

The Influence of Empowerment and Job Enrichment on Employee Loyalty in a Downsizing Environment

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Maintaining survivors' loyalty in a downsizing environment is a difficult problem for management practitioners. Theorists have suggested that empowerment and job enrichment are mechanisms that allow survivors to cope with the stress of downsizing. This study examined the relationships between managerial empowerment behaviors, perceptions of job enrichment, and loyalty behaviors with employees who have survived downsizing in an organization. Results showed that empowerment does not have a direct effect on loyalty but affects loyalty indirectly through job enrichment. The results are discussed in terms of their implications for theory and practice.

Loyal employees provide many benefits for organizations. They put forth extra efforts in their work, serve as positive public relations representatives outside the organization, and go above and beyond the norm in doing the little things that help the organization function effectively (cf. Mowday, Porter, & Steers, 1982; O'Reilly & Chatman, 1986; Organ, 1988). Although such loyalty is often desired, the trend of downsizing in the 1990s has placed loyalty in a very precarious position. Downsizing is perceived to be an effective strategy for company renewal and growth, but some researchers question its long-term success. Instead of making organizations more healthy and efficient, Pfeffer (1998) noted that "the evidence indicates that downsizing is guaranteed to accomplish only one thing—it makes organizations smaller" (p. 174).



Whereas the effect of downsizing on stock prices, profits, and productivity is questionable (Cameron, Freeman, & Mishra, 1991; Cascio, 1993; McKinley, Sanchez, & Schick, 1995; Pfeffer, 1998), it is clear that downsizing has been found to have a negative influence on survivors' loyalty (Brockner, Grover, Reed, DeWitt, & O'Malley, 1987; Robinson, Kraatz, & Rousseau, 1994; Turnley & Feldman, 1999). Downsizing is perceived as a violation of the psychological contracts held by the surviving employees (Morrison & Robinson, 1997; Robinson & Rousseau, 1994). Perceived violations of psychological contracts have been shown to prompt a number of attitudinal and behavioral responses that may reduce survivor motivation and performance (Rousseau, 1995). Surviving employees perceive that the organization is not loyal to its own employees, reducing the survivors' motivation to remain loyal to the organization and dealing a crushing blow to employee citizenship and other support behaviors (Robinson & Morrison, 1995). As employees' loyalty diminishes, other responses may emerge including increased voicing of complaints, neglecting important duties, or opting to leave the organization (Hirschman, 1970; Rusbult, Farrell, Rogers, & Mainous, 1988). Given that the employer has invested considerable time and money into hiring and training employees, management should be interested in developing strategies for safeguarding their investment (Pfeffer, 1998).

Given that downsizing will continue in the new decade, are there ways for management to curtail the loss of loyalty among surviving employees? Research has shown that when criteria or procedures applied in laying off employees are perceived as fair, employee commitment and work performance are less likely to show decreases (Brockner, DeWitt, Grover, & Reed, 1990; Brockner et al., 1987; Brockner, Wiesenfeld, & Martin, 1995). Although the benefits of procedural fairness before and during the downsizing have been clearly established, less work has focused on strategies that facilitate survivors' ability to cope with their new workload. Theorists and practitioners have suggested that empowerment and job enrichment are such means (Cameron et al., 1991; Mishra & Spreitzer, 1998), but little research has been conducted to test these ideas. When employees have the power to make task decisions, they become self-directing and self-regulating and take ownership of the products of their work (Stewart & Manz, 1995). Whereas research has shown positive effects for empowered teams and participative management practices, relatively few studies have examined the use of such practices in a downsizing environment.

The purpose of this study was to examine the degree to which empowering behaviors of managers and job enrichment are positively related to the loyalty of downsizing survivors. Because survivors play such an important role in the future success of the downsized organization, it is important to more

fully understand strategies that might enhance their loyalty and commitment. This study makes the specific contribution of testing if managers can offset a likely decrease in employee loyalty after downsizing if they concurrently empower employees and enrich their jobs.

