean. Pearson's Correlation was used to test for absence of multicollinearity amongst the data and the nature of relationships among the study variables. The data collected was subjected to normality test using Kolmogorov-Smirnov goodness of fit test. The absence of heteroscedasticity was tested using the standard error of estimate of the regression line. The mediating role of perceived unmet promises between the relationship between organizational restructuring and quit decisions was determined using Partial correlation analysis.

## **9. Findings:**

### ***9.1. Response Rate:***

In the initial distribution of the questionnaires 325 (87%) of the 375 respondents filled out the questionnaires provided to them, while the remaining 50 (13%) did not return the questionnaires due to various reasons. Replacement technique was used and distributed 50 questionnaires to the newly selected respondents. All the 50 questionnaires distributed to the newly selected respondents were duly completed and returned. The initial response rate (87%) achieved in the present study is high relative to response rates recorded in a number of previous studies; for example, Anantharaman, (2003) achieved 75.5%, Youndt et al (1996) had 26% while Green et al, (2006) only managed 15.4% response rate in their studies.

### ***9.2. Test Of Multicollinearity, Normality Of Data Distribution And Heteroscedasticity:***

Tests of multicollinearity, heteroscedasticity and normality were conducted to ascertain the appropriateness of the data. The absence of multicollinearity was tested using Pearson Correlation Coefficients. Using the rule of thumb as cited by Garson (2008), none of the independent variables used in the present study had a correlation value of more than 0.95 since the correlation between perceived unmet promises and organisation restructuring had a Pearson correlation value of 0.612. This suggests that there is no multicollinearity.

The data was also subjected to normality test using Kolmogorov-Smirnov test which showed that the data was normally distributed since the value for the test was 0.2414149 which was significant at alpha level 5% (0.04301), which is lower than the obtained value.

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

## **10. Descriptive Statistics:**

### ***10.1. Organizational Restructuring:***

The respondents were asked to indicate which of the four possible types restructuring, namely merger, acquisition, rightsizing and others (more than one of these) they had experienced. The findings show that majority (53.9%) of the firm initiatives were brought about by the need by banks to right size their operations. Mergers and acquisitions accounted for 20% and

14.1%, respectively while those who indicated that they had experienced two or more of the above accounted for 12%.

### ***10.2. Employee Concerns Arising From Organizational Restructuring:***

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

The results suggest that during restructuring, the issues that would be of utmost concern to the employees are job security, impact on reporting lines and role clarity, competence of leadership to effectively manage the restructuring process , impact on terms and conditions of service, and impact on future career in the organization. However, employees would be less concerned with the impact of restructuring on organization values and ethics, brand and market reputation, change in organizational size and loss of organizational and personal identities

### ***10.3. Quit Decisions Arising From Announcement Of Organizational Restructuring:***

As discussed under literature review, an employee can engage in quit decisions on announcement of organizational restructuring. The respondents were asked to rate the various possible reasons which lead or would lead them to engage in quit decisions upon announcement of organizational restructuring. The results indicate that during organizational restructuring, employees would engage in quit decisions mainly due to fear of job loss ( $\bar{x}=2.87$ ), unclear reporting roles ( $\bar{x}=2.83$ ), incompetent leadership ( $\bar{x}=2.81$ ), unfavourable terms and conditions of service ( $\bar{x}=2.77$ ) and diminished future career opportunities ( $\bar{x}=2.47$ ). On the other hand, they would be least concerned with loss of personal and organizational identities ( $\bar{x}=1.31$ ), organizational size ( $\bar{x}=1.37$ ), brand and market reputation ( $\bar{x}=1.41$ ) and values and ethics ( $\bar{x}=1.43$ ).

### ***10.4. Perceived Unmet Promises Arising From Announcement Of Restructuring:***

Perceived unmet promises were measured using nineteen dimensions developed across human resource management practices namely: job security, clear reporting lines and roles, competent leadership, favourable terms and conditions of service, future career prospects, work life balance, job importance, stable organization, favourable policies and practices, power, status and prestige, trust, unchanged job location, job-interest alignment, continued interpersonal relationships, matching abilities to the job, organization values and ethics, strong organization brand corporate/organization identity and size of the organization. The respondents were asked to rate on a five point Likert scale ranging from 1 ('not at all') to 5 ('to a great extent'), the extent to which they perceived that each of the promises/expectations was unmet or breached on announcement of organizational. The results indicate that during organizational restructuring, the key dimensions that will influence employees' perception of unmet promises are: Job security ( $\bar{x}=4.39$ ), clear reporting roles ( $\bar{x}=4.36$ ), competent leadership to successfully manage restructuring process ( $\bar{x}=4.30$ ), favourable terms and conditions of service ( $\bar{x}=4.08$ ), and future career prospects ( $\bar{x}=3.96$ ). On the other hand, there would be less perception of unmet promises with regard to: ability to perform new role ( $\bar{x}=2.55$ ), organizational values and ethics ( $\bar{x}=2.43$ ), organizational brand and market reputation ( $\bar{x}=2.22$ ), organizational identity ( $\bar{x}=1.96$ ) and change in organizational size ( $\bar{x}=1.90$ ).

