



GORDON INSTITUTE
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**Corporate Restructuring: Does damage to institutional trust
affect employee engagement?**

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A research project submitted to Gordon Institute of Business Science, University of Pretoria in preliminary fulfilment of requirement for the degree of
MASTERS OF BUSINESS ADMINISTRATION

November 2011

Abstract

As a result of global competitiveness and a continuously changing business environment, organisations are constantly seeking for ways and means to enhance their profitability. The current organisational trend for businesses to gain competitive advantage is to restructure them to leaner and more flexible organisations. Businesses are striving to increase shareholder value by increasing performance through corporate restructuring to obtain an increase in efficiency and production.

Unfortunately restructuring affects employees and could result in uncertainty with potential side effects in the work environment that could influence the employees' trust within the organisation. Damage to institutional trust, or trustworthiness as perceived by employees, could affect how employees engage within the organisation and impact on the profitability of such an organisation.

A quantitative research study was conducted to determine if corporate restructuring affects institutional trust. It also investigated the relationship between institutional trust and employee engagement to determine if corporate restructuring affects employee engagement.

The main findings of the research are that corporate restructuring has a profound impact on institutional trust and that damage to institutional trust affects how employees engage within the organisation.

Keywords: Corporate Restructuring, Downsizing, Trust, Institutional Trust, Employee Engagement

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Masters of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Amelia Marais

Date

Acknowledgements

My appreciation goes out to the following:

My Supervisor, *Karl Hofmeyr*, for his wisdom, commitment, guidance and professionalism.

My employer, *Anglo American Platinum*, for financial support, study leave and assisting with conducting the survey.

My manager and colleague, *Buks Cilliers*, for his belief, support and trust in me.

My editor, *Leanne Kinghorn*, for her continuous assistance.

My friends, *Eldorette Jacobs* and *Nic Soekoe*, for their friendship, transportation of, and support to, my children when I was unavailable to them.

My husband *Nic*, and my three children, *Nico*, *Anica* and *Nicolene*, thank you for your unwavering love, support and for believing in me.

My Heavenly Father for the talent and opportunities that He has blessed my life with.

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CHAPTER 1: Introduction into the Research Problem

1.1 *Introduction*

The current global economic climate, the increase in global competitiveness, fast developing technology and changes in the environment require organisations to (continually) restructure themselves to remain competitive. They need to transform themselves from rigid bureaucracies into leaner more flexible designs (Cummings and Worley, 2009).

Rising stock market instability and major corporate accounting scandals have increased the accountability of managers to deliver greater performance while enhance market value to shareholders. The companies which fail to deal with the above issues successfully may lose their independence, if not face disappearance (Nag and Pathak, 2009).

According to Marcos and Sridevi (2010), managers unquestionably agree that this century demands more efficiency and productivity than any other time in history. Businesses are striving to increase their performance and managers have been grappling many challenges in an attempt to put their companies ahead of competitors. To help managers improve their performances, scholars, researchers and consultants have put forward different theories and suggestions. Among these proposed concepts like Total Quality Management (TQM) and Business Process Reengineering (BPR) earned recognition from others in the field in the second half

of the twentieth century and were found to be helpful in increasing organisational performance by focusing on operational and process improvements.

According to Nag and Pathak (2009), corporate restructuring is required to counter the challenges in a competitive business environment. Corporate restructuring is carried out by most organisations as needed, and could be through mergers, acquisitions, demergers or structural changes, and resource optimisation in the organisation. (Nag and Pathak, 2009)

Barney and Wright (1998) indicate that most corporate annual reports boldly claim that the firm's people are its most important assets, and yet when organisations are required to cut costs they look first to reduce investments in people in the form of training, wages and headcounts. The inevitable outcome of such downsizing and cost-cutting is mistrust and a trust gap between managers and employees (Rankin, 1998; Tyler, 2003), and in the organisation as a whole.

Restructuring causes uncertainty with potential side effects in the work environment. Post-restructuring employees are suspicious about the future direction of the organisation and their roles within it. This situation impacts seriously on trust and work satisfaction. (Lee and Teo, 2005)

Trust relates to an attitude of expectancy about other people and systems.

People have certain expectations and moral social orders of others, organisations and institutions. Trust is fragile and can easily be destroyed (Searle and Ball, 2004).

Without the support of employees, managers are likely to experience lower productivity and weakened organisational performance (Zeffane and Connell, 2003). Trust is especially important in knowledge-based organisations because it is known to support knowledge-creation processes and related interactions (Blomqvist, 2002; Tyler, 2003).

According to *Ellonen, Blomqvist and Puumalainen (2008)*, institutional trust could be described as the trust of its members in the organisation's vision and strategy, its technological and commercial competence, its' fair processes and structures, as well as in its' Human Resources (HR) policies, and this impersonal trust is based on the roles, systems and reputations from which inferences are drawn about the trustworthiness of an individual, and its success is determined by the efficiency and the fairness of the organisation-wide systems

Currently business companies are using advanced techniques for operation and, as the sophistication of technologies continues to evolve, organisations need more employees with increased technical and professional skills. Managers are faced with the challenge that these knowledge workers cannot be managed as they were previously – using old-style totalitarian management. Knowledge workers expect operational autonomy, job satisfaction and status and the attention of managers is

consequently shifting towards the employees' job satisfaction. Concepts like employee commitment and Organisational Citizenship Behaviour (OCB) started to appear during the last quarter of twentieth century, when managers started realising that efficiency and productivity lay within their employees' ability and commitment and they thus began focusing on keeping employees happily engaged in their jobs (Marcos & Sridevi, 2010).

For organisations to be sustainable in today's vibrant and rapidly changing business environment, defining a vision and mission statement will no longer suffice. Organisations will have to establish, entrench and live their cultures to better obtain trust and buy-in from employees as a means of gaining competitive advantage. According to Ray (2003), this decade's competitive advantage is determined by staff improvement and engagement.

Robinson & Hayday (2003) assert that research in the past mostly focused on employee satisfaction, employee commitment, and motivational approaches whereas employee engagement should encompass all of these, including an individual's emotional state. Although there is an overlap in the exhaustively researched topics of employee commitment, motivation and satisfaction, there is a differentiation in the sense that employee engagement is a two-way relationship between the employee and the organisation. This relationship can be explained as the organisation working to engage the employee and the employee choosing the level of engagement he wants to offer the employer (Robinson, Perryman &

Hayday, 2004). Employee engagement was described more recently by Cheese, Thomas & Craig (2007) as a complex phenomenon, defined physically, intellectual and emotionally: “I am here; my mind and my feelings are on the job and with the people around me.”

A study done by Lee and Teo (2005) indicated that both trust and work satisfaction were negatively affected by the extent of change required from employees in the immediate term (three months) following the organisational restructuring which, if continued, could seriously endanger the productivity of the organisation.

The restructuring of the organisation affects the socio-psychological well-being of the organisation (Lee and Teo, 2005).

1.2 Research Purpose

This is an academic research with the intent of contributing towards current literature and towards the understanding of the issues investigated.

The study seeks to determine the extent to which corporate restructuring affects the institutional trust of the organisation’s employees. It also aims to ascertain whether, once there is damage to institutional trust, it results in decreased employee engagement.

The researcher believes that this will be a topic of interest as global competitiveness forces companies to change to become more competitive. Managers will need to manage this change process successfully to gain the competitive advantage.

1.3 Research Objective

The main focus of this study is defined in the objectives below (1 – 3) that explore the relationship between the constructs corporate restructuring, institutional trust and employee engagement.

1. Establish the relationship between corporate restructuring and institutional trust.
2. Determine the effect of damaged institutional trust on employee engagement.
3. Determine if there is a relationship between corporate restructuring and employee engagement.

The study will analyse and attempt to infer a correlation between the impact of corporate restructuring on the employees' trust in the institution and how this impacts on employee engagement

1.4 Scope of the Research

The research focuses on restructuring within the corporate environment to determine the effect of this restructuring on institutional trust and employee engagement. The researcher will attempt to display the significance of each aspect and attempt to identify the impact thereof.

The research is aimed at all academics, business school readers, corporate, and other, managers faced with the dilemma of organisational restructuring.

1.5 Structure of the Research Report

The research report consists of seven chapters and presents the research study as follows:

Chapter One provides the introduction and motivation to the research and includes the research purpose, research objectives, scope of the study and the structure of the research report.

Chapter Two presents the literature review on the topics; corporate restructuring, institutional trust and employee engagement. Each topic is explored and a detailed analysis included of relevant models, theories and suggested findings.

Chapter Three presents the research questions that are investigated in the research study.

Chapter Four details the research methodology used in this study and includes an explanation of the research design, data analysis techniques and research instrument used. The potential limitations of the study are also discussed.

Chapter Five includes the results of the data analysis that was conducted for the research study.

Chapter Six discusses the results presented in Chapter Five in relation to the context of the research questions that were formulated in Chapter Three and the literature review in Chapter Two. Chapter Seven draws conclusions from the analysis and provides for future academic and business research on restructuring, institutional trust and employee engagement.

CHAPTER 2: Theory and Literature Review

2.1 Introduction

Chapter Two presents the literature review of the main topics of this study, namely corporate restructuring, institutional trust and employee engagement. This chapter provides a contextual framework for each topic under the relevant headings for understanding the purpose and objectives of the study. In addition, each topic is discussed in detail with reference to the research questions.

2.2 Corporate Restructuring

To ensure competitive advantage in the current global economic climate companies need to restructure themselves from rigid bureaucracies to leaner more flexible designs (Cummings & Worley, 2009).

With the focus on competitive advantage and continuous change, organisations are forced to explore human resource management (HRM) as a means of providing organisational success (Brewster, Sparrow & Harris, 2005).

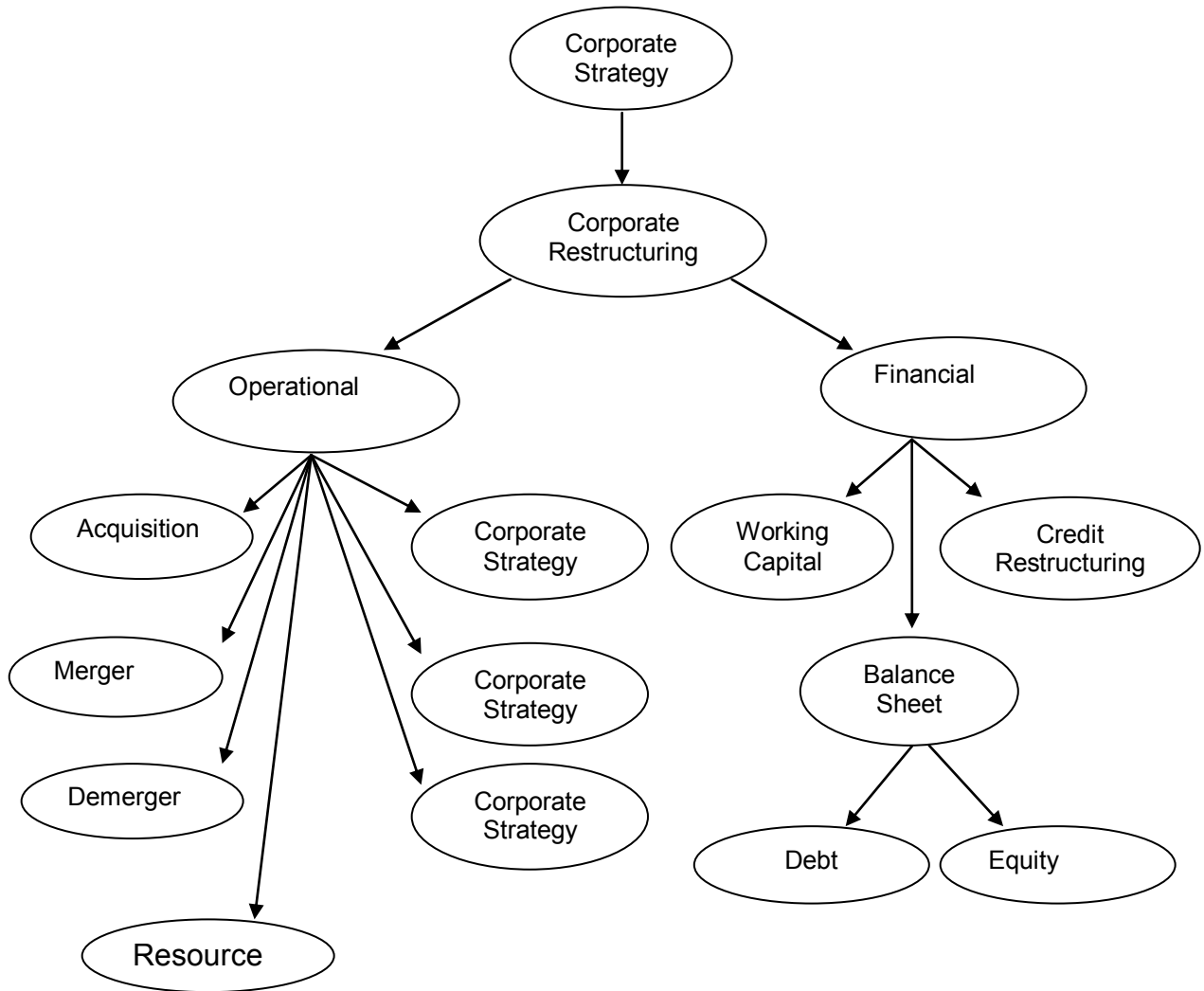
Lee and Teo (2005) state that whether at national, industry or organisational level, restructuring to realign internal structures with fast changing macro-environmental factors has gained currency as a decision strategy. More competitive markets and

greater demands on cost control, force organisations and businesses to implement cost-cutting through downsizing, reorganising divisions, streamlining operations, and closing down unprofitable divisions.

Nag & Pathak (2009) state that restructuring is a multi-dimensional process. Operational restructuring as a long-term strategy of business is an on-going process, that includes improvement in efficiency and management, reduction in staff and wages, sales of assets (for example, reduction in subsidiaries), and enhanced marketing efforts with the expectation of higher profitability and increased cash flow.

Corporate restructuring is also done through changes in corporate structure and optimization of resources including financial structuring. A framework of corporate restructuring is shown in Figure 1 below (Nag & Pathak, 2009).

Figure 1: Framework of Corporate Restructuring



Source: Framework from Nag and Pathak (2009)

2.3 Institutional Trust

Hassan & Semerciöz (2010) differentiate between factors that cause trust, trust itself and outcomes of trust. They defined trust as follows:

1. The willingness of a party to be vulnerable to the actions of another party.
2. Trust is in turn influenced by a trustor's propensity to trust, and the trustor's perception of a trustee.
3. The trust leads to actual risk taking in a relationship since behavioural trust is the assumption of risk.
4. The desired outcome of results from the risk taking.