LOYALTY, EMPOWERMENT, AND JOB ENRICHMENT

The dictionary defines *loyalty* as “the state or quality of being loyal,” whereas *loyal* is defined as “steadfast in allegiance to one’s homeland, government or sovereign” or “faithful to a person, ideal, or custom.” Organizational research has considered the concept of loyalty in a number of contexts. Loyalty has been examined in the union literature, with specific efforts focusing on the distinction between union loyalty and union commitment and the antecedents and consequences of loyalty (Fullagar & Barling, 1987, 1989; Gordon, Philpot, Burt, Thompson, & Spiller, 1980; Thacker, Fields, & Tetric, 1989). Union loyalty is defined as one’s pride in union membership, positive attitudes toward the union and its values, and one’s realization of the benefits of being in the union (Fullagar & Barling, 1989). Loyalty is generally considered to be one dimension of the broader construct of union commitment (Gordon et al., 1980; Thacker et al., 1989). Union commitment has been found to include three additional factors beyond loyalty—belief in unionism, responsibility to the union, and the willingness to work for the union (Gordon et al., 1980; Thacker et al., 1989).

This literature provides some clarification of the differences between the constructs of loyalty and organizational commitment. The two are similar in that both can be considered an attitude about an organization and a set of behaviors (Jaros, Jermier, Koehler, & Sincich, 1993). Employees can feel loyalty or commitment to an organization, and they also can be loyal or committed to it. The two constructs are different, however, because the faithfulness described by loyalty need not be associated with a strongly held belief system about or a deep emotional attachment to the object or person. The construct of commitment generally includes a strong emotional attachment to the organization and its value system as well as a desire to remain with the organization (Cohen, 1993; Huselid & Day, 1991; Mowday et al., 1982). In short, one can be loyal to friends, family members, or the organization without being committed to their ideas or values.

Hirschman (1970) offered another view of loyalty with his exit-voice-loyalty model of responses to dissatisfaction, with the later addition of neglect (Rusbult et al., 1988). Using this model, Rusbult et al. (1988) predicted

that employees who experience a decline in satisfaction will choose one of four strategies: exit (quitting or actively searching for another job), voice (taking active steps to improve the workplace by discussing problems with all involved), loyalty (waiting patiently yet optimistically while hoping the problem will work itself out), and neglect (reducing efforts and involvement in the workplace). They found that the higher the satisfaction prior to the problem, the more likely the employee would choose either voice or loyalty responses.

Loyalty has both active and passive forms (Withey & Cooper, 1992). Graham and Keeley (1992) hypothesized three interpretations of loyalty in situations of discontent: unconscious, passive, and reformist. In response to work problems, employees may stay silent without realizing a need for other responses (unconscious loyalty), purposely remain quiet to see what will happen (passive loyalty), or actively defend the organization by providing an alternative and positive spin on the problem (reformist loyalty). Minton (1992) noted the many variations that exist in the concept of loyalty and called for a more concerted effort to understand the breadth and depth of the loyalty construct as well as its antecedents and consequences.

For the purposes of the present study, *loyalty* was defined in terms of active behaviors that demonstrate pride in and support for the organization. Defending the organization against criticism, emphasizing the positive aspects of the organization, and refraining from complaining about the organization would be examples of such behaviors. These behaviors have been defined under the label of *loyal boosterism* in the literature on organizational citizenship behavior (Graham, 1989; Moorman & Blakely, 1992, 1995).

Theorists and practitioners discuss the concept of empowerment from two different perspectives. First, some consider empowerment a set of activities and practices of managers that give power, control, and authority to subordinates (Bennis, 1984; Bennis & Nanus, 1985; Conger, 1989; Conger & Kanungo, 1988; DuBrin, 1998; Ford & Fottler, 1995). The measurement of empowering practices focuses on managerial behaviors that act to empower employees. Such behaviors include providing a positive emotional atmosphere, rewarding and encouraging in visible and personal ways, expressing confidence, fostering initiative and responsibility, and building on success (Conger, 1989; DuBrin, 1998). The second interpretation of empowerment takes the viewpoint of the follower—empowerment is the perception of being empowered. Theorists (Spreitzer, 1995; Thomas & Velthouse, 1990) have identified perceived empowerment to include four components: (a) the work has personal meaning for the employee, (b) the employee feels competent in the ability to perform the task, (c) the employee has a degree of self-determination in his or her ability to choose and regulate task action, and

(d) the employee feels the work has impact beyond the immediate job. Because the purposes of the present study were concerned with how management can influence the loyalty of followers, we used the first view of empowerment, focusing our attention on the leadership activities that empower employees.