### 10.5. Employee Quit Decisions Arising From Perceived Unmet Promises:

The respondents were asked to rate the various possible reasons which lead or would lead them to engage in quit decisions if they perceived or would perceive that their promises or expectations were or would be violated /unmet. The results indicate that during organizational restructuring, the key dimensions that will influence employee quit decisions upon perceiving unmet promises are: fear of job loss ( $\bar{x}=4.13$ ), unclear reporting roles ( $\bar{x}=4.06$ ), incompetent leadership to successfully manage restructuring process ( $\bar{x}=4.01$ ), unfavourable terms and conditions of service ( $\bar{x}=3.96$ ), and uncertain future career prospects ( $\bar{x}=3.83$ ). On the other hand the dimensions with less influence on employee quit decisions are: inability to perform new roles ( $\bar{x}=2.22$ ), loss of organizational values and ethics ( $\bar{x}=2.17$ ), damaged organizational brand and market reputation ( $\bar{x}=1.99$ ), undesired change in size of organization ( $\bar{x}=1.96$ ) and loss of organizational and personal identity ( $\bar{x}=1.92$ ).

Hypothesis	Test	Result	Decision (P <
H1 : There is a relationship between organizational restructuring and	Pearson	r = .123	Accept H1
H2: The relationship between organizational restructuring and employee quit decisions is mediated by perceived unmet promises.	Hierarchical Regression Analysis	F= 10.337 p<0.05	Accept H2

Table 4: Summary results for test of hypotheses

### 10.6. Analysis Results For The Test Of The Relationship Between Organizational Restructuring And Employee Quit Decisions:

The results in Table 4 show that there was a positive correlation between organizational restructuring and quit decisions, which was statistically significant ( $r = .123$ ,  $p < 0.05$ ). This implies that as the value for concerns arising from organizational restructuring changes, the value for quit decisions changes in the same direction. The results of Pearson correlation analysis show that the relationship between organizational restructuring and quit decisions is significant and therefore, we accept the hypothesis H<sub>1</sub>, that there is a relationship between organizational restructuring and employee quit decisions. This finding therefore suggests that employees will engage in quit decisions on announcement of organizational restructuring.

### ***10.7. The Relationship Between Organizational Restructuring And Employee Quit Decisions Is Mediated By Perceived Unmet Promises:***

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

### ***10.8. Employee Quit Decisions:***

This section presents analysis for the determination of hierarchical relationships between the predictor variables: organizational restructuring, perceived unmet promises and employee quit decisions. The results are presented in Table 5

Model				Std. Error of	Change in R <sup>2</sup>	Change in F
1	.522 (a)	.273	.194	11.6652281	0.273	6.223
2	.742 (b)	.552	.499	12.3873403	0.279	6.347

*Table 5: Results of the Hierarchical Regression Analysis*

a: Predictors: (constant), Organizational Restructuring (OR)

b: Predictors: (constant), Organizational Restructuring (OR), Perceived Unmet Promises(PUP)

Results under Model 1 in Table 5 show that  $R^2 = .273$ , indicating that Organizational Restructuring alone accounts for about 27% of the variance in employee quit decisions. In Model 2, the results show that  $R^2 = .552$ . This is higher than the value of  $R^2$  in Model 1 by .279. The change in the value of  $R^2$  in Model 2 indicates that perceived unmet promises (a predictor variable) accounts for 27.9% of the variance in employee quit decisions after controlling for organizational restructuring i.e.  $R^2 = 0.273 + 0.279 = 0.552$ ). Therefore, the incremental value to the variance in employee quit decisions is 0.279. The incremental values

suggest that the relationship between organizational restructuring and quit decisions is hierarchical with perceived unmet promises as the mediating variable.

### ***10.9. Hierarchical Change In Predictor Variables With Respect To Employee Quit Decisions:***

The results presented in Table 6 show that the change in R2 associated with the predictor variable in each Model were significant. This implies that the predictor variables (organisational restructuring and perceived unmet promises were good predictors of the criterion variable (employee quit decisions) in the commercial banking sector in Kenya

Model	R value	R Square	Std. Error of the	Change statistics				
					sig			
1	.522 (a)	.273	11.6652281	.273	0.046	6.223*	1	21
2	.742 (b)	.552	12.3873403	.279	0.028	6.347*	1	20

*Table 6: Change statistics from the Results of Hierarchical Regression Analysis for Variables associated with Employee Quit Decisions*

Entering the predictor variable (organizational restructuring) first, resulted in an R2 of .273, which was statistically significant ( $R^2 = 0.273$ ,  $P=0.046$ ). Adding perceived unmet promises increased the R2 by 27.9 %, which was significant ( $R^2=0.279$ ,  $P=0.028$ ). Change in R2 value in Models 1, and 2 was significant suggesting a strong effect of organizational restructuring and perceived unmet promises on employee quit decisions.