Conceptualisation on the topic of interpersonal trust reflects the distinction between three necessary components: (1) as an expectation, (2) a willingness to be vulnerable and (3) a risk-taking act (Dietz & Hartog, 2006).

Ellonen *et al.* (2008) define organisational trust as a psychological state comprising the intention to accept vulnerability based on positive expectations individuals have about the ability, benevolence and integrity of organisational members, and the organisation as a whole, in the shape of institutional trust.

Different types of trust have been identified. Distinctions may be made based on the nature of the trustee. One can have trust in particular people (i.e. interpersonal trust) or in organised systems (i.e. impersonal trust) (Maguire and Phillips, 2008). The focus in this study is on organisational trust as an impersonal issue. Impersonal trust is based on roles, systems and reputation, whereas interpersonal trust is based on interpersonal interaction between individuals within a particular relationship (McCauley & Kuhnert, 1992; McKnight, Cummings & Chervany, 1998; McKnight, Choudhury & Kacmar, 2002).

The impersonal dimension of organisational trust is also known as institutional trust. Trust in the organisation is the evaluation of an organisation's trustworthiness as perceived by the employee, i.e. confidence that it will perform an action that is beneficial or at least not harmful to him or her (Tan & Tan, 2000; Atkinson & Butcher, 2003; Maguire & Phillips, 2008).

Kramer (1999) states that employees may draw inferences about institutional trust from the behaviour of highly-visible role models in top management. According to Costigan, Ilter & Berman (1998), most employees base their trust in top management based on the outcomes of the decisions and less on direct personal experience of the character or actions of the individuals. McCauley & Kuhnert (1992) also indicate that the nature of trust between employees and management is not interpersonal, but is based on roles, rules and structured relations within the organisation. Employees also evaluate the organisational environment in order to decide whether or not they will trust management. If the environment encourages a high level of management trust in employees, the employees will reciprocate accordingly by exhibiting high levels of trust.

Blomqvist (1997) points out that trusting a person and trusting an organisation are two different things. Trust in an organisation is based on the way it acts or behaves. This may stem from the manager's personality or from a strongly centralised decision-making structure and organisational culture.

Vanhala & Ahteela (2011) found in their research that HRM practices do influence impersonal trust. One could thus claim that employee trust in the whole organisation is connected to perceptions of the fairness and functioning of such practices, and this knowledge in turn could be used to improve this dimension of organisational trust. Organisations and their management and managers should put effort into designing HRM practices that boost this impersonal dimension. This is important in the sense that organisations cannot rely only on interpersonal trust, and opportunities for face-to-face communication and interpersonal relationship development may be limited.

The terms “trust in the organisation”, “organisational trust” and “institutional trust” are used inconsistently in the literature. Impersonal trust is conceived as an individual employee’s attitude based on his or her perception and evaluation of the employer organisation, and thus operates on the individual level. The concept of institutional trust is therefore defined as “an individual employee’s expectations with regard to the employer organisation’s capability and fairness” (Vanhala *et al.* 2011). The capability dimension consists of five components and the fairness dimension of three components. (Figure: 2).

The Capability Dimension

The capability dimension includes:

Organising activities: the organisation’s ability to cope in exceptional situations and to exploit its resources

Sustainability: changes in the operational environment of the organisation and the employment outlook

- Top-management characteristics: capabilities and decision-making practices
- Technological reliability: individual capabilities and available assistance with technical problems
- Competitiveness: how the organisation compares with its competitors

(Vanhala *et al.* 2011)

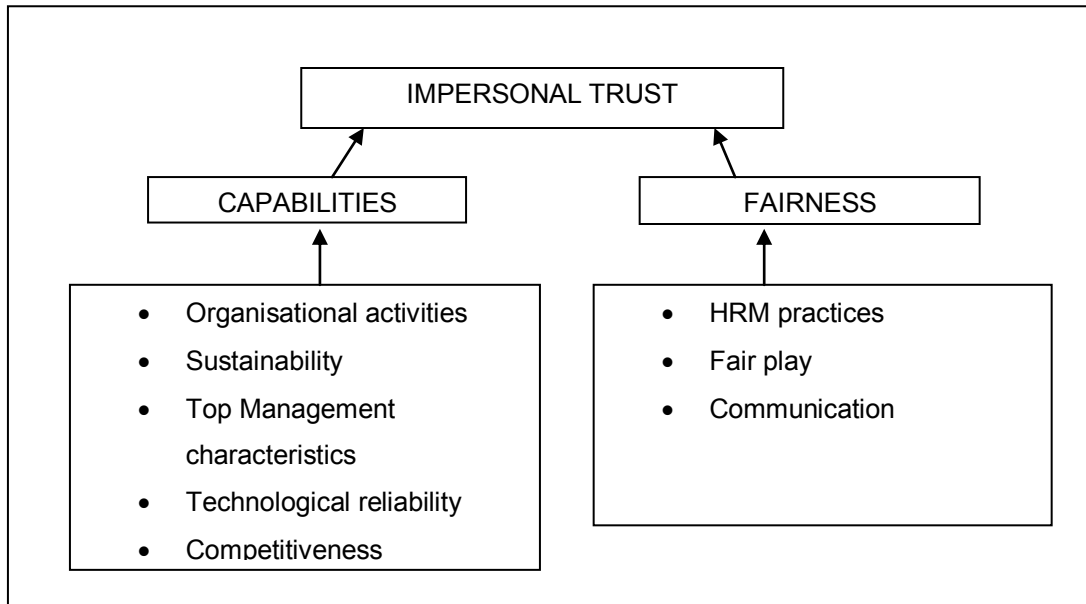
The Fairness Dimension

The fairness dimension consists of:

- HRM practices: education and career progression
- Fair play: top management's behaviour, and internal competition and opportunism
- Communication: trustworthiness and sufficiency of information

(Vanhala *et al.* 2011)

Figure 2: Structuring of Institutional Trust



Source: Vanhala *et al.*; 2011

2.4 Corporate Restructuring and Institutional Trust

Restructuring causes uncertainty with potential side effects in the work environment (Lee and Teo, 2005).

Zeffane and Connell (2003) argue that efficiency in organisations is possible only when interdependent actors work together effectively in a climate of positive trust (Zeffane and Connell, 2003). In addition, trust increases the efficiency and effectiveness of communication (Shockley-Zalabak, Ellis & Winograd, 2000; Blomqvist, 2002) and of organisational collaboration (Mayer, Davis & Schoorman, 1995; Tyler, 2003). Trust has also been identified as a critical factor in leadership (Tyler, 2003), job satisfaction (Shockley-Zalabak *et al.*; 2000), commitment (Dirks &

Ferrin, 2001; Bijlsma & Koopman, 2003) and performance (Barney & Hansen, 1994).

Current business environment is recognised as:

- 1) globalisation - moving from local economies to worldwide economies-
- 2) diversity - more diverse workplaces and markets-
- 3) flexibility - fewer rules and procedures, more need for flexible work forces-
- 4) flattened structure - less management, more worker empowerment-
- 5) networks - new information technology has enabled more strategic alliances, direct communication (Adams *et al.*, 2008).

In response to the changing business environment, trust has become a characteristic of effective organisations. As per Watson Wyatt's survey (2002), total return to shareholder over a three-year period was 186 % higher for those companies that had high levels of trust compared to those with low levels of trust (Towers Watson, 2002). Trust has been regarded as a major construct in research predicting individual-level and organisational-level outcomes such as job satisfaction, organisational citizenship behaviours, organisational commitment, turnover, and job performance, employee productivity, team performance, innovative behaviours, workplace behaviours, counterproductive behaviours, organisational revenue and profit (Roy *et al.*, 2006; Colquitt *et al.*, 2007).

According to Hassan & Semerciöz (2010), in order to increase trust within today's dynamic organisations, it is important to realise the dual nature of trust i.e. personal and impersonal forms of trust. The reciprocal property of trust indicates that if the structures, roles, and climate of the organisation communicate a lack of trust in employees by top management, employees will respond with distrust. Should top management communicate a high level of trust in its employees, employees will reciprocate with high levels of trust in management. The role of top management involves the creation and management of a system conducive to trust known as institutional trust. This does not refer to the degrees of trust or distrust that are personified in personal attitudes between individuals.

Straiter (2005) believes interpersonal and institutional (system) trust do not stand alone but act in concert with one another. The fact that the root of trust lies in individual relationships is not in opposition to the experience of trust both inside interpersonal relationships and as an institutional phenomenon beyond interpersonal relationships (Straiter, 2005).

The operational environment of companies is complex, rapidly changing and isolated, which makes impersonal trust a potential source of competitive advantage. Even if interpersonal trust (e.g. a close supervisory role) is critical, organisations could benefit from fostering complementary impersonal forms of trust. An employee who is able to trust the organisation she/he works for can trust her/his future in it even if other employees and supervisors cannot provide sufficient support for the advancement of strong interpersonal trust. If employees

could trust the organisation without having personalised knowledge of each decision maker and key actor it should be more efficient (Kramer, 1999).

2.5 Employee Engagement

Employee engagement is a two way relationship between employer and employee that exists to create positive organisational performance (Marcos & Sridevi, 2010).

Engagement refers to the emotional, rational and motivational connection that people have with the organisation that they work for (Davenport & Harding, 2010)

Employee engagement as a concept is vast in literature. States (2008) describes the field of employee engagement as burgeoning, with companies pouring resources into developing a more engaged workforce. Organisations believe that employee engagement is a central source of competitive advantage and thus, have been drawn to its reported ability to solve challenging organisational problems such as increasing workplace performance and productivity, along with facing widespread economic decline (Macey & Schneider, 2008; Macey *et al.*, 2009). Research has expanded this belief, suggesting that organisations with high levels of employee engagement have positive organisational outcomes; a small bright spot in an otherwise bleak financial forecast (Kular *et al.*, 2008; Shuck & Wollard, 2010).

According to Marcos & Sridevi (2010) employee engagement is an enormous construct evident in almost all parts of human resource management facets. Failing

to address every part of human resources will result in employees failing to fully engage in their jobs. Employee engagement is broader in scope than simply job satisfaction, employee commitment and organisational citizenship (Marcos and Sridevi, 2010). It is a two-way relationship between employer and employee with the ultimate aim of creating a positive organisational performance. Concepts related to employee engagement are: emotionally attached, highly involved in their job, great enthusiasm, going the extra mile (Marcos and Sridevi: 2010).

Fernandez (2007) discusses the distinction between job satisfaction and engagement, contending that employee satisfaction is not the same as employee engagement. Managers can no longer rely on employee satisfaction to help them retain the best and the brightest people, and thus, employee engagement is becoming a critical concept in modern business organisations.

Three well known research organisations in human resources define employee engagement as follows:

The willingness and ability of employees to help their company achieve success by providing discretionary efforts on an ongoing basis. Employee engagement is affected by both emotional and rational factors related to the work and overall work experience (Perrin, 2003)

Robinson *et al.* (2004) describe employee engagement as a positive attitude towards the organisation and its values, awareness of the business context, and

coordinating with colleagues to improve performance for the benefit of the organisation. To achieve this, the organisation needs to nurture engagement to strengthen the two-way relationship between employer and employee.

Dernovsek (2008) links employee engagement with enthusiasm, positive employees, and emotionally attached and committed employees. Shuck & Wollard (2010) defined employee engagement as “an individual employee’s cognitive, emotional and behavioural state (Figure 3) directed toward desired organisational outcomes. According to Saks (2006), employees who are engaged exhibit attentiveness and mental absorption in their work and display a deep, emotional connection toward their workplace (Wagner & Harter, 2006).

Other researchers also describe job satisfaction as merely a part of engagement. Job satisfaction only reflects a superficial, transactional relationship that is based on the organisation’s last round of perks and bonuses; whereas engagement lies within the passion, commitment, and the willingness to invest oneself and expand one’s unrestricted effort to help the employer succeed. This is a state beyond simple satisfaction with the employment arrangement or basic loyalty to the employer (BlessingWhite, 2008; Macey & Schnieder, 2008). According to Human Resources (2007) employee engagement (not satisfaction) is the strongest predictor of organisational performance.

Tower Perrin (2007) conducted employee surveys among nearly 90,000 employees in 18 countries and define engagement as employees’ willingness and ability to contribute to company success. Thus engagement is the extent to which

employees “go the extra mile” and put unrestricted effort into their work — contributing more of their energy, creativity and passion on the job.

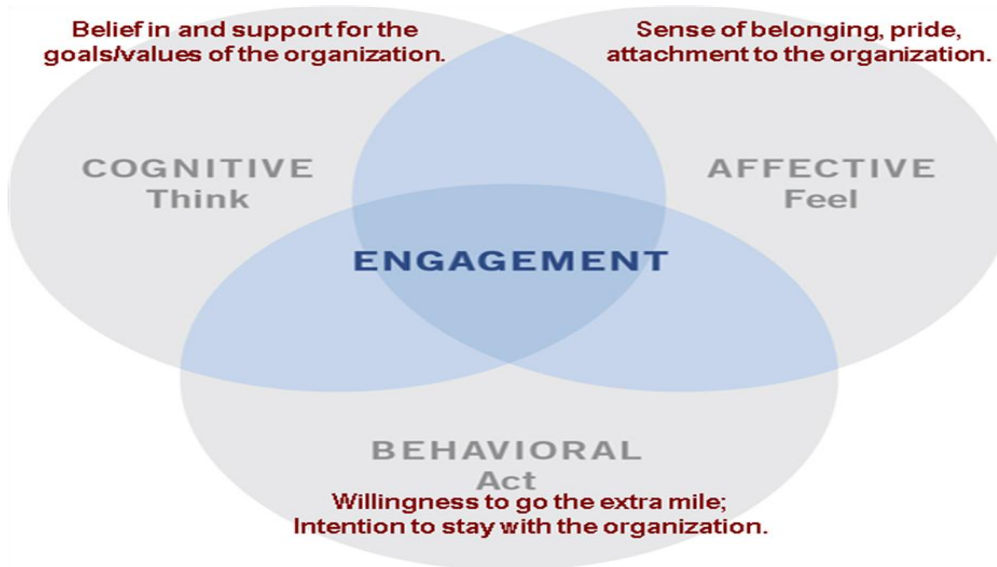
According to the Towers Perrin Global Workforce Study (2007-2008) they determined employees’ engagement levels based on their responses to questions that measured their connections to the organisation across three dimensions:

Rational: How well employees understand their roles and responsibilities (the “thinking” part of the equation)

Emotional: How much passion and energy they bring to their work (the “feeling” part of the equation)

Motivational: How well they perform in their roles (the “acting” part of the equation).