Empowerment is similar to participative decision making but is also very distinct from it (Hollander & Offerman, 1990). Both constructs relate to a democratic approach to managing by involving employees in tasks beyond the day-to-day work, but empowerment is defined more broadly than involvement in decision making. Participation in decision making may range from the manager's asking the opinions of a few employees to involving all employees in a group decision (Vroom & Yetton, 1973). Empowerment is not simply sharing power but distributing power (Hollander & Offerman, 1990), whereby employees may be given power or control over some or all aspects of the task, from scheduling jobs to making decisions to implementing ideas (Schermerhorn, Hunt, & Osborn, 1998). Empowerment strengthens employees, providing them with a sense of ownership and control over their jobs (Bass, 1985; Kantor, 1983; Kouzes & Posner, 1988).

Empirical studies have supported a positive relationship between empowerment and loyalty or commitment. Fulford and Enz (1995) found that perceived empowerment showed a significant and positive relationship with loyalty among service employees in private clubs. Niehoff, Enz, and Grover (1990) found positive relationships between employees' organizational commitment and top management actions such as allowing employee influence in decision making and supporting employee efforts in an insurance company. Empowerment has also been found to be negatively associated with propensity to leave the organization in a health care environment (Koberg, Boss, Senjem, & Goodman, 1999) and positively associated with teacher commitment to schools (Wu & Short, 1996).

Because empowerment is a trust-based process (Bennis & Nanus, 1985; DuBrin, 1998), its influence on employee loyalty can be viewed from a social exchange perspective (Blau, 1964). As the employee perceives support from the organization, trust is built. Over time, the employee reciprocates by demonstrating higher levels of attachment to the organization. Recent research suggests that when employees perceive support from the organization, they are more likely to feel committed to the organization or supervisor and demonstrate their own commitment by engaging in organizational citizenship behaviors (Eisenberger, Fasolo, & Davis-LaMastro, 1990; Shore & Wayne, 1993; Wayne, Shore, & Liden, 1997). Empowering managerial practices consist of behaviors that represent support for employees. Employee reciprocation of such support emerges through acts of loyalty.

Empowerment, however, is also a job-altering process—empowering employees means either the content or context of the job has changed (Ford & Fottler, 1995). Hackman and Oldham (1976) theorized that an enriched job is one that has more variety, identity, significance, autonomy, and feedback. Job enrichment affects the critical psychological states of meaningfulness, felt responsibility, and knowledge of results and is theorized to result in higher job satisfaction, intrinsic motivation, and work quality and lower turnover and absenteeism feedback (Hackman & Oldham, 1976). In a longitudinal field study, Cordery, Mueller, and Smith (1991) found that although autonomous work groups' commitment to the organization decreased somewhat over the time of the study, they still displayed higher levels of organizational commitment than traditional work groups. Allowing employees freedom to make decisions about both job content and context is the ultimate form of trust (Ford & Fottler, 1995). Employees with enriched jobs reciprocate this trust through future actions that demonstrate their loyalty. Thus, the empirical question is raised as to whether empowerment influences loyalty directly or through its effect on job enrichment. In other words, is it the empowering style of a manager that brings about employee loyalty or the actual enrichment of the employees' jobs? The answer to this question has ramifications to managers as to what extent they need to go to maximize the potential for employee loyalty.

RELATIONSHIPS IN A DOWNSIZING ENVIRONMENT

Theory and empirical evidence suggest that empowerment and job enrichment should both be positively associated with employee loyalty, but the question of interest in the present study is whether these relationships hold in a downsizing environment. One would expect downsizing to cause loyalty to diminish because layoffs are viewed as violations of the psychological contract, which in turn will harm the trust between employees and management (Turnley & Feldman, 1999). Trust in management, as noted in exchange theory, is a key to employee willingness to display loyalty. Although this argument is understood, research has found that management's application of fair procedures and interactions before and during the layoffs is able to maintain levels of trust more so than if less attention were paid to fairness (Brockner et al., 1987, 1990). Research has also found that the extent to which jobs had been enriched after downsizing was a significant predictor of survivor commitment to the organization (Brockner, Wiesenfeld, Reed, Grover, & Martin, 1993).