### **11. Results Of The Analysis Of Variance (ANOVA) For Employee Quit Decisions:**

The hierarchical linkages established above were further analyzed using ANOVA statistical technique to confirm the accuracy of the results obtained using regression analysis. The results are presented in Table 7.



Model	Type of	Sum of	df	Mean	F	F	Sig.
1	Regression	374.113	1	374.113	9.329	9.329*	.036a
	Residual	4029.850	19	109.228			
	Total	4403.963	20				
2	Regression	438.227	2	221.843	19.666	10.337*	.029b
	Residual	4144.317	17	119.337			
	Total	4582.544	19				

Table 7: ANOVA Results for Change in F ratio with respect to Employee Quit Decisions

a: Predictors: (constant), Organizational Restructuring (OR)

b: Predictors: (constant), Organizational Restructuring, Perceived Unmet Promises(OR,PUP)

c: Dependent Variable: Employee Quit Decisions

The results in Table 7 in model 1 show that with only one predictor variable, organizational restructuring had a significant contribution to employee quit decision ( $F= 9.329$ ,  $p=.036$ ). Results in model 2 indicate that organizational restructuring and perceived unmet promises had significant contribution to employee quit decisions ( $F=10.337$ ,  $P= .029$ ). The results presented in Table 7 reveal that all the F ratios for the two models are significant, suggesting a hierarchical relationship between organizational restructuring and employee quit decisions. Therefore we accept the hypothesis that the relationship between organizational restructuring and employee quit decisions is mediated by perceived unmet promises.

## 12. Discussion, Conclusions And Recommendations:

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

### ***12.1. Nature Of Relationship Between Organizational Restructuring And Quit Decisions:***

The strength of relationship between organizational restructuring and quit decisions was found to be statistically significant. Employees who would engage in quit decisions on announcement of restructuring process would probably do so due to some unfavourable experience in past either with current or previous employers. Besides, most of the employees in this category of employees are most likely to engage quit decisions even if there had been no restructuring. This argument is consistent with the views of Robinson and Rousseau (1994), Luhmann, (1979) and Lee et al. (1999) who reiterated that employees with unwritten (psychological) script or predetermined action will proceed to quit organization on the basis of such predetermined script rather than on the event in question which is restructuring in this instance. This is also consistent with the literature by Griffeth et al. (2000) who asserted that an actual career opportunity elsewhere has a positive link to turnover and is a factor influencing employee turnover while perceived alternatives can predict employee turnover decisions. As discussed in the literature review, employees would evaluate the options namely: quit decisions and perceive unmet promises, by psychologically evaluating the expected monetary value (EMV) for each option and applying the opportunity gain/loss concept and the decision analysis model (DAM) developed by Narayanan and Rao (1987). According to Narayan and Rao (1987), all decisions are made by assessing and evaluating the available options, before selecting the most beneficial and most likely outcome.

### ***12.2. Mediating Effect Of Perceived Unmet Promises On The Relationship Between Organizational Restructuring And Quit Decisions:***

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

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

### **13. Conclusions:**

This study was designed to develop the understanding of the predictors and antecedents for voluntary employee turnover in the banking industry in Kenya during restructuring. The study revealed that employees leaving or staying in their organizations following a restructuring initiative do so for various reasons.

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

The decision by employee to quit the organization or continue staying will arise at various points in the decision making process. The first level of decision making is at the point or announcement of organizational restructuring, the second level is at the point when employee perceives unmet promises.

#### **14. Contributions To Theory And Theory Development:**

A conceptual framework developed from this study brings out a better understanding of the interrelationship amongst organizational restructuring, perceived unmet promises, and quit decisions thereby increasing the stock of theoretical and empirical knowledge in related fields. The framework also captured the dynamics and factors influencing employee quit decision process during organizational restructuring. Besides, the findings of the study would provide useful reference guide for designing appropriate proactive change management and retention strategies for retaining key employees by organizations intending to undertake restructuring process.

Another important contribution from the current study is that fact that at any given time, even when the organization is not undergoing any change process such as restructuring, not all employees in the organization are happy and willing to stay in the organization. At any given point in time, some employees will be loyal and willing to continue working in the organization while some will be at perceived unmet promises. Employees can therefore engage in quit decisions as a result of having already perceived unmet promises even prior to organizational restructuring.

#### **15. Limitations Of The Study:**

The survey was conducted and data collected from the respondents only once. The current study therefore did not take into consideration longitudinal aspect.

The target population for the study was employees of commercial Banks in Kenya. The study did not therefore cover employees of other sectors such as manufacturing, mining and agriculture. It would have been interesting to compare results from different industries with a view to finding out if the same results would be similar.

#### **16. Direction For Future Research:**

The results of this study suggest a variety of implications for future research. First, it would be useful conduct a similar study on a longitudinal basis using similar procedures with the same respondents after several years say five years.

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