Figure 3: Employee Engagement Model



Source: Davenport & Harding, 2010

Lockwood (2007) indicated that employee engagement is subjective to many factors ranging from workplace culture, organisational communication, trust, respect, leadership and company reputation. Marks (2007) explained that engaging employees to understand the business strategy and support organisational transitions becomes critical as this is where employees typically experience lack of control over their future.

CHAPTER 3: Research Questions

3.1 Introduction

Chapter Three presents the research questions of this study. Research questions are used to translate the research problem into a specific need for inquiry to assist in adding clarity to the research problem as faced by organisations today (Zikmund, 2003). According to Blaike (2004) research questions defines the nature and scope of the study and provide the link for the choice of strategies and methods of investigation for the study.

Questions are framed around corporate restructuring, institutional trust, and employee engagement. In addition, research questions related to biographical detail are included for exploration.

3.2 Research Proposition

Propositions are statements about concepts that may be judged as true or false if they refer to an observable phenomenon (Blumberg, Cooper & Schindler, 2008). Propositions are concerned with the relationship between two concepts (Blumberg *et al.*, 2008).

In this study the researcher will observe the phenomenon of corporate restructuring and the effect it has on institutional trust and employee engagement.

3.3 Research Questions

Due to the current global economic climate, the increase in global competitiveness, fast developing technology and changes in the environment, organisations are required to restructure themselves in order to remain competitive (Cummings and Worley, 2009). Restructuring brings along organisational change and mismanagement of the process impacts negatively on organisational effectiveness and employee wellbeing, possibly resulting in employees becoming disengaged in their work and organisation (Marks, 2007).

This study seeks to investigate whether corporate restructuring affects institutional trust and whether damage to institutional trust affects employee engagement within the organisation. The following research questions will be investigated:

3.3.1 Research Question 1

Is there a relationship between biographical data and how employees experience restructuring?

3.3.2 Research Question 2

Is there a relationship between biographical data and institutional trust?

3.3.3 Research Question 3

What is the relationship between biographical data and employee engagement?

3.3.4 Research Question 4

Is there a relationship between corporate restructuring and institutional trust?

3.3.5 Research Question 5

Does damaged institutional trust effects employee engagement?

3.3.6 Research Question 6

Does corporate restructuring influence the extent of employee engagement?

Chapter Four will discuss the research methodology used in this study to answer the research questions.

CHAPTER 4: Research Methodology

4.1 Introduction

Chapter Four presents the research methodology and its application used to achieve the research objectives outlined in Chapter One and Three. Research methodology includes the methods, techniques and procedures that are followed in the process of implementing the research design (Babbie & Mouton, 2003). This chapter also describes the research design, scope, population, sampling and measure techniques according to their use in this study. Also included is a description of limitations of this study.

The research methodology used in this study is quantitative in nature. Collis & Hussey (2003) describe quantitative research as objective in nature, concentrating on the measuring of phenomena, collecting and analysing numerical data and applying statistical tests. Zikmund (2003) indicates that the disadvantage of using quantitative research is that respondents are not given the opportunity to provide in-depth answers to the research problem, thus limiting the level of insight into the research problem. Scores and weights are assigned to the responses in the survey instrument used, to enable statistical evidence (Zikmund, 2003).

4.2 Research Design

The aim of using a research design is to present a systematic and accurate description of the findings of the research problem (Zikmund, 2003). Babbie and Mouton (2003) describe research design as a set of guidelines and instructions to follow when addressing a research problem. For this study a non – experimental survey method will be used where information is gathered from a sample of people using questionnaires. Zikmund (2003) indicates that the survey method can provide a quick, inexpensive, efficient and accurate means of assessing information that describes the characteristics of a large population.

A descriptive approach will be followed to determine the levels of association between the variables. All these variables have been studied previously in different relations. According to Blumberg *et al.* (2008), a variable is a symbol to which we assign a numeral or value. Corporate restructuring in this study will be the independent variable and employee commitment and institutional trust will be dependent variables. Demographic variables such as, age, job level and gender will also be used.

Using a descriptive approach in this study, the aim is to analyse the answers to discover to what extent employee engagement is affected during the process of restructuring. Data will be collected within a corporate mining environment.

For the purpose of this study corporate restructuring will include components of cost-cutting through downsizing, re-organisation of divisions, re-engineering of processes, streamlining of operations, and closing down of unprofitable divisions.

Population

The study is limited to Anglo American Platinum Rustenburg employees in different divisions who are:

- In the process of restructuring or
- Within an 18 months period after restructuring.

The study will focus on the frontline employees including supervisors, and junior and middle managers, as classified by the Paterson grading system.

The Paterson grading system is an analytical method of job evaluation, used predominantly in South Africa. It analyses decision-making in job task performance or job descriptions, and sort jobs into six groups that are graded and grouped into two to three sub-grades such as: stress factors, individual tolerance, length of job and number of job responsibilities that correspond to organisational levels. The six grades, also called bands, define pay scales that are used in organisations (Jordan et al., 1992).

The Paterson system places job decision-making into six groups or bands: policy making, programming, interpretive, routine, automatic and defined. These groups correspond to the following organisational levels: top management, senior

management, middle management, junior management and skilled positions, semi-skilled positions and unskilled positions. Level C, D and E are classified as follows:

- C: lower - routine decisions
- C: upper - coordinating, routine decisions

Theory and/or systems knowledge for grade C is required, and employees, such as skilled workers or supervisory personnel, decide what has to be done through knowledge and experience for deterministic outcomes.

- D: lower - interpretive decisions
- D: upper - coordinating, interpretive decisions

Grade D involves middle management's ability to optimise resources through decision-making about processes and procedures, with planning programmes or budgets one year ahead.

- E: lower - programming decisions
- E: upper - coordinating, programming decisions

Grade E consists of senior management's cross-functional coordination, coordinating many departments and strategic policy decisions made by top management, with plans made five years in advance (Jordan et al., 1992).

Data will be analysed to find a correlation between corporate restructuring and institutional trust and the effect it has on employee engagement.

4.3 Data Collecting Method

The sampling method will be a survey in the form of questionnaires, using several pre-tested descriptive questions (30 questions) that will relate to the concepts of corporate restructuring, institutional trust and employee engagement.

Questionnaires were distributed amongst employees known to be graded as level C, D and E as per the Paterson grading scale. A convenience sampling method (Zikmund, 2003) was thus employed to identify a large enough sample to be able to extrapolate to the total population. Anglo American Platinum assisted in the distribution of questionnaires. Twenty Organisational Psychological Best Practice Community members (OPS BPC) were identified and asked to each distribute 20 - 25 questionnaires to 20- 25 employees in person, the questionnaires were to be completed by the employees and collected in person by the OPS BPC members and then returned to the researcher in person. The target was to distribute at least 400 questionnaires. A two week period was allocated to distribute and collect the completed questionnaires. Due to the sampling method used, a high response rate was expected.

4.4 Unit of Analysis

According to Babbie & Mouton (2003), the unit of analysis presents what object, phenomena, entity process or events the researcher is interested in studying. Zikmund (2003) identified four different units of analysis, namely: individuals, groups, organisations and artefacts. This study includes three sets of analysis - the

individual employee, the group and the organisation. The variables, age, population, gender and job level were studied at an individual level. These characteristics were then combined on a group level (using nominal measurement scales) to enable the researcher to describe the characteristics of the group. Similarly, the variables (corporate restructuring, institutional trust and employee engagement) were studied at an individual level and then organised on a group level allowing for the study of relationships between the variables.

4.5 Research Instrument

The measurement used to perform this study took the form of a structured questionnaire comprising two sections. Section one comprised of four questions measuring the biographical information of respondents. Using tick boxes, the questions in this section were framed to measure the following variables: age, gender, population and job level. An additional question was added to section one to determine if respondents were exposed to corporate restructuring. Respondents had to indicate the time frame of exposure as: not at all, 0 - 6 months ago, 6 – 12 months ago and 12 - 18 months ago.

Section two of the questionnaire took the form of a five point Likert scale, allowing respondents to indicate the extent to which they: tend to agree, agree, do not know, disagreed or tend to disagree with the statements in relation to their perceptions of restructuring, institutional trust and employee engagement within the

organisation. Likert scale is a measure of attitudes designed to allow respondents to indicate how strongly they agree or disagree with carefully constructed statements that range from very positive to very negative to an attitudinal object (Blumberg *et al*, 2008).

The research questionnaire was pre-tested on five employees. Employees were requested to gather in a boardroom and questionnaires were distributed amongst them to complete. The research questionnaire was piloted to ensure that no statement remained ambiguous or were invalid measures of the variables. Employees completed the questionnaires within 15 minutes and all the questions were understood by the employees. The questionnaire also included one open-ended question, providing employees with an opportunity to name the one thing that the company could do differently during the restructuring process.

4.5.1 Questions on Corporate Restructuring

The following five items were used to measure corporate restructuring:

1. Restructuring affected each department in a fair way
2. The purpose and overall goals of the restructuring were explained well
3. The outcomes of the change efforts were objectively evaluated
4. We had an effective project leader for the change efforts
5. The pain of restructuring efforts was fairly shared amongst everyone in the organisation

4.5.2 Questions on Employee Engagement

Employee engagement was measured based on eight questions. The respondents were asked to indicate the extent to which they tend to agree, agree, do not know, disagreed or tend to disagree with the statements related to their perceptions of employee engagement within their organisation.

The Corporate Leadership Council (2004) engagement survey and the Tower Perrin Global Workforce Study (2007-2008) were incorporated into the research questionnaire to measure the construct of employee engagement. Engagement levels are measured according to four dimensions, namely: emotional commitment, rational commitment, discretionary efforts and intent to stay. The following eight items were used to investigate the variable employee engagement.

1. It would take a lot to make me look for another employer
2. I believe strongly in the goals and objectives of the company I work for.
3. I support the values for which my company stands
4. I would recommend my company as a good place to work
5. I am proud to be part of my company
6. My company inspires me to exert extra effort in my work
7. At the present time, I am seriously considering leaving my company
8. I am willing to work beyond what is required in my job in order to help my company to succeed

4.5.3 Questions on Institutional Trust

The model of impersonal organisational trust developed by Vanhala *et al.* (2011) was used here. The scale is especially designed to assess the dimension of impersonal trust in an organisational setting. The respondents were asked to indicate how they perceived the statements related to impersonal trust in their organisation. The 17 items used concerned organisational activities (2 items), sustainability (2 items), top-management characteristics (3 items), technological reliability (2 items), competitiveness (2 items), fairness in HRM (2 items), fair play (2 items) and communication (2 items). Table 1 presents the measurement items related to institutional trust.

Table 1 Measurement Items Related to Institutional Trust

ORGANISING ACTIVITIES	There are work practices in my organisation that help us to cope with exceptional situations.
	Our organisation efficiently utilizes the expertise of its people.
SUSTAINABILITY	My organisation functions on such a solid base that changes in our business context do not threaten our operations
	Employees have a bright future with this employer
TOP MANAGEMENT CHARACTERISTICS	Our top management has a clear vision of the future
	In my opinion, top management is taking my organisation in the right direction
	I have faith in the expertise of the top management
TECHNOLOGICAL RELIABILITY	The tools or/and systems that I use in my everyday work function properly
	I receive assistance with technical problems whenever I need it
COMPETITIVENESS	The other players in our business are ahead of us
	Outsiders consider my employer to be a successful player in its field
HRM PRACTICES	My employer offers me the opportunities to learn new skills and develop myself in my profession
	Skilled employees are offered more responsible positions.
FAIR PLAY	Top management never puts their success ahead of that of the employees
	I never have to compromise my ethical principles in order to succeed in my organisation.
COMMUNICATION	The information I get in my organisation is up to date
	Information on matters that are important to me is communicated openly in my organisation

4.5.4 Reliability of the Research Instrument

Trochim (2005) refers to reliability as the ability to repeatedly get the same results using the same research instrument, regardless of the assessor conducting the research. The research questionnaire was validated using Cronbach's alpha reliability to calculate the questions in section two. Cronbach's alpha tested for internal consistency amongst each of the five items of corporate restructuring, seventeen items on institutional trust and eight items on employee engagement. According to Blumberg *et al.* (2008), Cronbach's alpha estimates the reliability of the whole test and has the most utility for multi-item scales at the interval level of measurement. Cronbach's alpha will generally increase the inter-correlation among the items and therefore provide an internal consistency of estimate of reliability of scores. Cronbach's alpha results from the basic test theory that the reliability of test scores can be expressed as the ration of the true-score over the total-score variances.

Alpha can take on any values less than or equal to one. The higher the value of alpha the higher the reliability and reliability of 0.70 or higher (using a substantial sample) is required before an instrument can effectively be used (Cronbach, 1951). For the purpose of this research study, only Cronbach's alpha higher than 0.7 will be seen as indicative of the internal consistency of the items.

4.6 Data Analysis

Data analysis is used to analyse the pattern of distributions of attributes on one or more variables (Babbie & Mouton, 2003). Data was analysed using descriptive and inferential statistics. Descriptive research describes the characteristics of a population through analysis techniques that transform data into a form that is easy to understand and interpret. Judgments about the population used in the sample were made using inferential statistics. The research involved a cross-sectional study of all the observations made at a single point in time (Zikmund, 2003).

4.6.1 Descriptive Statistics

According to Zikmund (2003), descriptive statistics provide a summary of data in the form of frequency distributions, measures of central tendency and dispersions, and provide the following definitions for frequency, mean and standard deviation.

4.6.1.1 Mean and Standard Deviation

The mean or average measures the central tendency of a set of data. The standard deviation is the quantitative index of a distribution's spread or variability and calculated square root of the variance (Zikmund, 2003). The results of the mean and standard deviation tests for biographical data are presented in table format. The central tendency/mean values were used to answer the research questions. Different statistical tests will be used including ANOVA, regression analysis, Pearson's correlation and factor analysis. Multiple regression analysis will

be used to confirm the relationship between the dependent variable and independent variable.

4.6.1.2 Frequency Distributions

Frequency distributions summarise the number of times a particular value of a variable occurs (Zikmund, 2003). Frequency analysis was used to calculate each of the demographic variables and is presented in the form of percentage values using bar graphs.