Is it possible that other activities that build trust outside of downsizing situations (i.e., empowerment and enrichment) could also maintain trust

within those situations? This is a difficult question to answer in general as not all employees respond to downsizing in the same manner (Mishra & Spreitzer, 1998). To better answer this question, one needs to consider how empowerment and enrichment could affect loyalty across the different possible responses of employees. Mishra and Spreitzer (1998) suggested that survivors' responses to downsizing vary according to two dimensions—constructive-destructive and active-passive. First, there are the constructive/active survivor responses, categorized as hopeful and optimistic. These employees are seeking direction from upper management (O'Neill & Lenn, 1995) and are likely to view empowerment and enrichment as opportunities to expand their own circle of influence and help the organization move forward toward its mission. When managers empower employees, they encourage employees to take responsibility, provide support for employees, and express confidence in the employees' ability. Such empowerment should increase employees' feelings of self-determination and competence, giving them the confidence they need to cope with additional expectations (Mishra & Spreitzer, 1998). Second, there are the constructive/passive employee responses, characterized as obliging and faithful. Employees in this category are loyal by definition but choose to remain quiet and attend to their work. Empowering practices of management as well as job enrichment should reinforce their feelings of loyalty.

Third, there are those destructive/passive employee responses, characterized by fear, anxiety, and helplessness. Employees in this category seek security in the context of the ambiguity and turmoil presented in the downsizing effort. Empowerment and enrichment opportunities should give them a sense of control and ownership over their immediate job environments. When given such control over their work environments, employees' fears and insecurities are lessened (Cameron et al., 1991; Greenhalgh & Rosenblatt, 1984). Without such fears, employees can maintain their trust in management or work to rebuild it in time. Finally, there are the destructive/active responses, categorized as anger, cynicism, and moral outrage. Employees with this response are unlikely to move quickly toward rebuilding trust, neither are they likely to sit quietly in the process. Theory would predict that exit (i.e., quit the job), voice, or possibly neglect (i.e., sabotage) would emerge over any form of loyalty. For these employees, loyalty is likely to diminish despite the implementation of empowerment practices or job enrichment. Over time, however, some of these employees may begin to rebuild trust in management, depending on future actions. Therefore, using the Mishra and Spreitzer (1998) framework, one can see that unless all survivors fall into the cynical category, the use of empowerment or job enrichment strategies should not diminish the positive relationships found between empowerment,

enrichment, and loyalty among the survivors. No research exists at present that estimates the percentages of employees falling into each category.

HYPOTHESES OF THE STUDY

The present study was interested in examining the relationships among empowerment, job enrichment, and employee loyalty in a downsizing environment. Based on prior research, it is clear that empowerment and job enrichment should both be positively related to loyalty, but no one has examined whether the effects are direct or mediated. More important, these relationships have yet to be examined fully in the context of downsizing. Empirical evidence and theory suggest that empowerment and job enrichment could help to maintain loyalty among survivors in a downsizing environment (Brockner et al., 1993; Mishra & Spreitzer, 1998).

Based on the aforementioned review, the following hypotheses were tested in an organization wherein a downsizing effort had already begun:

Hypothesis 1a: There is a direct and significant relationship between empowering managerial practices and loyalty behaviors among surviving employees.

Hypothesis 1b: There is an indirect relationship between empowering managerial practices and employee loyalty as mediated by job enrichment, as defined by perceived job characteristics.

Our interest was to test our view that management efforts at empowering survivors or enriching their jobs in the midst of a downsizing effort could offset the negative effect of downsizing—namely, the likely loss of loyalty on the part of the survivors.

METHOD

SAMPLE

The present study emerged from a data collection opportunity with an organization that had been downsized and restructured. In the reorganization, 10% of the employees were laid off, and the remaining workers were restructured into a team or cluster design. The teams were empowered by management to make more decisions on their jobs. The sample consisted of employees of a federal government research facility. Two hundred and three employees, representing approximately two thirds of the employees in the company, were administered a questionnaire that contained measures of job characteristics and empowerment. These questionnaires were administered

in small groups and were collected on-site. Individuals who were not present when the questionnaire was administered or who preferred not to complete the questionnaire in a group setting were provided with a preaddressed envelope so that the questionnaire could be mailed directly to the researchers. Individuals were asked to place their name on the completed questionnaire so that responses could be matched with the supervisory ratings of loyal boosterism. The supervisors of the 203 employees were asked to assess the employees' performance of loyal boosterism behaviors, then mail the completed questionnaire directly to the researchers. Confidentiality of the supervisor and subordinate responses was guaranteed.

For the subordinate questionnaire, 190 were returned, for a response rate of 93.6%. One hundred seventy-four completed supervisory questionnaires were returned. There were 172 matched supervisor/subordinate questionnaires, for a response rate of 85.7%. After taking into account missing data, there were 145 matched pairs of usable data.

