



Downsizing and the Psychological Contract: A Study of The Ghanaian Insurance Industry

Anastas Kabral Nyamikeh¹

Abstract

The downsizing of employees has been ubiquitous in many industries in recent years with the aim of operating leanly. Management of organizations may be oblivious of the potential effects of this action on the morale of remaining workers. The research sought to ascertain the effect of downsizing on the morale of remaining employees. Using unstructured interview with line managers, human resources managers and union executives and focused interview with employees in various departments of ten insurance companies in the Ghanaian insurance industry, and found that downsizing is tantamount to a breach of the psychological contract employees have with management. Again, it results in a loss of employee trust in management, reduced employee morale, increased labour turnover and absenteeism, loss of job satisfaction and worsening employee performance. These findings contrast existing literature proclaiming that remnant employees display highness of morale

Key words: *Downsizing, psychological contract, employee morale, insurance industry.*

Introduction

The Insurance industry in Ghana has had a chequered history. It began in the colonial era-1924, with the establishment of the Royal Guardian Enterprise now known as the Enterprise Insurance Company Ltd. The first indigenous private insurance company, the Gold Coast Insurance Company Ltd, was established in 1955. In 1962, the State Insurance Corporation was established. Eleven more were established in 1971 (Tsen, 1982:23) and five years later in 1976, seven more companies were established and one reinsurance company and insurance brokerage firm were established. The 1989 Insurance Law (PNDC Law 229) and the Insurance Act of 2006, Act 724 provides the statutory framework currently for the regulation of insurance business in Ghana. To date, there are 40 insurance companies, 20 brokerage firms, two firms of loss adjusters, two actuarial firms, four reinsurance firms and over 4000 insurance agents operating in the country.

¹ LECTURER IN INSURANCE AND MANAGEMENT STUDIES, FACULTY OF BUSINESS ADMINISTRATION

aknyamikeh@pentvars.edu.gh(nyamikeh2002@yahoo.com)

PENTECOST UNIVERSITY COLLEGE, SOWUTUOM, ACCRA, GHANA.

P.O. BOX KN 1739, ACCRA. TEL: 0203041677



The performance of an insurance industry is assessed on the basis of two results- the technical result or profit which shows the balance between products sold (principally premiums) and expenses directly associated with insurance per se principally claims and administrative expenses; and financial result which represent the income generated by the investment of the collected insurance premium. Importantly, the time lag between the collection of insurance premium and the payment of claims gives rise to investment opportunities (Brilys and Varenne, 2001:2). A financially viable insurance company requires not only that overall profits be positive enough to allow for a fair risk-adjusted return on investment but also by implication, that both the underwriting and financial results should be separately profitable on a stand- alone basis (Brilys and Varenne,2001).

A critical component in the determinant of profitability in all industries (the insurance industry inclusive) is overhead costs of which employees' salaries constitute a major part. It is therefore not unexpected that in recent years firms are downsizing their employees in order to operate leanly, reduce labour costs and declare profits at all costs.

The employer-employee relationship is generally expressed in a contract of employment, the essence of which is considered as promises made by each party, (the employer and the employee) a promise to work in return for which payment is made (Rollinson, , Broadfield and Edwards 1998). This implies that the relationship between an organization and its employees can be congealed into an legal contract the terms of which may be explicitly expressed. However, this relationship is not a rigid one but one that evolves over time after the consummation of the initial contract of employment. This evolution makes the employer-employee relationship a complex one. A framework that captures some of the complexities is Homans (1961) and Blau (1964) social exchange theory. The concept of Psychological contract clearly expresses this view of the employer-employee relationship (Schein, 1980) as one of the three types of contract in an employment relationship in addition to formal and informal contracts.

In actuality, there are three types of contract in an employment relationship (Schein, 1980), the formal contract that reflects the economic aspects of the exchange and finds expression in the legal conception of a contract of employment, the informal contract, some of the components of which are derived from wider social norms about how people should treat each other and the psychological contract which largely consists of unvoiced expectations and obligations (Rollinson et al, 1998:701).

Defined as a theory that views all relationships as an exchange of social performances and acknowledges that the basic motivation for entering into a relationship with someone else is the expectation of obtaining rewards of some sort(Rollison et al, 1998), social exchange theory considers all relationships as an exchange of social performances, and admits that the that the process of social exchange is replete with unspecified expectations and obligations. Thus, for the relationship to be meaningful, each party must be prepared to provide a quid pro quo of value, meaning that both benefits and costs need be incurred by each party. Trust, which is the central oil of all ongoing



relationships including the employer-employee relationship, is of the essence here requiring both the employer and the employee to trust each other to play fair now and in the future.