4.6.1.3 Analysis of Variance (ANOVA)

Analysis of variance is a technique used to establish the differences in means that occur in more than one group. In one way ANOVA is an oversimplification of a two sample t-test. ANOVA is used to interpret the differences between independent and dependent variables and a *p value* less than or equal to 0.05 indicates a statistically significant difference between the dependent and independent variable. A *p value* greater than or equal to 0.05 indicates no significant difference between the dependent and independent variable (Albright, Winston & Zappe, 2006).

ANOVA was used to provide answers to the research questions. Biographical variables and corporate restructuring were the independent variables. Variables were used as follows for research questions three to six - firstly, corporate restructuring will play a role as the independent variable, and institutional/impersonal trust will be the dependent variable; secondly institutional trust will play the independent variable and employee engagement will act as the

dependent variable; and thirdly corporate structuring will again play a role as the independent variable and employee engagement will be the dependent variable.

4.6.1.4 Pearson Correlation Coefficient

Correlation analysis was performed using the Pearson correlation coefficient to determine the relationship between the variables. In a perfect positive /increasing linear correlation the coefficient is +1; in a perfect negative or decreasing linear relation the coefficient is -1. A value between -1 and +1 indicates a degree of linear dependence between the variables. The larger the coefficient approaching 1 or -1, the stronger the correlation between the variables tested. In most cases the simple correlation provides an accurate measure of linear dependence between variables (Levin & Ruben, 1991)

4.6.1.5 Factor Analysis

Factor loadings indicate the degree to which items are correlated with the latent variable they measure. Loadings greater than 0.5, indicate a high correlation between items and the latent variable (Zikmund, 2003). Factor analysis was used to determine the degree of correlation of the seventeen items identified to measure the variable Institutional trust.

4.7 Research Limitations

Conclusions drawn from this study are limited as the study is conducted within one organisation. The research is limited to one company in the mining industry and

cannot account for other organisations. This study will require conceptual replications in other organisations before firm conclusions can be drawn. The use of pre-restructuring as baseline data and post-restructuring information within the organisation could mitigate some of the retrospective biases that might have occurred.

Convenience sample is a non-probability sampling method that poses limitations on the study as the variability and bias of estimates generated from the study cannot be measured or controlled. As a result, projecting data beyond the sample is not recommended (Zikmund, 2003). This study also does not provide for factors that will rebuild institutional trust and win employees engagement back.

Future research projects

There is a need for more global surveys involving a greater number of countries to explore and compare the findings of this study against. There is also a need to study the levels of institutional trust and employee engagement prior to restructuring to determine the effect of restructuring on institutional trust and employee engagement.

4.8 Summary of Chapter

Chapter Four presented the research study that was adopted here. The research design, unit of analysis, population and sampling, sampling methods and data

analysis used to achieve the objectives were outlined. The statistical measurements identified included frequency distributions, means and deviations, ANOVA, and Pearson's coefficient correlations. The following chapter will present the research results.

CHAPTER 5: Discussion of Results

5.1 Introduction

The results of the statistical test computed for the study in relation to the research objectives and research questions as stated in Chapter Three, are presented in Chapter Five. The samples' overall response to the research questions was computed using frequency analysis, means and standard deviations. Analysis of variances was done to compare responses on the variables and the Pearson coefficient correlation was used to determine the relationship between the variables.

A total of 400 questionnaires were distributed amongst employees suspected to be employed at level C, D and E according to the Paterson grading scale. Of the responses, 302 were received, yielding a response rate of 75.5%. A number (25%) of respondents indicated they were not affected by restructuring in the company.

5.2 Descriptive Results

5.2.1 Demographic Profile Statistical Results

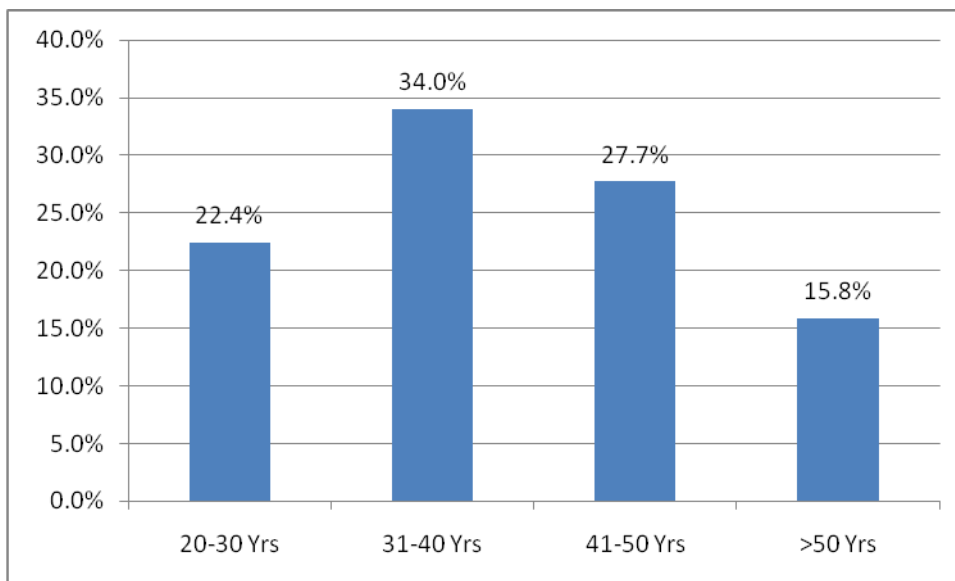
The demographic profile of respondents are presented in this section using pie charts and bar charts. Biographical data (job level, race, age and gender) was

analysed using frequency distributions scores. Gender, population and job level represents cumulative percentage scores of all respondents.

5.2.1.1 Frequency Distribution for Age

The results for frequency distribution for the demographic variable “Age” is presented in Figure 4. There is a reasonable distribution of age represented in the sample with the dominant age group being 31 – 40 years.

Figure 4 Chart Illustrating Age Distribution

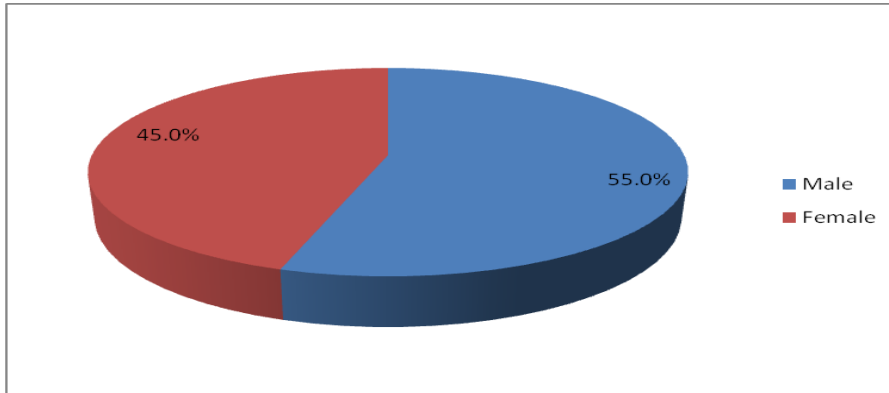


5.2.1.2 Frequency Distribution for Gender

The results for frequency distribution for the demographic variable “Gender” are presented in Figure 5. There is a proximally equal distribution of males and females representing the sample. Females represented 45% of the sample with

males slightly dominant with a representation of 55%. Due to a convenience sample this result cannot be deemed to be representative of the organisation.

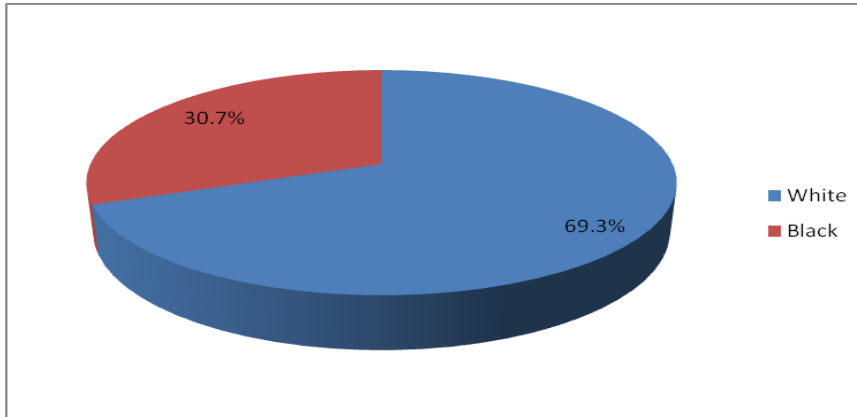
Figure 5 Pie Chart Illustrating Gender Distribution



5.2.1.3 Frequency Distribution for Population

Figure 6 presents the results for frequency distribution for the demographic variable “Population group”. In the population group field there were only three coloured and one indian respondents and the researcher took the decision to reclassify them under the black population group. The majority of sample subjects consisted of 69.3% whites and 30.7% blacks. It is once again noted that due to the convenience sample these percentages cannot be deemed to be representative of the organisation used for the study.

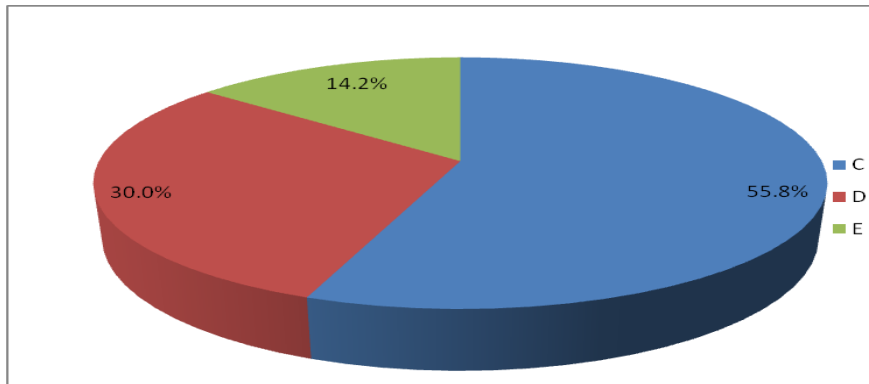
Figure 6 Pie Chart Illustrating Population Group Distribution



5.2.1.4 Frequency Distribution for Population

Frequency distribution results for the demographic variable “Job level” are presented in Figure 7. Results indicated the following distribution within the sample: 55.8 % level C employees representing junior management, 30% level D employees representing middle management and 14.2 % employees representing senior management. This is a fair distribution in relation to management position in any large corporate organisation.

Figure 7 Pie Chart Illustrating Job Level Distribution



5.3 Factor Analysis and Creation of Constructs

Factor loadings indicate the degree to which items are correlated with the latent variable they measure. Loadings greater than 0.5 indicate a high correlation between items and the variable (Zikmund, 2003). Factor analysis was used to determine the degree of correlation of the seventeen items identified to measure the variable Institutional trust.

5.3.1 Introduction

The initial three variables that were proposed in Chapter Four were as follows:

1. Restructuring – Items R1 to R5
2. Institutional Trust – Items IT1 to IT17
3. Employee Engagement – Items EE1 to EE8

The items for measuring these variables were numbered as below

Restructuring

- R1. Restructuring affected each department in a fair way
- R2. The purpose and overall goals of the restructuring were explained well
- R3. The outcomes of the change efforts were objectively evaluated
- R4. We had an effective project leader for the change efforts
- R5. The pain of restructuring efforts was fairly shared among everyone in the organisation

Institutional Trust

- IT1. There are work practices in my organisation that help us cope with exceptional situations
- IT2. Our organisation efficiently utilises the expertise of its people
- IT3. My organisation functions on such a solid base that changes in our business context do not threaten our operations
- IT4. Employees have a bright future with this employer
- IT5. Our top management has a clear vision of the future
- IT6. In my opinion, top management is taking my organisation in the right direction
- IT7. I have faith in the expertise of the top management
- IT8. The tools or/and systems that I use in my everyday work function properly
- IT9. I receive assistance with technical problems whenever I need it

- IT10. The other players in our business are ahead of us
- IT11. Outsiders consider my employer to be a successful player in its field
- IT12. My employer offers me the opportunities to learn new skills and develop myself in my profession
- IT13. Skilled employees are offered more responsible positions
- IT14. Top management never puts their success ahead of that of the employees
- IT15. I never have to compromise my ethical principles in order to succeed in my organisation
- IT16. The information I get in my organisation is up to date
- IT17. Information on matters that are important to me is communicated openly in my organisation

Employee Engagement

- EE1. I believe strongly in the goals and objectives of the company I work for.
- EE2. I support the values for which my company stands
- EE3. I would recommend my company as a good place to work
- EE4. I am proud to be part of my company
- EE5. My company inspires me to exert extra effort in my work
- EE6. I am willing to work beyond what is required in my job in order to help my company to succeed
- EE7. At the present time, I am seriously considering leaving my company

- EE8. It would take a lot to make me look for another employer

Due to the large number of items identified for the variable “Institutional Trust” a factor analysis was performed upon them. Using the Principal Component extraction and Varimax rotation methods, three underlying sub-constructs were yielded, namely:

HRM Practices - Items IT1, IT2, IT12, IT13

Organisational Activities - Items IT4, IT5, IT6, IT7, IT8, IT9

Organisational Reliability - Items IT3, IT11, IT14, IT15, IT16 and IT17

5.3.2 Creation of Constructs

The constructs were created by calculating the mean score of the items that constitute each construct as shown below.

Restructuring

= Mean (Restructuring affected each department in a fair way

The purpose and overall goals of the restructuring were explained well

The outcomes of the change efforts were objectively evaluated

We had an effective project leader for the change efforts

The pain of restructuring efforts was fairly shared among everyone in the organisation)

HRM Practices

= Mean (There are work practices in my organisation that help us to cope with exceptional situations

Our organisation efficiently utilises the expertise of its people

My employer offers me the opportunities to learn new skills and develop myself in my profession

Skilled employees are offered more responsible positions)

Organisational Activities

= Mean (My organisation functions on such a solid base that changes in our business context do not threaten our operations,

Outsiders consider my employer to be a successful player in its field

Top management never puts their success ahead of that of the employees

I never have to compromise my ethical principles in order to succeed in my organisation.

The information I get in my organisation is up to date

Information on matters that are important to me is communicated openly in my organisation)

Reliability

= Mean (Employees have a bright future with this employer

Our top management has a clear vision of the future

In my opinion, top management is taking my organisation in the right direction

I have faith in the expertise of the top management

The tools or/and systems that I use in my everyday work function properly

I receive assistance with technical problems whenever I need it)

Employee Engagement

= Mean (I believe strongly in the goals and objectives of the company I work

I support the values for which my company stands

I would recommend my company as a good place to work

I am proud to be part of my company

My company inspires me to exert extra effort in my work

I am willing to work beyond what is required in my job in order to help
my company to succeed)

5.3.3 Factor Analysis

Table 2 below indicates the loadings upon each factor. Only loadings above 0.4 are considered. (Note that some items load upon more than 1 factor/component). A Cronbach's alpha was then done on the constructs corporate restructuring, employee engagement and the three sub-constructs identified as HRM practices, organisational practices and organisational reliability, to measure the reliability of the items identified to measure the latent variables.