The average age of the subordinates was 38.9 years, with a standard deviation of 12.84. The average tenure with the organization was 10 years, with a standard deviation of 7.67 years. Approximately 84% of the participants were male. Although data regarding education level were not collected in the questionnaire, discussions with senior management indicated that most of the employees in this sample had graduate degrees, including many with doctorates.

MEASURES

Loyal boosterism. To avoid the problems of same-source bias (i.e., measuring both the independent and dependent variables from the same subjects), the present study used a behavioral measure of loyalty assessed by the employees' supervisors. Thus, loyalty in the present study was not an attitude but manifest behaviors that suggest that the employee is a loyal booster for the organization. Our inference was that those employees who feel loyalty toward the organization would respond by acting as its loyal booster. Supervisors completed the measures of loyal boosterism for each employee. This method of measurement eliminates same-source bias as a possible explanation for any relationships found.

Loyal boosterism was assessed using five items drawn from the organizational citizenship behavior scale developed by Moorman and Blakely (1992, 1995). The loyal boosterism items described efforts on the part of the employee to support the organization and publicly demonstrate loyalty to it. Items included "defends the organization when other employees criticize it," "emphasizes to people outside the organization the positive aspects of

working for the organization,” “defends the organization when outsiders criticize it,” “never publicly complains about changes in the organization,” and “shows pride when representing the organization in public.” Cronbach’s alpha for loyal boosterism was .87. The items were measured using a 7-point scale from *strongly disagree* to *strongly agree*.

Task characteristics. Task characteristics were measured using the Job Diagnostic Survey developed by Hackman and Oldham (1976). The 15-item measure of the five core dimensions of skill variety, task identity, task significance, autonomy, and feedback from the job were included here. The validity of this widely used measure of task characteristics is well established (Fried & Ferris, 1987). Cronbach’s alphas for the five dimensions were .80, .69, .72, .82, .73, respectively. This scale was also measured using a 7-point scale.

Empowerment. The empowerment scale consisted of 15 items that included a variety of behaviors that a manager would exhibit in an empowering situation. Sample items include “gives me the freedom and flexibility to experiment,” “wants me to get involved when I see a need and not wait to be told or given permission,” “helps remove roadblocks,” and “inspires me to do more than I thought I could.” The full scale is shown in Table 1. These items were gleaned from an original set of 65 items associated with the empowerment process. The long scale was administered to a sample of 300 undergraduate students and two organizational samples in a preliminary study, and all three demonstrated similar factor structures. Using factor loadings, the full set of items was then reduced to the smaller set of 15 items. These 15 items were shown to load onto a single factor and showed a coefficient alpha of .95. The 15-item scale was then administered to a third organizational sample of more than 200 hospital employees, and a one-factor solution was found once again. For the present study, Cronbach’s alpha was found to be .97. The 15 items were measured using a 7-point scale from *never* to *always*.

PROCEDURES

Because we are hypothesizing a mediated relationship between empowerment and loyal boosterism, path analysis using LISREL 8 (Jöreskog & Sörbom, 1993) was used to assess the significance of the paths between the variables. For the measurement model, we first calculated scale scores for both empowerment and loyal boosterism. To include an adjustment for measurement error in the scale scores, the path from the latent variable to the indicator was set equal to the square root of the scale reliability, and the error

TABLE 1
Items Used in the Empowerment Scale

My immediate supervisor . . .
1. encourages me to believe in myself
2. gives me the freedom and flexibility to experiment
3. wants me to get involved when I see a need and not wait to be told or given permission
4. helps remove roadblocks
5. inspires me to do more than I thought I could
6. establishes trust and credibility when relating to me
7. encourages me to openly express my feelings and concerns
8. helps me set meaningful goals
9. encourages me to focus on what can be done rather than what has always been done
10. recognizes that the betterment of the team is as valuable as the results achieved
11. conveys ownership by talking in terms of our customer, our budget, our business
12. encourages a long-run, patient, disciplined approach versus a "flash in the pan" approach
13. is willing to give his or her time when I need it
14. develops a trusting relationship by sharing information
15. encourages improvement through analysis of every process and action within my control

variance was set equal to the variance of the scale score multiplied by one minus the reliability. This technique was explained in Kenny (1979) and was shown to be a reasonable approximation for the error variance by Netemeyer, Johnston, and Burton (1990).