Cost-benefits ratio computations constitute critical components in the evaluation of social exchange theory. The normal criteria parties apply is that their costs are balanced by the receipt of benefits. A corollary of this is that the social exchange process is replete with equivocal expectations and obligations. The continuity in the receipt of benefits after the consummation of a social relationship hinges on the initial belief or expectation that the exchange will continue to be fair. Thus, if the relationship is to continue, trust is of most importance. The hitch is that if the trusting person has no control over the behaviour of the trusted person, she or he is placed in a highly vulnerable position (Zand, 1972, Rollinson et al, 1998). Handy(1993) has argued that the mainstay of delegation is in the trust-control dilemma- that is an increase in control by the person in charge reduces the degree to which a subordinate is likely to perceive that he or she is trusted, whereas an increased degree of trust by the superior is usually accompanied by a reduction in control. Handy(1993) acknowledges that the dilemma is that control costs money, trust is cheap and breeds responsibility but it is risky. This underscores the essence of trust in all continual relationships. Both parties need to trust each other to be fair in the future and this trustworthiness is patently demonstrated by adhering to the rules that regulate how the parties have to behave toward each other. Thus, the employer and employee's perception of one another's adherence to the psychological contract, managers' behavioral adherence to espoused values, mission statements and other short and long-term commitments to employees cement employee trust in management.

Seen as the willingness of a party to be vulnerable to the actions of another party based on the expectations that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control the other party'(Rousseau et al, 1998), the reliance upon voluntarily accepted duty by a person to recognize and protect the rights and interests of all others engaged in an economic exchange'(Hosmer,1995:393),trust is weakened or even sloughed when there is a misalignment between a person's words and deeds.

Lewicki and Bunker(1996) offer a longitudinal perspective for the role of behavioral integrity in the establishment of trust. They indicate that the calculus-based trust depends on the fact that the promisor will do exactly as promised and renegeing on that promise prevents advancement to the next level of trust. When employees realize that their managers do not trust them, they tend in turn to mistrust those managers and reciprocity of mistrust emerges from an employee's inference from management's demonstration of mistrust that management must hold goals or values that are incompatible with those of the employee (Fox, 1974).

Psychological contract is an expression of permutations of convictions held by an employee and by his/her employer about what they expect from one another. It is concerned with assumptions, expectations, promises and mutual obligations (Guest, 1996:605). Differing from a legalistic oriented employment contract by virtue of an employment contract spawning from mistrusts of one another and



thus having to have the employment relationship written down in clear unambiguous language, the psychological contract does not have to be written down and there are no witnessed signatures.

There are differing views in literature as to whether the new psychological contract is replacing the old one. Whilst Coyle- Shapiro and Kessler(2000) note that there is reduced employee loyalty in the new psychological contract, Guest and Kessler(2001) have indicated that while some change has occurred in the public sector, perceptions closer to the old psychological contract remain a great deal more common than those associated with the new approach. The old psychological contract is characterized by employee promise of hard work and loyalty towards the employer in return for job security and opportunities for development and promotion, in contradistinction to the new one in which the employee promises to provide work effort and creativity in return for a remuneration commensurate with contribution and market worth, the employee promising to remain in so long as he or she receives developmental opportunities(Torrington, Hall and Taylor, 2005) Guest and Conway (2001) have indicated that 'while some change has occurred in the public sector, perceptions closer to the old psychological contract remain a great deal more common than those associated with the new approach'.

The new psychological contract offers a conceptual framework for this research as it specifies the theory used as a basis for this study, citing critical characteristics such as employee obligation of work effort and creativity in return for appropriate remuneration commensurate with employee contribution and market worth and developmental opportunities for career growth within a possibly short-term employment relationship. The employer, within this framework, is at liberty to downsize dammed the consequences in so long as it serves whatever purpose management may have. This research unearths the effect of this intervention on the trust employees have for management, their sense of job security, productivity, work attitude, job satisfaction, labour turnover as well as organizational commitment they may exhibit in the aftermath of a downsizing exercise.