Table 2 Rotated Component Matrix^a

	Component		
	1	2	3
IT1	.790	.095	.131
IT2	.681	.171	.388
IT12	.656	.321	.115
IT13	.598	.338	.165
IT15	.082	.812	.113
IT14	.204	.782	.101
IT17	.494	.596	.203
IT16	.456	.517	.261
IT3	.180	.486	.392
IT11	.287	.449	.339
IT7	.346	.409	.701
IT6	.350	.474	.687
IT5	.288	.471	.674
IT4	.375	.349	.627
IT10	.352	.172	.584
IT8	.421	.092	.518
IT9	.417	.194	.491

5.3.4 Cronbach's Alpha

The internal consistency of the items that constitute each construct was measured with the Cronbach's Alpha index. The research questionnaire was validated using

Cronbach’s alpha reliability to calculate the questions in sections two. Cronbach’s alpha tested for internal consistency amongst each of the five items of corporate restructuring, the seventeen items of institutional trust (using the three sub-constructs identified through factor analysis as HRM practices, organisational activities and organisational reliability) and eight items measuring employee engagement. Note that Cronbach’s Alpha value < 0.6 indicates *unacceptable* reliability, $0.6 < \text{Alpha} < 0.8$ indicates *acceptable* reliability and an Alpha > 0.8 indicates *good* reliability. Table 3 summarises these measurements. Only the items of one construct, namely HRM practices, measured an alpha, < 0.8 . The reliability of the constructs may thus be deemed as: Good.

Table 3 Cronbach's Alpha Results

Construct	Contributing items	Cronbach's Alpha
Restructuring	Items R1 to R5	0.8405
HRM Practices	Items IT1, It2, IT12, IT13	0.7906
Organisational Practices	Items IT4, IT5, IT6, IT7, IT8, IT9	0.8199
Reliability	Items IT3, IT11, IT14, IT15, IT16, IT17	0.8952
Employee Engagement	Items EE1 to EE6	0.8787

5.3.5 Nature of the Constructs

The following table and graphs investigate the nature (descriptive statistics and distributions) of the constructs. Descriptive statistics provide a summary of data in

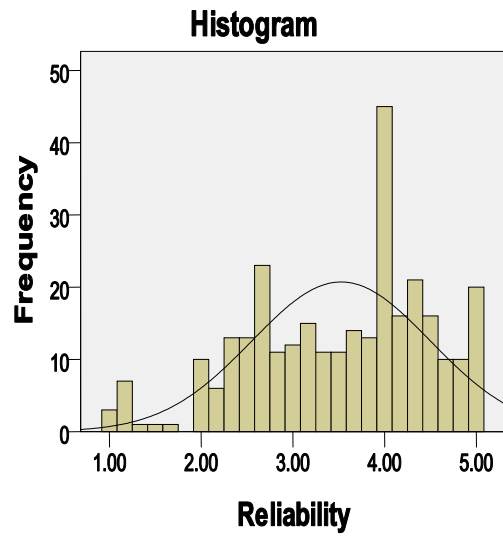
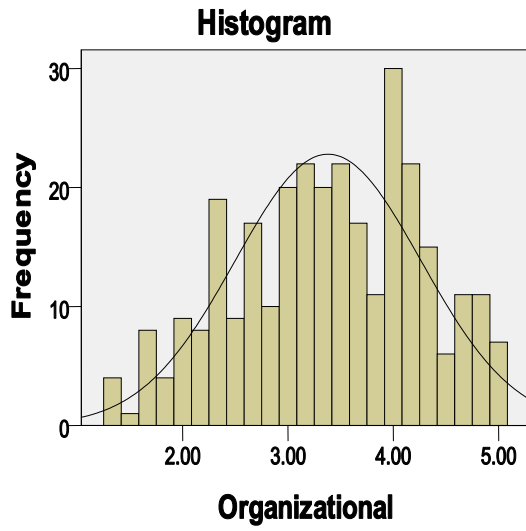
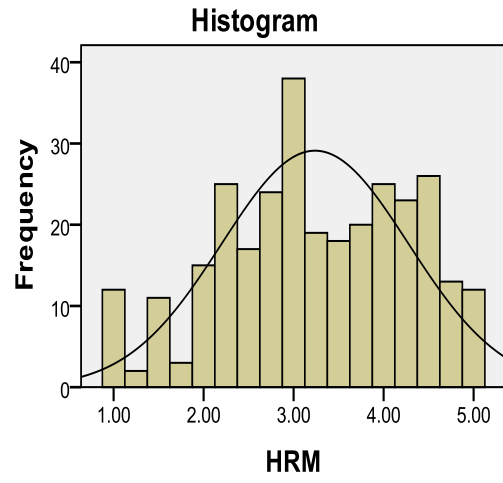
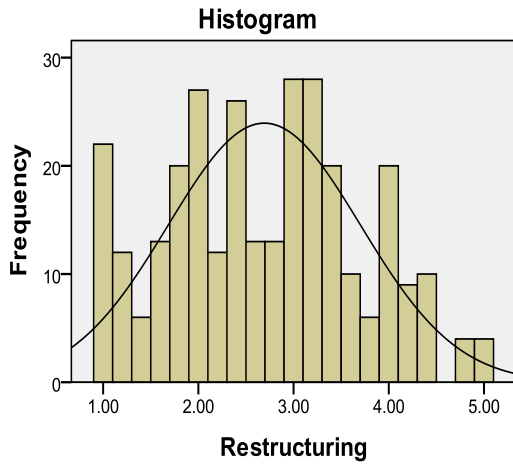
the form of frequency distributions, measures of central tendency and dispersions. The mean or average measures the central tendency of a set of data. The standard deviation is the quantitative index of a distribution's spread or variability and calculate square root of the variance (Zikmund, 2003). Table 4 presents the nature of the constructs.

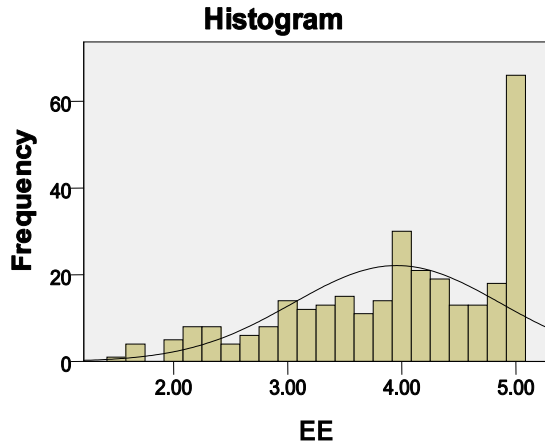
Table 4 Nature of the Constructs

Construct	Descriptive Statistics							
	N	Mean	Std Dev	Min	Max	Variance	Std Err	Median
Employee Engagement	303	3.96	0.911	1.50	5	0.830	0.052	4.00
HRM Practices	303	3.24	1.038	1.00	5	1.077	0.060	3.25
Organisational Activities	303	3.38	0.883	1.33	5	0.780	0.051	3.50
Reliability	303	3.53	0.972	1.00	5	0.946	0.056	3.67
Restructuring	303	2.69	1.010	1.00	5	1.020	0.058	2.80

The following histograms are used to demonstrate the results presented in Table 4. Note that not one of the constructs is **not** normally distributed.

Figure 8 Histograms





5.3.6 Correlation

Table 5 presents the results of pair-wise correlation. Note that all constructs are highly positively correlated as Sig < 0.05. The correlations indicate the relative strength of the relationship between two constructs. These values indicate that an increase in one will result in an increase in the other. However no assumptions of causality are made at this stage.

Table 5 Pair-wise Correlations

		Restructuring	HR M	Organisational Activities	Organisational Reliability	EE
Restructuring	Pearson Correlation	1	.488	.497	.433	.374
	Sig. (2-tailed)		.000	.000	.000	.000
	N	303	303	303	303	303
HRM	Pearson Correlation	.488	1	.659	.656	.692
	Sig. (2-tailed)	.000		.000	.000	.000
	N	303	303	303	303	303
Organisational processes	Pearson Correlation	.497	.659	1	.737	.656
	Sig. (2-tailed)	.000	.000		.000	.000
	N	303	303	303	303	303
Reliability	Pearson Correlation	.433	.656	.737	1	.613
	Sig. (2-tailed)	.000	.000	.000		.000
	N	303	303	303	303	303
EE	Pearson Correlation	.374	.692	.656	.613	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	303	303	303	303	303

5.4 Discussion of Results of Research Questions

This section attempts to determine the extent of restructuring in the organisation based on the analysis of biographic data. Data was analysed using descriptive and inferential statistics. Descriptive research describes the characteristics of a population through analysis techniques that transform data into a form that is easy to understand and interpret (Zikmund, 2003).

5.4.1 Research Question 1

Is there a relationship between biographical data and how employees experience restructuring?

5.4.1.1 Experience of restructuring per Age Group

Table 6 indicates that age group 31-40 years has the highest experience of restructuring at 33.8 %, while 25.2% of respondents did not have any experience of restructuring and most of the respondents (34.4%) are in the period 12 -18 months post-restructuring. A total of 74.8% of respondents experienced restructuring during period 6-18 months post-restructuring.

Table 6 Experience of Restructuring per Age Group

Affected by Restructuring	20-30 Yrs	31-40 Yrs	41-50 Yrs	>50 Yrs	Total
Not at all	6.0%	9.6%	4.0%	5.6%	25.2%
6 Months ago	4.6%	6.3%	5.6%	2.0%	18.6%
6-12 Months ago	7.3%	6.6%	5.6%	2.3%	21.9%
12-18 Months ago	4.6%	11.3%	12.6%	6.0%	34.4%
Total	22.5%	33.8%	27.8%	15.9%	100.0%

5.4.1.2 Experience of Restructuring per Gender

Table 7 indicates that 55.2% of males dominantly experienced restructuring and that 21.3% experienced restructuring in the period 12-18 months post-

restructuring. Otherwise there is no significant difference in experience as per genders.

Table 7 Experience of Restructuring per Gender

Affected by Restructuring	Male	Female	Total
Not at all	12.3%	12.6%	24.9%
6 Months ago	10.3%	8.3%	18.6%
6-12 Months ago	11.3%	10.6%	21.9%
12-18 Months ago	21.3%	13.3%	34.6%
Total	55.2%	44.9%	100.0%

5.4.1.3 Experience of Restructuring per Population Group

Table 8 indicates that 69.2% of respondents from the sample experienced restructuring and once again, the time period 12 -18 months is dominant scoring 34.4%.

Table 8 Experience of Restructuring per Population Group

Affected by Restructuring	White	Black	Total
Not at all	21.9%	3.3%	25.2%
6 Months ago	11.3%	7.3%	18.5%
6-12 Months ago	11.9%	9.9%	21.9%
12-18 Months ago	24.2%	10.3%	34.4%
Total	69.2%	30.8%	100.0%

5.4.1.4 Experience of Restructuring per Population Group

It is seen in Table 9 that the time period 12-18 months post-restructuring is dominant at 34.4 %. The highest percentage respondents are from job level C at 55.6%, and level D is second highest at 30.1 %.

Table 9 Experience of Restructuring per Job Level

Affected by Restructuring	Job Level C	Job Level D	Job Level E	Total
Not at all	13.9%	7.0%	4.3%	25.2%
6 Months ago	10.3%	4.3%	4.0%	18.5%
6-12 Months ago	15.9%	4.6%	1.3%	21.9%
12-18 Months ago	15.6%	14.2%	4.6%	34.4%
Total	55.6%	30.1%	14.2%	100.0%

5.4.1.5 The Influence of the Extent of Experience of Restructuring on the Construct Restructuring

Chi-Square tests were performed to test if an association exists between the biographic profile of the respondent and experience of restructuring.

From the tables above it is seen that about 25% of the sample of respondents have not experienced restructuring. One can question whether their perceptions on restructuring differ from those that have experienced restructuring. Analysis of variance is a technique used to establish the differences in means that occur in

more than one group. This is one way ANOVA is an oversimplification of a two sample t-test. Results presented in Table 10 indicate that respondents with no experience of restructuring have a significantly higher score for the construct restructuring. According to this, employees with no experience of restructuring have a more positive perception towards it. Employees in the period 6 -18 months of restructuring have significantly lower scores and therefore have a more negative attitude towards restructuring.

Table 10 One-way ANOVA on Corporate Restructuring

Affected by Restructuring	N	Mean	Std Dev	F Ratio	Significance	
					*	**
Not at all	76	3.11	0.902	6.3805	0.0003	0.0002
6 Months ago	56	2.51	1.016			
6-12 Months ago	66	2.57	1.007			
12-18 Months ago	104	2.54	1.007			
(Levene's test for equal variances <0.2127)						
			Means	Conclusion: Respondents with no experience of restructuring have a significantly higher score for the construct Restructuring		
Not at all	A		3.115			
6-12 Months ago		B	2.578			
12-18 Months ago		B	2.544			
6 Months ago		B	2.514			

Table 11 One-way ANOVA for Age and Corporate Restructuring

Age	N	Mean	Std Dev	F Ratio	Significance	
					*	**
20-30 Yrs	68	2.55	0.809	4.6933	0.0029	0.0068
31-40 Yrs	103	2.95	0.978			
41-50 Yrs	84	2.44	0.979			
>50 Yrs	48	2.79	1.247			
(Levene's test for equal variances <0.0001)						
			Means	Conclusion: Respondents in the age category 31-40 Yrs have a significantly higher score for the construct Restructuring		
31-40 Yrs	A		2.947			
>50 Yrs	A	B	2.791			
20-30 Yrs		B	2.547			
41-50 Yrs		B	2.442			

5.4.2 Research Question 2

Is there a relationship between biographical data and institutional trust?

Relationship to institutional trust will be discussed under the three identified constructs, namely: HRM Practices, organisational activities and organisational reliability. The differences in mean scores between the various profile features of the respondents will be assessed for significance using One-Way Analysis of Variance (ANOVA). The assumptions for this statistical technique are Normality and Homogeneity of variances. In the absence of normality, non-parametric techniques such as the Kruskal-Wallis test will be used, and in the case of

inequality of variances, the result of the Welch test will be reported. In the tables below * and ** are the significance levels for One-Way ANOVA and Kruskal-Wallis tests respectively

5.4.2.1 Relationship Between Age and HRM Practices

The results in Table 12 indicate that respondents in the age category 31-40 years have a significantly higher score for the construct HRM Practices. A higher score indicates a more positive perception of HRM practices and vice versa. The age group 20-30 years is significantly more negative towards HRM Practices. HRM practices are the dependent variable and age the independent variable.