We then calculated scale scores for each of the five job characteristics dimensions and used those five scale scores to indicate the job characteristics latent variable. The structural model evaluated included paths from empowerment to job characteristics, empowerment to loyal boosterism, and job characteristics to loyal boosterism. Figure 1 diagrams the model used for our analyses. The fit indices for the model in Figure 1 suggest our data fit the model reasonably well. The chi-square for the model was 36.55 for 13 degrees of freedom. The comparative fit index was .93, and the goodness-of-fit index was .94, both above the .90 level, suggesting a good fit.

RESULTS

Means, standard deviations, scale reliabilities, and correlations for the study variables are presented in Table 2. There are a few observations to make from the information in the table. First, empowerment is significantly

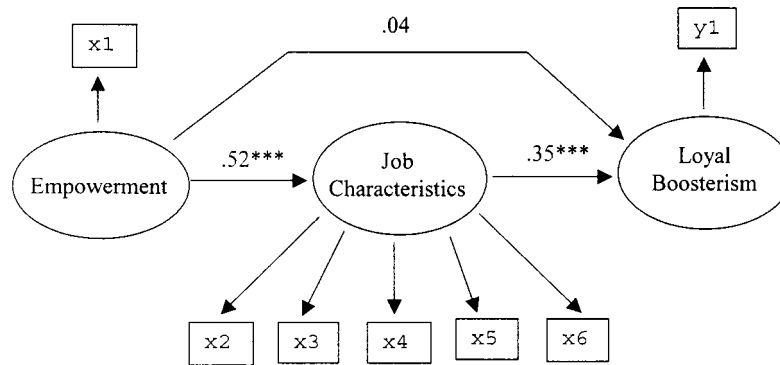


Figure 1: Model Including Standardized Parameters From Empowerment to Task Characteristics and Loyal Boosterism and From Task Characteristics to Loyal Boosterism

related to loyal boosterism. This supports the proposed relationship between the two variables. People who reported more empowerment behaviors from their managers were seen by these managers as exhibiting more loyalty and support behaviors. Second, the five task characteristics are also significantly associated with loyal boosterism, supporting the prior research that found that job enrichment is associated with organizational commitment (Cordery et al., 1991). Employees who reported their task characteristics as more enriched were viewed by their managers as exhibiting more loyalty and support behaviors. The most interesting part of both of these observations is that neither relies on same-source bias. The supervisors completed the loyal boosterism measure, and their subordinates completed the measures of empowerment and task characteristics. The third observation is that, not so surprisingly, the task characteristics are significantly related to the measure of empowerment. Employees who reported that their managers exhibited empowering behaviors also reported their jobs to be enriched. Although this finding may be partially explained by same-source bias, the pattern of correlations supports the notion that the empowerment process is, by virtue of changes in work responsibilities, inherently and sometimes necessarily accompanied by changes in job dimensions as defined in the job characteristics model. As employees are empowered, change must come for the empowerment to be more than an empty promise.

Although the correlations indicate that relationships exist among the variables, they do not provide information on the specific paths of the theorized model. The structural analyses of our model resulted in two significant paths

TABLE 2
Means, Standard Deviations, Reliabilities,
and Correlations of Study Variables

<i>Variable</i>	<i>Mean</i>	<i>SD</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>
Empowerment	4.85	1.18	(.97)							
Skill variety	5.26	1.08	.41**	(.80)						
Task identity	4.66	1.04	.33**	.45**	(.69)					
Task significance	5.06	1.22	.39**	.75**	.40**	(.72)				
Autonomy	5.52	1.01	.49**	.68**	.42**	.48**	(.82)			
Feedback from job	4.96	1.02	.44**	.66**	.61**	.58**	.51**	(.73)		
Loyal boosterism	4.89	1.00	.25*	.37**	.18*	.25*	.24**	.28**	(.87)	

NOTE: Reliabilities are reported on the diagonal. Supervisors provided loyal boosterism responses. Their subordinates provided responses for all the other variables.