The psychological contract has latent contents consisting of unvoiced expectations and obligations, Schein(1980). The term refers to an individual's beliefs regarding the terms and conditions of a reciprocal exchange agreement between that person and another party (Rousseau and Parks, 1993). Psychological contracts differ from general employee expectations in that psychological contracts must emerge from perceived explicit or implicit promises (Robinson, 1996). Typical employee expectations include pleasant working conditions, receipt of courteous and fair treatment, interesting and satisfying jobs, involvement and consultation in decisions that affect them, fair and equitable remuneration and benefits, equality of opportunity and fairness in selection and promotion and reasonable effort to provide job security (Rollinson et al, 1998). The employer's unvoiced expectations include acceptance of the main values of the organization by employees, trustworthiness and honesty, loyalty and willingness to tolerate a degree of personal inconvenience for the good of the organization (Rollinson et al. 1998). The psychological contract is the most important in the employment relationship in terms of integrating these reciprocal, unvoiced expectations and obligations



within the organization. It is linked to trust, its discussion often throwing up the issue of trust (Robinson, 1996).

Torrington et al (2005:18) identify the shift from an old Psychological contract that entails unvoiced employee obligation of hard work and loyalty in return for job security and opportunities for development and promotion to a new psychological contract characterized by employee obligation of work effort and creativity in return for appropriate remuneration commensurate with employee contribution and market worth and developmental opportunities for career growth within a possibly short-term employment relationship. This shift involves employers giving less job security and receiving less loyalty from employees in return, Torrington et al (2005).

Research supports the mutually beneficial nature of the new psychological contract to employers and employees with employees providing high productivity and total commitment and employers providing enhanced employability rather than long term employment. The provision of employability to employees enables them to develop skills that are in demand and allows them the opportunities to practice these and be abreast with changes. This prepares them for other appropriate jobs elsewhere when they are no longer needed by their current employers (Waterman et al, 1994).

Purpose of the study

In their feverish desires to improve upon their financial performance, employers are increasingly devising ways of reducing their operational costs through inter alia, downsizing their workforce perhaps without regard to the potential impacts on their employees' morale and performance. Employers may be oblivious of the effects of a downsizing programme on employees who may be fortunate to survive the downsizing programme. Would the morale and performance of these employees sink because they may consider themselves insecure, having witnessed the exit of their colleagues or would their motivations soar on account of they having been retained as core staff with perhaps increased remunerations, flexibility in work methods and working hours and multi-skilling or job enrichment programs? These are the critical issues that will inform this research ' Thus, the general purpose of the study was to discover the strength of motivation and morale of remaining or surviving employees from a cross-section of insurance companies operating in the Ghanaian insurance industry after a downsizing exercise. Downsizing, a purposeful human resource intervention of reducing the number of people employed in organizations to create businesses that are lean, fit and flexible (Torrington et al, 1998) has been a common business practice with financial imperative in the twenty-first century. Specific and derivative objectives from the general objective of this study were, to:

- Ascertain the effects of downsizing on employee morale.
- Establish whether job satisfaction (their turnover, absenteeism, productivity) will change on the part of employees who survive a downsizing program.



- Find out whether downsizing affects employees' perceptions of job security and commitment to the organization (that is their acceptance of the goals and values of the organization, their willingness to exert effort on behalf of the organization and intention to stay with the organization).

Method

The researcher deemed it necessary in a project of this nature to talk to employees, local union officials and managers to obtain data on measures of morale, job satisfaction, organizational commitment and effectiveness before, during and after a downsizing exercise through semi-structured interviews with managers in human resources, underwriting, claims and marketing departments and focused interviews with employees in these departments of the ten insurance companies that have downsized over the past twenty-four months. The researcher is mindful of the fact that periodic personal interview is the best way to collect primary data in a study of this nature seeking investigate the influence of downsizing on the subjective variables employee morale, job satisfaction and organizational citizenship (or psychological contract) prior to, during and in the aftermath of the downsizing. In a semi-structured interview, the researcher has a list of questions on fairly specific topics to be covered, often referred to as an interview guide, but the interviewee has considerable latitude in how to reply (Bryman and Bell, 2007:474). Questions may not follow on exactly in the way outlined on the schedule questions that are not included in the guide and may be asked as the interviewer picks up on things said by the interviewee. All questions will eventually be asked, though. The focus group method, on the other hand, is a form of group interview in which there are several participants in addition to the moderator/facilitator. The emphasis in the questioning is on a particular fairly tightly defined topic and the accent is upon interactions within the group and the joint construction of meaning. Thus, the focus group contains elements of two methods, the group interview in which several people discuss a number of topics and focused interview in which interviewees are selected because they are known to have been involved in a particular situation (Merton et al, 1956) and are asked about that involvement.

An investigative research design was used in carrying out the research. This method was used since the collection of data could not be directly observed. They were based on respondents' opinions on how downsizing influences the psychological contact in the Ghanaian insurance industry.