Table 12 One-way ANOVA for Age and HRM Practices

Age	N	Mean	Std Dev	F Ratio	Significance	
					*	**
20-30 Yrs	68	2.97	1.105	4.5521	0.0039	0.0051
31-40 Yrs	103	3.45	1.099			
41-50 Yrs	84	3.06	0.913			
>50 Yrs	48	3.44	0.884			
(Levene's test for equal variances <0.0261)						
			Means	Conclusion: Respondents in the age category 31-40 Yrs have a significantly higher score for the construct HRM Practices		
31-40 Yrs	A		3.45			
>50 Yrs	A	B	3.44			
41-50 Yrs		B	3.06			
20-30 Yrs		B	2.97			

5.4.2.2 Relationship Between Population Group and HRM Practices.

The results in Table 13 indicate that white respondents have a significantly higher score than black employees. A higher score indicates a more positive perception of HRM practices and vice versa. HRM practices are the dependent variable and population group the independent variable.

Table 13 One-way ANOVA for Population Group and HRM Practices

Pop Group	N	Mean	Std Dev	F Ratio	Significance	
					*	**
White	210	3.35	0.960	8.4475	0.0035*	0.0039
Black	93	2.98	1.159			
(Levene's test for equal variances <0.0168)						
Conclusion: White respondents have a significantly higher score for the construct HRM Practices						

5.4.2.3 Relationship Between Job Level and HRM Practices

The results in Table 14 indicate that the mean score for job levels C, D and E are significantly different; with job level C having significantly lower scores and job level E having more positive perceptions of HRM practices. HRM practices are the dependent variable and job level the independent variable.

Table 14 One-way ANOVA for Job Level and HRM Practices

Job level	N	Mean	Std Dev	F Ratio	Significance	
					*	**
C	169	3.01	1.087	13.3599	<.0001	<.0001
D	91	3.34	0.969			
E	43	3.87	0.608			
(Levene's test for equal variances <0.0261)						
				Means	Conclusion: The mean scores of job levels C D and E are significantly different.	
E	A			3.87		
D		B		3.34		
C			C	3.01		

5.4.3 Relationship Between Biographical Data and Organisational Activities

5.4.3.1 Relationship Between Age group and Organisational activities

The results in Table 15 indicate that the mean score for age 31-40 years is significantly higher for organisational activities. A higher score indicates a more positive perception of organisational activities and vice versa. Organisational activities are the dependent variable and age group the independent variable.

Table 15 One-way ANOVA for Age and Organisational Activities

Age	N	Mean	Std Dev	F Ratio	Significance	
					*	**
20-30 Yrs	68	3.23	0.885	4.2334	0.0060	0.0156
31-40 Yrs	103	3.60	0.902			
41-50 Yrs	84	3.19	0.840			
>50 Yrs	48	3.43	0.822			
(Levene's test for equal variances sig = 0.8386)						
			Means	Conclusion: Respondents in the age category 31-40 Yrs have a significantly higher score for the construct Org Activities		
31-40 Yrs	A		3.603			
>50 Yrs	A	B	3.434			
41-50 Yrs		B	3.235			
20-30 Yrs		B	3.194			

5.4.3.2 Relationship Between Gender and Organisational Activities

The results in Table 16 indicate that male respondents have a significantly higher score for organisational activities. A higher score indicates a more positive perception of organisational activities and vice versa. Organisational activities are the dependent variable and population group the independent variable.

Table 16 One-way ANOVA for Gender and Organisational Activities

Gender	N	Mean	Std Dev	F Ratio	Significance	
					*	**
Male	166	3.47	0.885	4.4404	0.0359	0.0215
Female	136	3.26	0.872			
(Levene's test for equal variances Sig = 0.1975)						
Conclusion: Male respondents have a significantly higher score for the construct Organisational Activities						

5.4.3.3 Relationship Between Job Level and Organisational Activities

The results in Table 17 indicate that the mean score for job level is significantly higher for organisational activities. A higher score indicates a more positive perception of organisational activities and vice versa. Organisational activities are the dependent variable and population group the independent variable.

Table 17 One-way ANOVA for Job Level and Organisational Activities

Job level	N	Mean	Std Dev	F Ratio	Significance	
					*	**
C	169	3.22	0.916	7.2061	0.0009	0.0011
D	91	3.51	0.774			
E	43	3.71	0.840			
(Levene's test for equal variances 0.3976)						
			Means	Conclusion: The mean score for Org Activities of job level C is significantly lower than Job levels E and D.		
E	A		3.717			
D	A		3.516			
C		B	3.221			

5.4.4 Relationship between Biographical Data and Organisational Reliability

5.4.4.1 Relationship Between Age Group and Organisational Reliability

The results in Table 18 indicate that mean score for the age group 31- 40 years is significantly higher for organisational reliability. A higher score indicates a more positive perception of organisational reliability and vice versa. Organisational reliability is the dependent variable and age group the independent variable.

Table 18 One-way ANOVA for Age and Organisational Reliability

Age	N	Mean	Std Dev	F Ratio	Significance	
					*	**
20-30 Yrs	68	3.41	0.891	2.8482	0.0378	0.0240
31-40 Yrs	103	3.74	0.972			
41-50 Yrs	84	3.36	0.968			
>50 Yrs	48	3.50	1.031			
(Levene's test for equal variances sig = 0.8386)						
			Means	Conclusion: Respondents in the age category 31-40 Yrs have a significantly higher score for the construct Reliability than the Age category 41-50 Yrs.		
31-40 Yrs	A		3.742			
>50 Yrs	A	B	3.506			
20-30 Yrs	A	B	3.414			
41-50 Yrs		B	3.363			

5.4.4.2 Relationship between Job Level and Organisational Reliability

The results in Table 19 indicate that there is a significantly difference mean scores for job levels C, D, and E. A higher score indicates a more positive perception of organisational reliability and vice versa. Organisational reliability is the dependent variable and age group the independent variable.

Table 19 One-way ANOVA for Job Level and Organisational Reliability

Job level	N	Mean	Std Dev	F Ratio	Significance	
					*	**
C	169	3.31	0.956	14.3691	<.0001	<.0001
D	91	3.62	0.908			
E	43	4.14	0.882			
(Levene's test for equal variances 0.3976)						
				Means	Conclusion: There is a significant difference between the mean scores of Job Level for the construct Reliability.	
E	A			4.147		
D		B		3.624		
C			C	3.315		

5.4.5 Research Question 3

What is the relationship between biographical data and employee engagement?

5.4.5.1 Relationship Between Age Group and Employee Engagement

The results in Table 20 indicate that mean score for the age group 20-30 years is significantly lower for employee engagement. A higher score indicates a more positive perception of organisational reliability and vice versa. Employee engagement is the dependent variable and age group the independent variable.

Table 20 One-way ANOVA for Age Group and Employee Engagement

Age	N	Mean	Std Dev	F Ratio	Significance	
					*	**
20-30 Yrs	68	3.55	0.930	6.2379	0.0004	0.0005
31-40 Yrs	103	4.07	0.965			
41-50 Yrs	84	4.01	0.833			
>50 Yrs	48	4.15	0.731			
(Levene's test for equal variances sig = 0.8386)						
			Means	Conclusion: Respondents in the age category 20-30 Yrs have a significantly lower mean score for the construct Employee Engagement than the other Age categories		
>50 Yrs	A		4.159			
31-40 Yrs	A		4.074			
41-50 Yrs	A		4.019			
20-30 Yrs		B	3.553			

5.4.5.2 Relationship Between Population Group and Employee Engagement

The results in Table 21 indicate that whites have a significantly higher score for construct employee engagement. A higher score indicates a more positive perception of organisational reliability and vice versa. Employee engagement is the dependent variable and age group the independent variable.

Table 21 One-way ANOVA for Population Group and Employee Engagement

Pop Group	N	Mean	Std Dev	F Ratio	Significance	
					*	**
White	210	4.03	0.832	5.4186	0.0348	0.0993
Black	93	3.77	1.049			
(Levene's test for equal variances Sig = 0.0001)						
Conclusion: White respondents have a significantly higher score for the construct Employee Engagement						

5.4.5.3 Relationship Between Population Group and Employee Engagement

The results in Table 22 indicate that job level C has a significantly lower mean score for construct employee engagement. A higher score indicates a more positive perception of organisational reliability and vice versa. Employee engagement is the dependent variable and age group the independent variable.

Table 22 One-way ANOVA for Job Level and Employee Engagement

Job level	N	Mean	Std Dev	F Ratio	Significance	
					*	**
C	169	3.72	0.899	15.1797	<.0001	<.0001
D	91	4.15	0.900			
E	43	4.44	0.669			
(Levene's test for equal variances Sig = 0.1591)						
			Means	Conclusion: Job Level C has a significantly lower mean score for the construct Employee Engagement.		
E	A		4.445			
D	A		4.155			
C		B	3.723			

5.4.6 Research Question 4

Is there a relationship between corporate restructuring and institutional trust?

5.4.6.1 Investigation Was Done into the Relationship Between Corporate Restructuring and Institutional Trust Together with Biographic Features

An investigation into the effect of “Restructuring” upon each of the sub-constructs of “Institutional Trust” was conducted as follows:

Restructuring together with the biographic features of the respondents were modelled as independent variables with HRM Practices, Organisational Activities and Organisational Reliability as dependent variables respectively in the following regression models. The following prediction formulae were obtained:

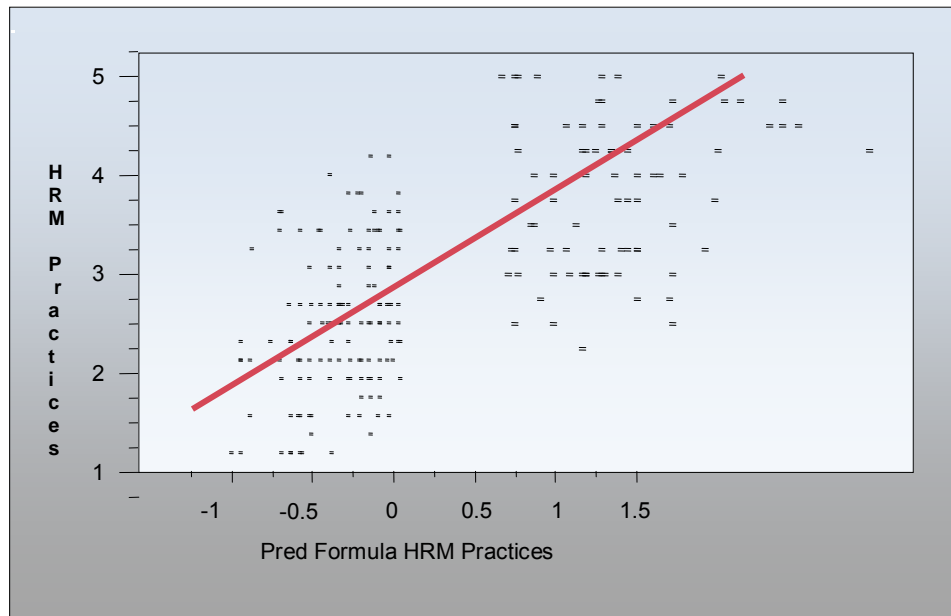
HRM Practices =

$$\begin{aligned}
 & -0.929 + 0.303 * \text{Restructuring} \\
 & + \\
 & \text{Match (: Age, 20-30 Yrs, } 0, \\
 & \quad 31-40 \text{ Yrs, } 0.313434473394172, \\
 & \quad 41-50 \text{ Yrs, } -0.00287822493899337, \\
 & \quad >50 \text{ Yrs, } 0.188602874523799,) \\
 & + \\
 & \text{Match (: Pop Group} \\
 & \quad \text{White, } 0.180505244057074, \\
 & \quad \text{Black, } -0.180505244057074) \\
 & + \\
 & \text{Match (: Job Level,} \\
 & \quad \text{"C", } -0.170533730251941, \\
 & \quad \text{"D", } -0.116678840262922, \\
 & \quad \text{"E", } 0.287212570514863) \\
 & +. \\
 & \text{Match (: Gender,} \\
 & \quad \text{Male, } -0.0285971280427221, \\
 & \quad \text{Female, } 0.0285971280427221)
 \end{aligned}$$

Note that the model is significant but only 17.3% of the variation in HRM Practices could be explained by this model and only the estimates for Restructuring, Age and Job Level are significant.

The extent to which HRM Practices are affected by Corporate Restructuring will depend upon Age and Job Levels e.g. 41-50 Years and black personnel experienced HRM Practices negatively. Figure 9 depicts the predicted values against the actual value of HRM Practices

Figure 9 Graph Illustrating Fit of HRM Practices by Predicted Formula
HRM Practice



Organisational Activities =

$$-0.951863277928612 + 0.353764686801213 * \text{Restructuring} +$$

Match (: Age,

20-30 Yrs	0,
31-40 Yrs	0.122111258117354,
41-50 Yrs	-0.0295547183959912,
>50 Yrs,	0.193054509293283)

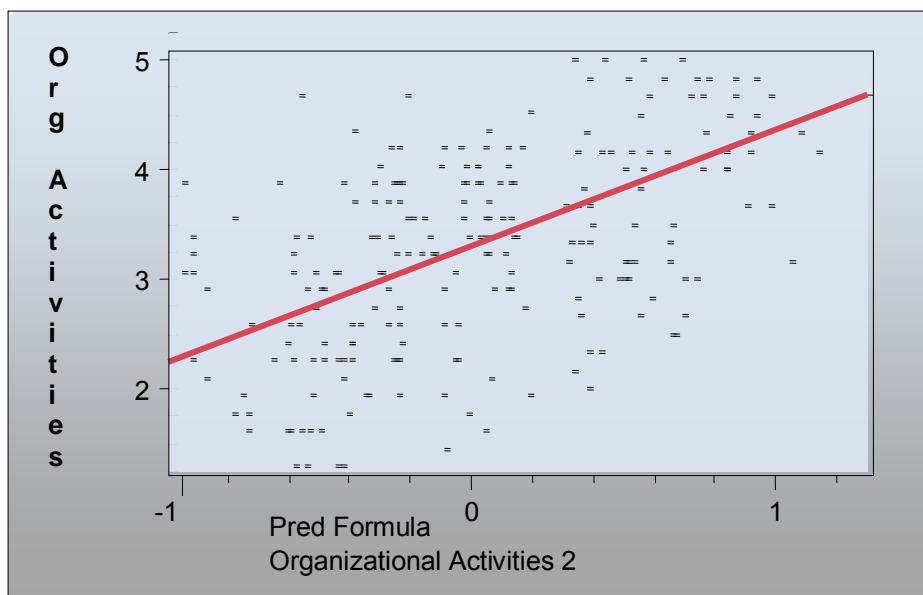
+

Match (: Pop Group

	White	-0.186045580095944,
	Black	0.186045580095944)
+		
	Match (: Job Level,	
	"C",	-0.0484388923617406,
	"D"	0.128677543081236,
	"E"	-0.0802386507194955)
+		
	Match (: Gender	
	Male	0.083672289147568
	Female	-0.0836722891475686)

Note that the model is significant but only 16.8% of the variation in Organisational Activities could be explained by this model and only the estimates for Restructuring, Age and Job level are significant. The following graph (Figure 10) depicts the predicted values against the actual value of HRM Practices.