* $p < .01$. ** $p < .001$.

as noted in Figure 1 (all parameters shown are standardized estimates). The parameter from empowerment to job characteristics was .52 and was significant at $p < .001$, $t = 7.12$. Also, the parameter from job characteristics to loyal boosterism was .35 and was significant at $p < .001$, $t = 3.11$. However, the parameter from empowerment directly to loyal boosterism was .04 and was not significant. These results suggest that empowerment influences loyal boosterism but only through its effect on job characteristics. Thus, loyalty and support behaviors are more closely associated with the design of the job rather than the empowering style of the leader. The empowering style may influence loyalty but only if it alters the characteristics of the jobs of the employees.

DISCUSSION

As upper management continues to use downsizing as a means for dealing with bottom-line performance, employee loyalty will likewise continue to drop unless strategies can be located that can curtail such decreases. Theorists have suggested that empowerment and job enrichment are two such strategies that could have a positive effect on loyalty during downsizing (Brockner et al., 1993; Mishra & Spreitzer, 1998), but little research has been done to test these propositions. The present study examined the relationships between empowerment practices of managers, job enrichment, and acts of employee loyalty in a downsizing environment. Results provided partial support for the notion that empowerment and job enrichment had a positive

influence on loyalty in a downsizing situation. Further analysis suggested that the relationship between empowerment practices and loyalty was an indirect one, mediated by employee perceptions of job enrichment. In other words, a direct and positive relationship was found between job enrichment and loyalty, but the positive relationship between empowerment and loyalty was not significant when job enrichment was entered into the path analysis.

Taken at face value, these results are interesting at two levels. First, the finding that job enrichment mediates the relationship between empowerment and loyalty provides some clarification to the research on the antecedents of employees' attitudinal attachment to the organization. Building loyalty apparently involves more than managerial support and activity. Loyalty-oriented behaviors from employees emerged more from job design perceptions such as autonomy, task identity, and other job characteristics than the empowering practices of managers. On the surface, this finding may suggest that empowering practices, if they do not bring about perceptions of enriched jobs, may lose their ability to influence employees' attachment to the organization. In a downsizing environment, survivors seek some degree of control over the uncertainty they face regarding their jobs and their future, and such control comes not through inspirational or encouraging words and actions from the manager but from the real consequences of those actions. If the actions do not lead to enriched jobs, they may have less effect on the employees. This explanation fits the theory presented in the present study. Obviously, it is difficult to draw causal conclusions from this one study as the cross-sectional methodology used did not allow for causal inferences to be drawn.

Second, it is very interesting that the positive relationships between empowerment, enrichment, and loyalty as well as the mediated relationship were found to exist in a downsizing situation. At present, Mishra and Spreitzer's (1998) theory of factors that influence employee responses to downsizing has yet to be tested. Although the present study does not allow for causal inferences to be drawn, the present study has at least shown that such positive relationships exist in a downsizing environment. It is hoped that further study is pursued to test the causal properties of the relationships using methodology that allows for causal inferences.

Although the findings did lend some support to Mishra and Spreitzer's (1998) work, it is important to note that they used Thomas and Velthouse's (1990) definition of empowerment as the intrinsic sense of control in the workplace involving beliefs about one's meaning, competence, self-determination, and impact. The present study used the relational approach to empowerment, focusing on managerial behaviors that empower subordinates. The present study assumes that such empowerment practices of managers are able to

bring about the same cognitive elements involved (i.e., self-determination, meaning, impact, and competence) as defined in the motivational approach to empowerment. By assessing the employees' perceptions about job characteristics (e.g., autonomy, skill variety, task identity, task significance, and feedback), the present study has perhaps tapped into these more cognitive elements of empowerment. Also, although not measured in the present study, it is possible that the job characteristics brought about increased meaningfulness of the job, felt responsibility for outcomes, and knowledge of results, the key cognitive mechanisms of the job characteristics model (Hackman & Oldham, 1976). These critical psychological states may trigger enhanced feelings of loyalty to the company. As the job becomes more meaningful and felt responsibility for outcomes increases, along with greater knowledge of results, employees may feel that their own instrumentality for the organization is increased. That is, they see an enriched job as paving the way for having more influence in their future with the organization.