In all, a total of forty(40) human resources, underwriting, claims and marketing managers together with six local union representatives were interviewed using semi-structured since it was deemed flexible and offered opportunities for exploring any ideas which came up in the course of the investigation. These participants were from the ten companies purposively selected from the forty insurance companies in the industry which had downsized over the past two years. Apart from underwriting managers which each of the ten companies had, this was not the case with the other categories of participants. These interviews (which preceded the focus group discussion with



employees) covered issues such as the impact of downsizing on employees, reactions of survivors, survivors' expectation, survivors' attitudes and reasons for downsizing. The interview questions were carefully crafted in order to reduce boredom and fatigue on the target participants so that they did not exhaust their energy and time in answering the questions. The researcher believed that this approach elicited the best responses from the participants in terms of frankness, pointedness on key issues, originality and promptness of response. Each interview lasted fifteen minutes; the questions were mostly open-ended ones to allow for opinions from the respondents to enable the researcher obtain sincere information meant for proper analysis. Responses were tape-recorded and later transcribed for analysis.

Table 1 Distribution of respondents

Department	Number of managers interviewed	# of surviving employees talked to
Human resources	7	23
Underwriting	10	54
Claims	8	47
Marketing	9	83
Union representatives	6	-
Total	40	207

The focus group method involved interviews and interactions with a total of two hundred and seven employees in the human resources management, underwriting, claims and marketing departments of the ten insurance companies selected for the study. These took place during the companies' break periods (12 noon to 1.00pm) when the researcher/facilitator interacted and discussed with the surviving employees. The questions focused on the strengths of their morale, personal satisfaction with their respective organizations, work attitude and job satisfaction before, during and after their respective downsizing exercises. According to Obasi (1999), a sample must be large enough to meet the requirement for reliability but not too large as this will waste resources. He noted that a sample size of ten percent (10%) of a population is enough to obtain adequate confidence. Going by the 10% rule of Obasi (1999), a sample of ten percent from the total number of employees of two thousand and seventy, a sample size of 207 respondents were selected for the focus group interviews segment. Again, interviews covered issues such as the impact of downsizing on employees, reactions of survivors, survivors' expectation, survivors' attitudes and reasons for downsizing

The research complied with principles which aimed at protecting the privacy of every individual or subject of research interviewed. Before one became a subject of research, they were



notified of the aims, methods, anticipated benefits and potential hazards, their rights to abstain from participating in the research issues of confidentiality were also strictly adhered to and no person became a subject of research under duress.

Results

The responses from respondents on the issues covered in the interviews with managers, union representatives and employees, were tape –recorded, transcribed and analyzed using phenomenological analysis and with those from the focus discussions using approaches for analyzing focus group data. Schools of phenomenology have thrown up a variety of approaches to data analysis including the descriptive phenomenology method of Colaizzi(1978) which entails the description of the meaning of an experience often through the identification of common themes (such as, with respect to this study, survivor reactions, expectations and attitudes) shared by particular instances. Additionally, focus group data analysis involves a scrutiny of themes (survivor attitudes and the like), interactions and sequences within and between groups (Kidd and Parshall, 2000).

Survivor reactions

Four aspects of survivor reactions were taken cognizance of namely survivors' personal satisfaction with the organization, levels of absenteeism, labour turnover and overall performance as demonstrated in the three-fold percentage component bar chart labeled figure 1. The first component bars indicate measures before downsizing, the second ones indicate measures in the immediate aftermath of downsizing and the third ones are distal measures after downsizing. The percentages were computed based on the proportions which the number of employees intimating a particular survivor reaction bore to the total number of surviving employees.

It is obvious from the graph that in order to keep or secure their jobs, survivors were working harder in the short term but in the long term, their motivations sunk thanks to perceived job insecurity, fear and mistrust of management. One notices, for instance, a 'fake' jump in personal satisfaction during the downsizing which was short-lived, survivors apparently putting up air of false personal satisfaction and commitment to the organization just so to escape ongoing downsizing or not be slated for ensuing downsizings. The levels of survivor absenteeism and labour turnover followed similar patterns.

One of the managers interviewed remarked as follows:

I have in the wake of the reduction in our staff strength, noticed a marked latent apathy and masked loss of zeal on the part of the lucky surviving ones not only in my area(sales and marketing) but also in the workings of the company in its entirety.