Figure 10 Graph Illustrating Fit of Organisational Activities by Predicted Formula
Organisational Activities

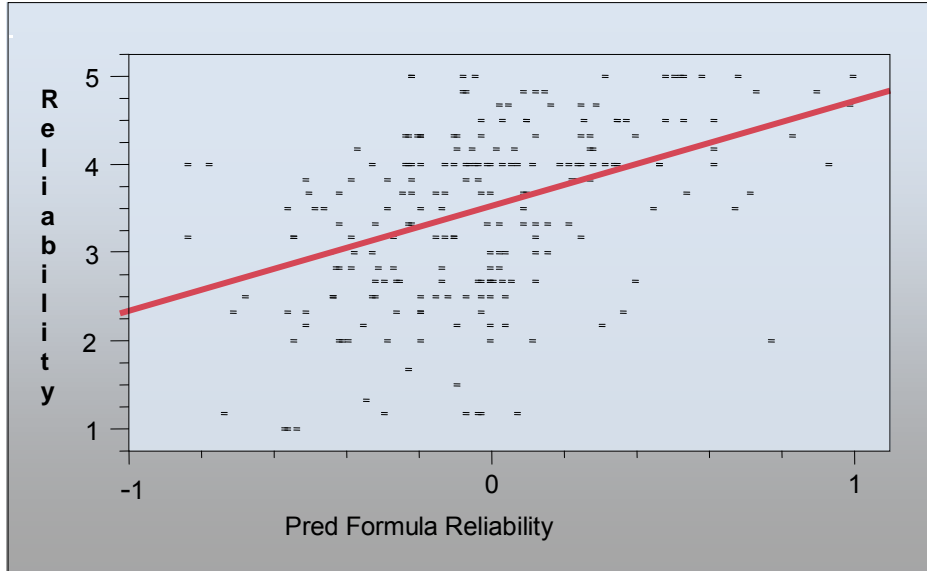


Organisational Reliability =

$$\begin{aligned}
 &0.0168155094395348 + 0.155538432971039 * \text{Restructuring} + \text{Match (: Age,} \\
 &\quad 20\text{-}30 \text{ Yrs} \quad \quad \quad 0, \\
 &\quad 31\text{-}40 \text{ Yrs} \quad \quad \quad -0.218226780511209, \\
 &\quad 41\text{-}50 \text{ Yrs} \quad \quad \quad -0.317570398435874, \\
 &\quad >50 \text{ Yrs} \quad \quad \quad -0.616228292027012) \\
 &+ \\
 &\quad \text{Match (: Pop Group,} \\
 &\quad \quad \text{White} \quad \quad \quad 0.00353117695692733 \\
 &\quad \quad \text{Black} \quad \quad \quad -0.00353117695692733) \\
 &+ \\
 &\quad \text{Match (: Job Level,} \\
 &\quad \quad \text{"C",} \quad \quad \quad -0.416051104547642, \\
 &\quad \quad \text{"D"} \quad \quad \quad -0.00573721851429022, \\
 &\quad \quad \text{"E"} \quad \quad \quad 0.421788323061932) \\
 &+ \\
 &\quad \text{Match (: Gender,} \\
 &\quad \quad \text{Male} \quad \quad \quad -0.0123930484933467 \\
 &\quad \quad \text{Female} \quad \quad \quad 0.0123930484933467)
 \end{aligned}$$

Note that the model is significant but only 10.3% of the variation in Organisational Reliability could be explained by this model and only the estimates for Restructuring, Age and Job Level are significant. The following graph (Figure 11) depicts the predicted values against the actual value of HRM Practices.

Figure 11 Graph Illustrating Fit of Reliability by Predicted Formula Reliability



5.4.6.2 Investigation Was Done into the Relationship Between Restructuring and Institutional Trust Without Biographic Features and Sub-Constructs of Institutional Trust

The major construct Institutional Trust was diluted into three sub-constructs namely:

- HRM Practices - Items IT1, It2, IT12, IT13
- Organisational Practices - Items IT4, IT5, IT6, IT7, IT8, IT9
- Organisation Reliability - Items IT3, IT11, IT14, IT15, IT16 and IT17

In this exercise the researcher attempted to treat Institutional Trust as a single entity to establish the relationship between this construct and Restructuring. To this end the 17 items of IT were subjected to a reliability analysis. A good internal

consistency was achieved by dropping IT10 “.....” with a Cronbach’s Alpha value of 0.92. A single continuous variable named “Institutional Trust” was created from the mean of IT1 to IT9, IT11 to IT17.

The relationship between Institutional Trust and Restructuring was investigated and the following results (Table 23) were obtained indicating a strong relationship between the two constructs:

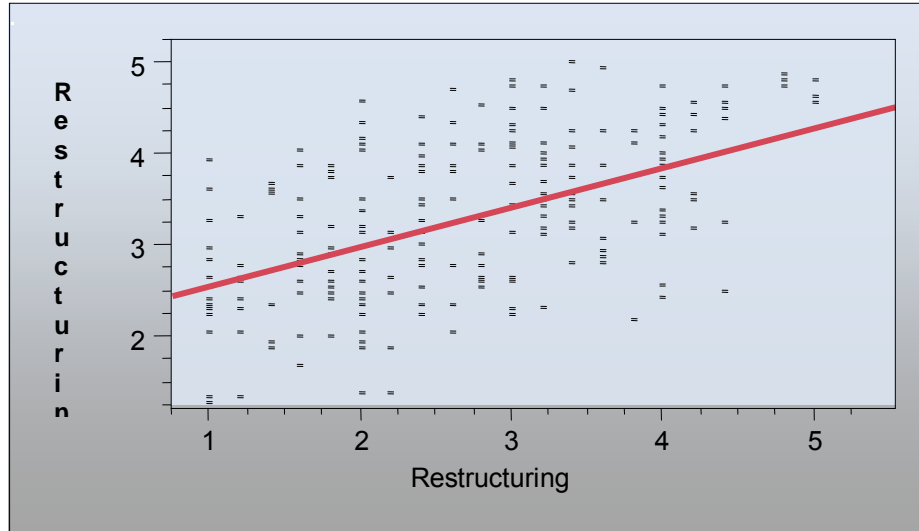
Table 23 Correlation between Institutional Trust and Restructuring

Variable	by Variable	Correlation	Count	Lower 95%	Upper 95%	Signif Prob
Institutional Trust	Restructuring	0.5274	303	0.4409	0.6042	<.0001*

More formally a linear fit between these variables with Restructuring as independent and Institutional Trust as dependent variable was performed. Correlation analysis was performed using the Pearson correlation coefficient to determine the relationship between the variables.

In a perfect positive / increasing linear correlation the coefficient is +1; in a perfect negative or decreasing linear relation the coefficient is -1. A value between -1 and +1 indicates a degree of linear dependence between the variables. The larger the coefficient approaching 1 or -1 the stronger the correlation between the variables tested variables (Levin & Ruben, 1991).

Figure 12 Graph illustrating Linear fit between restructuring and Institutional trust



RSquare adj: 0.28

The linear fit is significant and 28% of the variation in Institutional Trust is explained by the linear model (Figure 12).

5.4.7 Research Question 5

Does damaged institutional trust effects employee engagement?

5.4.7.1 Investigation Was Done into the Relationship Between Institutional Trust and Employee Engagement Together with Biographic Features.

The major construct “Institutional Trust” yielded three sub-constructs via a factor analysis: HRM Practices, Organisation Activities and Reliability. As has been shown above there is a strong positive correlation between these sub-constructs as well as with the construct “Corporate Restructuring”. To ensure that no multi co-linearity exists between the three sub-constructs, the extraction of the factors (via factor analysis) was performed orthogonally. An investigation into the effect of

“Institutional Trust” upon the constructs of “Employee Engagement” was conducted as follows:

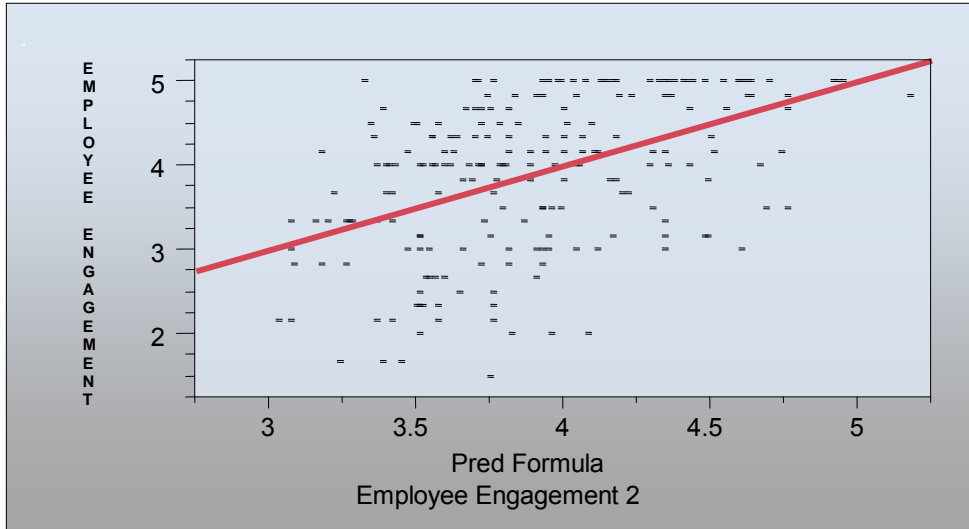
The three sub-constructs of “Institutional Trust” together with the biographic features of the respondents were modelled as independent variables with “Employee Engagement as the dependent variable in a regression model.

The following prediction formula was obtained:

$$\begin{aligned} \text{Employee Engagement} = & \\ & (3.95599559955996 + \\ & 0.463022549826641 * \text{HRM Practices} + \\ & 0.398231121377205 * \text{Organisational Activities} + \\ & 0.273151696381172 * \text{Reliability}) \end{aligned}$$

Note that the model is significant and that 54% of the variation in the Employee Engagement can be explained by the sub-constructs of “Institutional Trust”. HRM practices have the greatest influence upon corporate restructuring. The following graph (Figure13) depicts the predicted values against the actual value of Employee Engagement.

Figure 13 Graph Illustration of the Relationship Between Predicted Employee Engagement by Predicted Formula Employee Engagement



5.4.7.2 Investigation Was Done into the Relationship Between Institutional Trust and Employee Engagement Without Biographic Features and Sub- Constructs of Institutional Trust

The reliability of these constructs has been discussed earlier in this report along with their distributions and descriptive statistics. Correlation analysis was performed using the Pearson correlation coefficient to determine the relationship between the variables. In a perfect positive / increasing linear correlation the coefficient is +1; in a perfect negative or decreasing linear relation the coefficient is -1. A value between -1 and +1 indicates a degree of linear dependence between the variables. The larger the coefficient approaching 1 or -1 the stronger the correlation between the variables tested variables (Levin & Ruben, 1991).

The following correlation between Institutional Trust and Employee Engagement exists as indicated in Table 24.

Table 24 Correlation between Institutional Trust and Employee Engagement

Variable	by Variable	Correlation	Count	Lower 95%	Upper 95%	Signif Prob
Employee Engagement	Institutional Trust	0.7284	303	0.6707	0.7773	<.0001*

These two constructs are highly significantly positively correlated. More formally a linear fit between these variables with Institutional Trust as independent and Employee Engagement as dependent variable was performed.

Figure 14 Graph Illustrates the Relationship between Institutional Trust and Employee Engagement



R Square adj: 0.53

The linear fit is highly significant and 53% of the variation in Employee Engagement is explained by the model (Figure 14).

5.4.8 Research Question 6

Does corporate restructuring influence the extent of employee engagement?

As has been shown above there is a strong positive correlation between the constructs of “Employee Engagement” and “Corporate Restructuring”. This relationship is formalised in the following model:

Restructuring together with the biographic features of the respondents were modelled as independent variables with Employee Engagement as the dependent variable in a regression model.

Employee Engagement =

2.92457670182349 + 0.315066419136054 *: Restructuring

+

Match (: Age,

20-30 Yrs	0,
31-40 Yrs	0.330482244070741,
40-50 Yrs	0.336544242407917,
>50 Yrs	0.273971798939232)

+

Match (: Gender,

Male	0.00728541499934366
Female	-0.00728541499934366)

+

Match (: Pop Group

White	0.113144146257845
Black	-0.113144146257845)

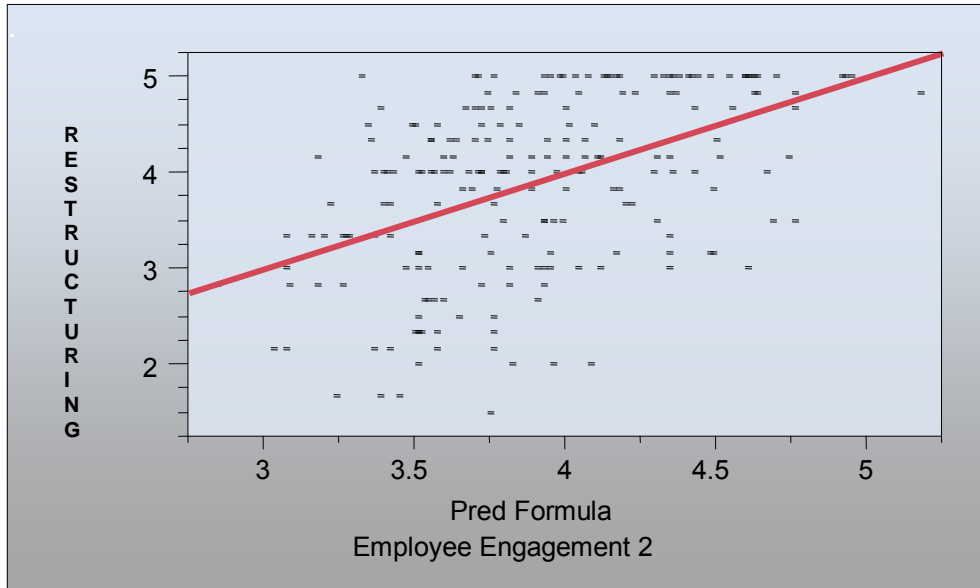
+

Match (: Job Level,

"C"	-0.27566354284756,
"D"	0.0506044071733497,
"E"	0.225059135674210)

Note that the model is significant and that 23% of the variation in the construct Employee Engagement can be explained by the construct Corporate Restructuring and the biographic features of Age, Population Group and Job Level. The extent to which Corporate Restructuring is influenced by Employee Engagement depends on the coefficients e.g. respondents in the age category 20-30 Years and 31-40 Years, Population Group white and people in Job Level C are significant. The following graph (Figure 15) depicts the predicted values against the actual value of Employee Engagement and shows a linear relationship.