IMPLICATIONS FOR MANAGERS

The findings in this study provide some clarity in how managers should treat survivors in downsizing efforts. First, as others have suggested, it is important that management has acted in good faith prior to the downsizing event. Providing clear explanations of why downsizing is necessary, treating all employees with dignity, and using procedures that are fair are all imperative for building and maintaining any chance of survivor trust (Brockner et al., 1987, 1990, 1995; Mishra & Spreitzer, 1998). Having laid the groundwork, managers then must act to give survivors the tools they need to cope with the stress of downsizing. Such coping tools involve empowering employees and redesigning jobs that give employees a sense of control and meaning (Mishra & Spreitzer, 1998). To talk empowerment but not follow through with real job enrichment may backfire, shattering survivors' already tenuous degree of trust in management. Without such trust, survivors may withdraw and become cynical or fearful for their own job. Through empowerment and job enrichment, management sends a signal of support to survivors. Those employees who have taken a constructive stance toward the downsizing should see empowerment and enrichment as opportunities to establish control over their job environments. Even those survivors who are fearful as a result of the downsizing should be somewhat reassured if management allows added control over the immediate task environment. Those survivors who have taken a cynical and angry stance will be much harder to predict. At the minimum, they will seek to voice their opinions (Mishra & Spreitzer, 1998). Although such communication can eventually lead to functional

outcomes, the possibility exists that these survivors may not ever come to trust management again.

LIMITATIONS OF THE PRESENT STUDY

There are some methodological limitations to this study that provide an alternative interpretation for the results. The data collected were not longitudinal but static surveys. As such, no real causal inferences can be drawn without caution. Thus, the proposed causal sequence of variables (empowerment—job enrichment—loyal boosterism) is tenuous. Preferably, data should have been collected from all employees prior to the downsizing and from the survivors afterward. Unfortunately, we were invited into the organization after the downsizing had occurred.

One underlying assumption of the theory basis for this study was that survivors view empowerment and enrichment as positive outcomes. In a downsizing environment, is it possible that added expectations from job enrichment and empowerment add stress on survivors? This possibility was not measured in the present study but is an interesting question. Future research should examine the stress effects of added responsibility in downsizing environments.

We also need to address two concerns that arise from using supervisor ratings of loyal boosterism. First, because we used supervisors to assess loyal boosterism to avoid a common-source problem, we need to acknowledge that the supervisors might not always be the best source of information about employee loyalty behavior. They may not witness such actions. Second, one could interpret the findings as employees who displayed loyal and supportive behaviors in the presence of the managers were treated differently by the managers. These “loyal” employees may have been provided with opportunities to perform a broader range of tasks, make decisions concerning their own work, and track their own performance. Thus, what the data may reflect are the manifestations of politics and favoritism—those employees who put on a loyal face in the presence of the manager reap the benefits from additional control over their work.

Although this interpretation is possible, the data do not support it entirely. Examining the means for the variables in Table 2, one should note that all means are above the scale midpoint of 4.0. Particularly, ratings of loyal boosterism from the manager’s point of view show a mean of 4.89, whereas employees’ perceptions of their manager’s empowerment behavior average 4.85. If the findings were due to favoritism, one would expect those employees held in high esteem by the managers to be in the minority. Not only did managers report slight agreement concerning the loyalty behavior of the

average employee, but the employees themselves reported an average of slight agreement concerning their managers' exhibition of empowerment behaviors. If favoritism did affect the ratings, one would think the favorites would be in the minority, suggesting that one or both of these means would be below the scale midpoint. If the manager is empowering a majority of the employees, then it is no longer favoritism.

One might wonder, then, if our sample includes mainly those employees who were loyal boosters, whereas those not loyal were laid off during the first phase of the downsizing. Although there are no data to demonstrate otherwise, it should be remembered that the organization was a federal government agency in which employee seniority was the sole criterion for determining layoffs. Thus, the survivors had more seniority than those laid off but were not necessarily more loyal to or trusting of management.

CONCLUSIONS

When finances suggest a strategy of downsizing, there are no easy answers. Those employees laid off face unemployment and the enormous levels of stress that accompany it. Those who remain behind in the organization are also subject to mental and physical forms of stress, and managers are urged to take steps to alleviate these problems as best they can. The empowerment process sets the occasion for enriched tasks, and such enrichment can give employees control over their work. In times of downsizing, during which everything seems out of control, gaining control over one's job may be a starting point for mending problems and building loyalty in the company again. This study is not suggesting that managers should overload the remaining employees with more work (e.g., "doing more with less") but rather that managers cannot expect employees to begin demonstrating loyalty and support of the organization without some measure of control over their environment. There is considerable research left to do to truly understand the most reasonable and effective answers to the problem of downsizing. It is hoped that this study has provided some evidence that the strategies of empowerment and job enrichment are worth additional examination in future research.

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