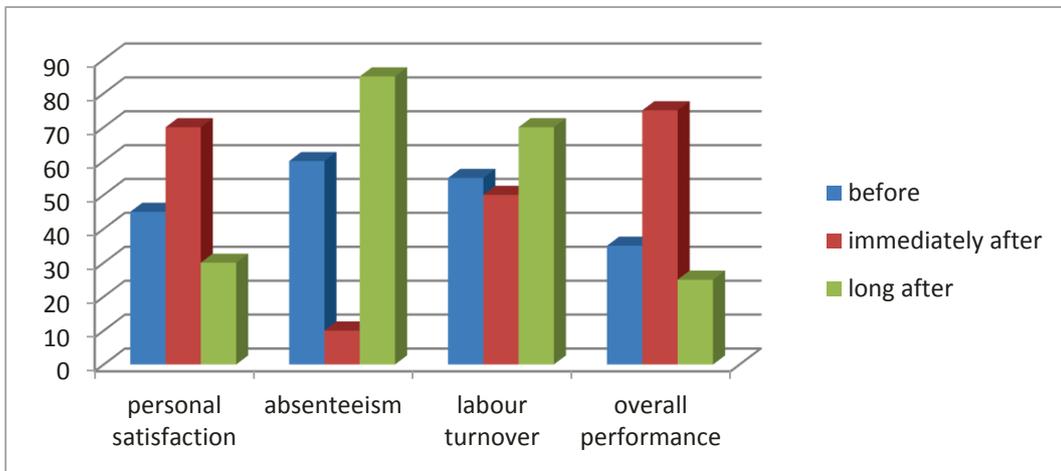


Figure 1- survivors' performance

Attitudes of survivors

Responses on Survivors' job satisfactions, specifically in relation to job security, loyalty, commitment to targets, stress and motivation received from respondents are summarized in the figure 2a.

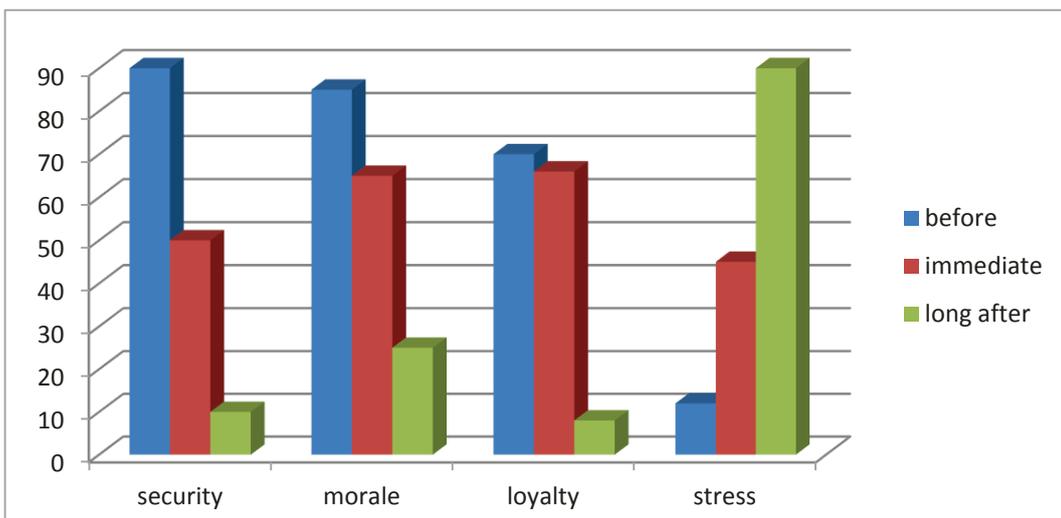


Figure 2a- survivors' attitudes

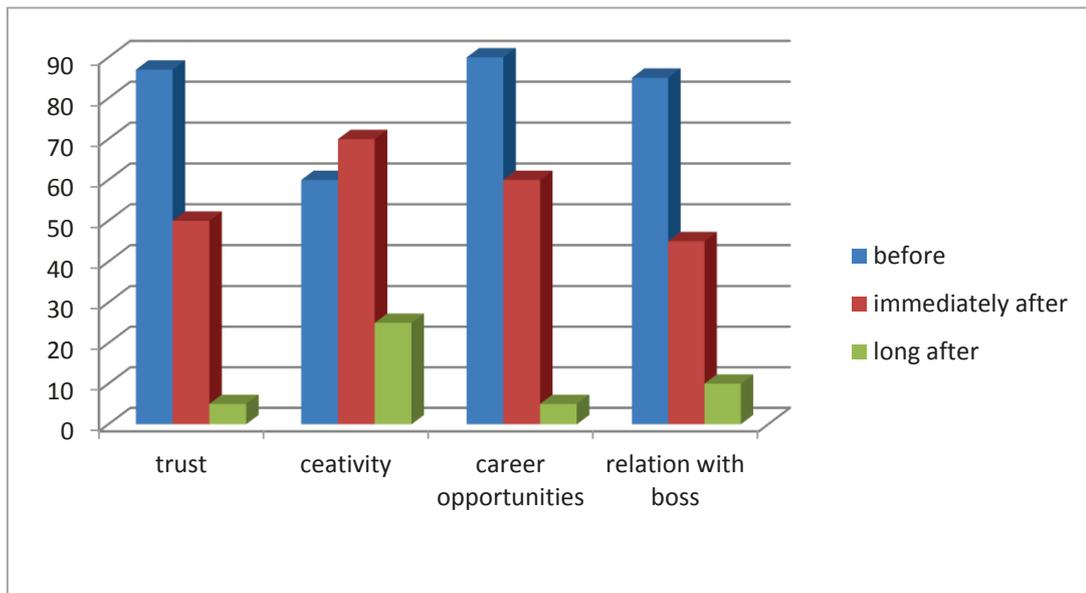


Figure 2b- survivors' attitudes

Figure 2b provides a gloomy picture of atrophy of trust in management and the company to an eventual ebb of 5%. Contrary to management's expectations and confirming the Noer's(1993) 'motivational paradox', creativity levels of survivors dropped to a low of 23% eventually after experiencing a momentary jump from 57% to 67% immediately after downsizing

Also, the responses show reducing survivors' perception of career opportunities in the companies (to 5% eventually). Survivors indicated that their negative work attitudes were attributed to (among other things) perceived lack of opportunities in the new and changing organizations since they were apprehensive of what the 'next day' promised to bring. They are at a loss as to how long they will be able to hold onto their jobs, and are disturbed that jobs are difficult to find in Ghana should one lose it. They no longer perceive themselves as belonging to the organization's future and find no reasons to be concerned with the organization and cooperate with their bosses. This has affected adversely their relationship with their bosses characterized by pent-up anger, ambivalence and a predisposition to belligerence. Their work behaviour and attitudes are thus affected continually. Most of the employees felt that the downsizing was done without regard to their emotions and interests, and expressed their dissatisfactions, disgusts and anger at management.

Before this downsizing thing, we used to work our hearts out not even minding whether it was time to close for the day and were then under the joyous sense of job security and assurance from our managers that we could retire here. Now, are stay with this company hangs in the balance as management can do anything with our career prospects tomorrow. Quite frankly, some of us are looking elsewhere for other jobs. One leg in one leg out.



This was the response of one of the survivors interviewed in one of the insurance companies quoted verbatim and which speaks volumes of his perceptions and actions and potential action in the aftermath of downsizing.

Survivors' expectations

Union representatives and survivors expressed their expectations in their relations with management on the basis of four attributes of psychological contracts covering the old and new namely long term employment relationship, paternalistic management, loyalty and lifetime employment offered by management .

Key outcomes pertaining to the old and new psychological contracts indicated that most surviving employees cherished expectations of long term employment (73%) and indicated that lifetime employment should be a critical part of the employment contract(65.7%) as in the Japanese approach to management. Also, 63% of the responses indicated that employees expected empowerment from their managers as opposed to a paternalistic management approach.

Discussions

Firms that downsize often experience initial short-lived increases in productivity simply because employees in the immediate aftermath of downsizing work harder and competitively in attempts to keep their jobs. This is followed by reducing employee morale. Managers make the erroneous assumption that surviving employees will be content and grateful for staying and as such will exhibit highness of morale and organizational citizenship behaviour. This is mistaken. The contrary happens, with supposed lucky survivors being de-motivated, disloyal, angry and distrustful of management and fearing that their turns will soon come since one downsizing exercise begets another.

The 'people factor' has to be considered throughout the downsizing process in connection with surviving employees since these suffer deleterious effects in the aftermath of downsizing, compounded by bitterness, anger and disgust that their colleagues were sacked and feelings of job insecurities. Managers are often oblivious of the feelings of survivors (who are supposed to be the hinges of profitability) before, during and after downsizing. Survivors experience emotionally wrenching and disgruntled situations in parallel with their colleagues who exit. Indeed, a critical determinant of the impact of downsizing on surviving employees' productivity levels and organizational commitments is their assessment of the fairness of the intervention and how it was handled. If employees realize that performance and commitment are no indices for job retention, they will have no motivations to perform, neither will they be committed to the organization and their jobs.

In fact, managers downplay the deleterious effects of workforce pruning and are often unmindful of the morale of survivors who may be emotionally wrenched on seeing their workmates



lose their jobs. They fail to recognize that job security is a matter of life and death to the average employee, and that downsizing is very agonizing for survivors.

But downsizing may engender proper organizational functioning and profitability devoid of rancor and abrasions if management seeks a delicate and strategic equilibrium between human resource factors and economic targets.

Conclusions

On the whole, the responses demonstrate that downsizing engenders a novel crop of surviving workers who are expected to work in a new and belligerent environment and as such creates what Noer(1993) terms 'motivational paradox': employees are expected to perform a series of new tasks, be more creative, flexible and innovative but at the same time work in an alien environment with work overload and with augmented job insecurity. Employees' performance will certainly have a nose-dive under this circumstance by virtue of survivors' anger, distrust, fear, depression and hurt. Torrington et al (2005:18) note in literature a change in employment relations caused by a shift from the old psychological contract to the new. This shift from old to new impacts deleteriously on job security, morale, career opportunities, and trust in management as indicated in literature review. The latent mar of relationship between surviving employees of after downsizing characterized by mistrust, job insecurity dissatisfaction culminates in long-term decline in productivity and morale.

In the short term, the management-employee relation may be a healthy, with survivors demonstrating appreciation for not having been laid off and reciprocating this with short-lived boosts in morale and preparedness to go the extra mile in the interest of the organization. This will obviously be the case in Ghana where jobs are currently difficult to find and no employee would wish to lose their jobs. In the short term, employees demonstrate insincere boosted psychological contract and a willingness to 'die for the firm' borne of burning desires to keep their jobs only. It takes a savvy manager to unearth this

In the long-term, however, the dawn on employees of job insecurity from looming downsizing exercise dwindles their interests in both job and company, causes a stick or reversion to the terms of the legalistic contract of employment and willingness to exit or find jobs elsewhere. This is patent in the findings of this research and rhymes with Torrington et al (2005) assertion of the shift in employment relations involving reciprocity of employers' less job security for employees' less loyalty.

Human resources management in their responses indicated that they would have expected surviving employee to have exhibited increased creativity, imagination and innovation at work but it was rather the contrary. This defeated the *raison d'être* of downsizing which is aimed at improving the creativity, effectiveness and efficiency of surviving employees through inter alia, multi-skilling.



Recommendations

A healthy employer-employee relation is central to the attainment of organizational goals. This relationship could be made sour by the actions, potential actions or inactions of either party. In a milieu of mistrusts, suspicions, poor communication, unilateralism and focus on short-termism, this relationship may be seriously injured with consequent detracting from the attainment of organizational goals. Management of organizations need to be cognizant of this in their human resource management and drive towards the attainment of goals.

The process of downsizing has to be approached with considerable equity since survivors will be watching the whole process as to how it is being carried out and the fairness thereof. Having witnessed the exits of their own former colleagues, survivors would be unsure of their future careers in the organization and wonder whether it would be worthwhile working any harder. This means that trust of survivors in management must not be trifled with before, during and after downsizing. Managers must be approachable and must endeavor to explain the reasons for downsizing and the criteria used in deciding who was made to exit clearly articulated.

Again, for success, good communication is critical to downsizing as it prepares the minds of employees for the 'new' business reality and affords surviving employees a sense of belonging to the new and progressive organization. Employees need to be informed frequently, consistently and honestly of the downsizing process. Again, the implementation of downsizing must be done incrementally and not suddenly and drastically. Similar attention and support need be provided to both survivors and those exiting; survivors need to be trained and re-trained ahead of the downsizing in preparedness for responsibilities in the new organization

The study has implications for the practice human resource management and management in general. In their attempts to restructure their organizations to achieve efficiency and profitability, management of organizations need to be mindful of the impacts of this intervention on the motivation, morale and work attitudes of surviving employees. If the actions of management are perceived by employees as bereft of strategic direction with an exclusive concern for future cash flows, the exercise will have limited chances of success as it may not receive the support of surviving employees.

As with all studies, I trust my findings ought to be adverted to circumspectly. I studied only ten companies in the insurance industry that had downsized in the last twenty-four months; these may not fully be reflective of the entire industry. Again, the interviews were over a relatively short span of time. Perhaps a longer longitudinal study based on ethnographic principles will unearth differing findings. Again, changing leadership styles in pre and post downsizing periods can have controlling effects on findings. Further research may be necessary in this connection.



References

- AMA, (1997). Corporate job creation, job elimination and downsizing survey American Management Association. 1-8
- Blau, P, 1964. Exchange and power in social life. New York. John Wiley
- Bloisi, W, (2007) An introduction to human resource management. McGraw-Hill Education: 447
- Brilys, E & Varenne, F, (2001). Insurance: From underwriting to derivatives-asset and liability management in insurance companies. West Sussex. John Wiley and Sons Ltd.
- Bryman A & Bell E (2007). Business research methods. 2nd Ed. Oxford University Press.
- Cascio, W.F, 1993. Downsizing: What do we know? What have we learned? *Academy of Management Executive*. Vol. 7 no.1 February 1993:95-104
- Colaizzi, P, (1978). Psychological research as phenomenologist views it. In R. Vale and M. King (Eds). Essential phenomenological alternatives for psychology. Pp: 48-71 New York. Oxford University press
- Coyle- Shapiro, J & Kessler, I, 2000. Consequences of the psychological contract for the employment relationship: a large scale survey. *Journal of Management Studies*, Vol. 37, no. 7
- Cummings G, & Worley, C, (2001). Organization development and change. Ohio. South-West College Publishing.
- Dunham, K.J, (2001) .The Kinder, gentler way to lay off employees. *The Wall Street Journal*. March B1
- Fox, A, (1974). Beyond Contract: Work, power and trust relationships. Faber Ltd. London. UK
- Goss, D, (1997) .Human resource management: The Basics. International Thomson Business Press:6
- Grobler, P.A, Warnich, S, Carrell, M.R, Elbert, N.R & Hartfield, R.D, (2006). Human resource management in South Africa. Thomson Learning. London.
- Guest, D.E, (1996) .Human resource management and industrial relations. *Journal of Management Studies*, 24(5):605
- Guest, D.E & Conway, N 2001 .The psychological contract in the public sector. London. CIPD
- Handy, C.B. (1993). Understanding Organizations 4th edn. Hammondsworth: Penguin.
- Homans, G.C (1961) .Social behavior. New York. Harcourt Brace
- Hoser, L.T (1995) .Trust: The connecting link between organizational theory and philosophic ethics. *Academy of Management Review*. 20(2): 379-403
- Isabella, L.A. (1989). Downsizing: Survivors assessment. Business Horizons. Ma-June: 35-40
- Kidd P, S and Parshall, M, B (2000). Getting the focus and the group: Enhancing analytic rigours in focus group research. *Qualitative Health Research*. 10, 293-308
- King, Z, 2003 .New or traditional careers? A study of UK graduates' perceptions *Human Resource Management Journal*. Vol. 13, no. 1: 5-26
- Lewicki, R.J B.B. Bunker (1996) .Developing and maintaining trust in work relationships. R. Kramer, T. Tyler (eds). *Trust in Organizations: Frontiers of Theory and Research*. Sage Publications. Thousand Oaks. CA: 114-139



- Mathis, R.L & Jackson, J.H, (2004). Human resource management. Thomson. South-Western: 69
- Merton, R.K, Fisk, M & Kendall, P.L (1956). The focused interview: A manual of problems and procedures. New York Free Press cited in Bryman A and Bell E (2007). Business Research Methods. 2nd Ed. Oxford University Press: 511
- Noer, D. (1993). Healing the wounds- overcoming the trauma of layoffs and revitalizing downsized organizations. Jossey-Bass Publishers, San Francisco.
- Robinson, S.L, (1996) .Trust and breach of the psychological contract. *Administrative Science Quarterly*. 41: 574-599
- Obasi, I .(1999). Research Methods in Political Science. Olorun Press.Ibadan
- Rollnison, D, Broadfield, A & Edwards, D J, 1998 .Organizational behavior and analysis: An integrated approach. Pearson Education Ltd. Essex
- Rousseau, D. Sitkin, S.B. Burt, R.S, & Camerer, C.(1998) .Not so different after all: A cross-discipline view of trust. *Acad. Management Rev.* 23(3): 393-404
- Rousseau, D, J Mclean Parks, 1993 .The contract of individuals and organizations. L. Cummins, B. Staw. Eds. *Research in organization Behavior*. Vol. 15 JAI Press. Greenwich CT1-43
- Schein, E. H. 1980 .Organizational psychology. 3rd Ed. Englewood Cliff.: Prentice Hall.
- Simons, T (2002). Behavioral Integrity: The perceived alignment between a manager. Words and deeds. *Organization Science*. Vol. 13, no. 1 January-February: 18-35
- Torrington, D, Hall, L & Taylor, S, (2005). Human resource management. Prentice Hall: 4
- Tsen, K (1982) .Ghana insurance today. *Journal of insurance studies*. May/June: 23
- Waterman, R. H , Waterman, J.A & Collard, B.A. 1994 .Towards a career resilient workforce. *Havard Business Review*. July-August
- Zand, D.E (1972). Trust & Managerial problem solving. *Administrative Science Quarterly*. 17 (1): 230