Figure 15 Graph Illustrating Bivariate Fit of Employee Engagement by Predicted Formula Employee Engagement with Restructuring



5.5 Open-Ended Question

The following open-ended question was included in the questionnaire:

What is the ONE suggestion you would make to improve the effectiveness of restructuring in the future?

The 37 responses received are presented below exactly as noted from the questionnaires:

- Restructuring should affect all and not only people you dislike
- Restructuring should be about expertise and not individuals

- Communication
- Communication and care for effective employees
- Communication
- Communication with management
- One on one conversations
- 1. Proper communication, 2 Time period of restructuring process, 3. Project leader, 4. Feedback on progress of restructuring
- Proper alignment of qualifications and skills during restructuring.
- Openness, share clear vision of the future and explain the impact of restructuring
- Listen to suggestions and issues of the people actually doing the job and not just management
- Shorten the chain of command
- Communication, management more transparent, practice the values
- More clarity to the influence on employees early in the process
- Restructure fairly and involve all parties concerned
- First train people before putting them in positions where restructuring occurred
- Live within the values
- Restructuring should involve employees before it commence, should be thought through before implemented, communication to effected employees on regular basis

- Involve employees in restructuring decisions
- Early clear and honest communication
- Proper communication at all times
- Proper communication
- Communication is important
- Communicate openly and honestly
- Company should not forget white employees
- Involve employees in decision process
- Be open and honest
- Communication and transparency
- Good communication to all levels
- Pay people for hard work, extra effort and responsibility
- People affected should be told before hand
- Effective communication to all levels in organisation on the goals, process of restructuring
- Better communication
- Communication and transparency
- Better communication and evaluation afterwards
- Good communication to all levels of employees

5.6 Percentage Responses

Table 25 presents a calculation of the percentage of responses per item per variable. According to the Likert scale, responses of tend to disagree/disagree is grouped under unfavourable responses and responses to agree/tend to disagree are grouped as favourable responses. According to these responses respondents have a high percentage of unfavourable responses towards variable restructuring and construct organisational activities. Employee engagement also has high favourable responses except for the two items related to employee retention.

Table 25 Illustration of Percentage Responses per Item Measured

Restructuring	Favourable Responses	Unfavourable responses	? / Don't know
Restructuring affected each department in a fair way	28.2%	59.0%	12.8%
The purpose and overall goals of the restructuring were explained well	35.2%	60.4%	4.4%
The outcomes of the change efforts were objectively evaluated	24.2%	59.0%	16.7%
The pain of restructuring efforts was fairly shared among everyone in the organisation	23.3%	63.4%	13.2%
We had an effective project leader for the change efforts	32.2%	55.5%	12.3%



Institutional Trust	Favourable Responses	Unfavourable responses	? / Don't know
There are work practices in my organisation that help us to cope with exceptional situations	37.9%	45.8%	16.3%
Our organisation efficiently utilises the expertise of its people	35.2%	56.4%	8.4%
My organisation functions on such a solid base that changes in our business context do not threaten our operations	43.6%	47.1%	9.3%
Employees have a bright future with this employer	55.1%	31.7%	13.2%
Our top management has a clear vision of the future	57.7%	25.6%	16.7%
In my opinion, top management is taking my organisation in the right direction	55.9%	22.9%	21.1%
I have faith in the expertise of the top management	55.5%	32.2%	12.3%
The tools or/and systems that I use in my everyday work function properly	74.0%	22.5%	3.5%
I receive assistance with technical problems whenever I need it	71.8%	26.0%	2.2%
The other players in our business are ahead of us	33.5%	45.8%	20.7%
Outsiders consider my employer to be a successful player in its field	77.5%	15.0%	7.5%
My employer offers me the opportunities to learn new skills and develop myself in my profession	33.5%	45.8%	20.7%
Skilled employees are offered more responsible positions	77.5%	15.0%	7.5%
Top management never puts their success ahead of that of the employees	32.6%	44.9%	22.5%
I never have to compromise my ethical principles in order to succeed in my organisation.	67.8%	26.0%	6.2%
The information I get in my organisation is up to date	60.4%	31.7%	7.9%

Information on matters that are important to me is communicated openly in my organisation	45.4%	45.4%	8.4%
Employee Engagement	Unfavourable responses	Unfavourable responses	? / Don't know
I believe strongly in the goals and objectives of the company I work for.	15.9%	15.9%	3.5%
I support the values for which my company stands	10.6%	10.6%	1.8%
I would recommend my company as a good place to work	19.4%	19.4%	9.3%
I am proud to be part of my company	17.6%	17.6%	8.4%
I am willing to work beyond what is required in my job in order to help my company to succeed	38.8%	38.8%	6.6%
My company inspires me to exert extra effort in my work	23.3%	23.3%	4.8%
At the present time, I am seriously considering leaving my company	52.0%	52.0%	16.7%
It would take a lot to make me look for another employer	42.3%	42.3%	18.1%

CHAPTER 6: Discussion of Results

6.1 Introduction

This chapter discusses the results presented in Chapter Five in relation to the objectives and research questions of the study. The interpretation of the results is supported by insights presented in Chapter Two. From the results it will be demonstrated that the research objectives have been achieved.

The research questions will be discussed in accordance with the findings of the study and analysed in detail with reference to existing research available in the field of restructuring, institutional trust and employee engagement.

6.2 Discussion of the demographic profiles

The majority of respondents of this study were males comprising 55% while females made up 45% which is a proximally equal distribution (Figure 5). There is a reasonable distribution of age with the dominant age group being 31-40 years. Distribution of age consists of 22.4% between the ages 20-30 years, 34% between ages 31-40 years, 27.7% between ages 41-50 years and 15.8% being older than 50 years (Figure 4).

In terms of race, whites made up the majority of the sample compromising 69.3%, while blacks made up the remaining 30.7%. With regards to job level based on the

Paterson classification, the sample consists of 55.8 % level C employees representing junior management, 30% level D employees representing middle management and 14.2 % employees representing senior management. This is a fairly good distribution in relation to different levels of management within the organisation. Due to the fact that this is a convenience sample used, the above distribution percentages can not be deemed as representative of the company as a whole.

The following section will discuss the results as presented in Chapter 5 in response to the three research questions. Reference will be made to the research in the field of restructuring, institutional trust and employee engagement. It is important to reiterate the purpose of this study before proceeding with the discussion of the results.

The main purpose of the study was to explore the effect of restructuring as the independent variable on institutional trust and employee engagement. The reason for this study was predominantly to provide managers in business with reliable information relating to the effect of restructuring on institutional trust and employee engagement.

As indicated by Nag & Pathak (2009), corporate restructuring is required to counter the challenges in a competitive business environment and corporate restructuring is carried out by most organisations as and when needed.

Table 6 indicates that 74.8% of the respondents were affected by restructuring in the organisation. It is also obvious from these results that the corporate restructuring process is a continuous process as 18.8% respondents experienced restructuring six months ago, 21.9% experienced restructuring between six and twelve months ago and 34.4% experienced restructuring between 12-18 months ago. From the results it is clear that due to the current economic climate the company under research are also actively and at broad scale restructuring to cope with the challenges of competitive business environment.

6.3 Discussion of Research Findings

The constructs of this study are restructuring, institutional trust and employee engagement. Institutional trust consisted of 18 items and a factor analysis was performed upon the construct “institutional trust” and through the employment of Principal Component extraction and the Varimax rotation, the following three sub-constructs were yielded: Human Resource Management Practices, Organisational Practices and Organisational Reliability. Table 2 indicates the loadings upon each factor. Only loadings above 0.4 are considered. Some of the items loaded upon more than one factor.

Cronbach’s Alpha were performed to determine the consistency of the items that constitute each construct. Table 3 indicates that the Alpha values are > 0.8 except

for HRM practices where the Alpha value is 0.79. Due to the high alpha scores the reliability of these constructs can be deemed as: good.

The nature of the constructs were investigated using descriptive statistics and distributions as indicated in Table 4. A test of Normality was also performed and Figure 8 illustrates that it was found that none of the constructs were not normally distributed. Pair-Wise Correlations were done to indicate the relative strength of the relation between two constructs. Table 5 indicates that the constructs are highly positively correlated as $\text{Sig} < 0.05$, and thus an increase in the one will result in an increase in the other. These results indicate that there is already a relationship between the constructs corporate restructuring, institutional trust and employee engagement and that a change in the perception of one will effect the other.

6.3.1 Restructuring According to Biographical Data

Chi-Square tests were performed to test if an association exists between the biographic profile of the respondents and their experience of restructuring.

6.3.1.1 Age

There is a significant association between Age Group and the effect of restructuring upon respondents. (Pearson's test has a Chi-Square value of 19.39 and a significance value of 0.0221).

1. The age group 41-50 experienced the greatest effect of restructuring 12-18 months ago. Conversely, significantly fewer people in this group reported not being effected by restructuring.
2. The lowest age group (namely 20-30 years) experienced the greatest effect of restructuring 6-12 months ago.

6.3.1.2 Gender:

There is no significant association between gender and experience of restructuring. An assumption can be made that gender does not affect how employees experience restructuring.

6.3.1.3 Population Group

There is a significant association between population group and experience of restructuring (Pearson's tests have a Chi-Square value of 19.69 and a significance value of 0.0002). Compared to the black respondents, significantly more people of the white population group had no prior experience of restructuring, with significantly more black people having experienced restructuring 6-12 months ago.

6.3.1.4 Job Level

There is a significant association between job level and experience of restructuring. (Pearson's test has a Chi-Square value of 18.25 and a significance value of 0.0056).

- Significantly more people of job level D experienced restructuring 12-18 months ago.

- Significantly more people of job level E experienced restructuring 6 months ago.
- Significantly more persons of job level C experienced restructuring 6-12 months ago.

General conclusion: The majority of respondents have experienced restructuring during the past 18 months. According to biographical data analysis, restructuring was experienced by all age groups, genders, population groups and job levels

6.4 The Extent of Experience upon the Construct Restructuring

It is seen from the analysis that about 25% of the sample consists of respondents that have not experienced restructuring. One-Way ANOVA was done to investigate if there is a difference in perception of those that have not experienced restructuring. Table 10 indicates that respondents with no experience of restructuring have a significantly higher score for the construct restructuring. They thus displayed a more positive perception towards restructuring than those that in fact have experienced restructuring. It is obvious that corporate restructuring influences the perception of employees towards restructuring regardless of their level of involvement.

6.5 Discussion of Research Questions 1 - 3

The differences in mean scores between the various profile features of the respondents were assessed for significance using One-Way Analysis of Variance

(ANOVA). A significantly higher score indicates a more positive (tend to agree/agree) perception and significantly lower score indicates a more negative (tend to disagree /disagree) perception towards the construct. The following discussion will cover research questions 1 to 3 as one unit.

1. Is there a relationship between biographical data and how employees experience restructuring?
2. Is there a relationship between biographical data and institutional trust?
3. What is the relationship between biographical data and employee engagement?

6.5.1 Restructuring

For the construct restructuring the respondents in the age category 31-40 years have a significantly higher score than those in the 20-30 and 41-50 years (Table 11).

6.5.2 Institutional Trust

A factor analysis performed upon the items of the construct “Institutional Trust”, employing Principal Component extraction and Varimax rotation methods, yielded three underlying sub-constructs, namely:

HRM practices, organisational Activities and organisational reliability.

6.5.2.1 Human Resource Management Practices

Respondents in the age category 31-40 years have a significantly higher score for the construct HRM Practices. Age category 20-30 years has a significantly lower score for the construct HRM Practices (Table 12). White respondents have a significantly higher score for the construct HRM (Table 13) practices than black respondents. The mean scores of job levels C, D and E are significantly different (Table 14) with level C significantly lower than E. Middle management, job levels D, can be associated with the age group 31-40 years who exhibit a more positive attitude towards the HRM practices. Job level C, representing junior management, is likely to be associated with a younger age category 20-30 years who present a more negative perception towards HRM practices. The fact that younger employees have a lower or negative perception towards HRM practices is a concern as it indicates damage to institutional trust at operational level where high employee engagement is required. It is also a huge concern that in a company with a high level of broad-based economic empowerment, it appears that the black population group has a lower score or more negative perception towards HRM practices than the white population group. As HRM practices is a sub-construct of institutional trust, these results can also be indicative of a negative perception towards the construct of institutional trust.

6.5.2.2 Organisational Activities

Respondents in the age category 31-40 years have a significantly higher score for the construct Organisational Activities. Age categories 41-50 years and 20-30

years have a significantly lower score for the construct organisational activities (Table 15). Male respondents have a significantly higher score for the construct organisational activities (Table 16). The mean score for organisational activities of job level C is significantly lower than Job levels E and D (Table 17). Based on this data an assumption can be made that female respondents in the age groups 20-30 and 41-50 years, functioning at job level C, have a more negative perception towards organisational activities. The results could also indicate that male employees aged 31-40 years are still dominant at the job levels D and E, they are more actively involved in decision-making processes, including those of restructuring, and therefore have a more positive perception of restructuring.

6.5.2.3 Organisational Reliability

Respondents in the age category 31-40 years have a significantly higher score for the construct Organisational Reliability than the age category 41-50 years (Table 18). There is a significant difference between the mean scores of job level for the construct organisational reliability. Job level E has significantly higher scores than level C (Table 19). The assumption can be made that people falling into the age category 31-41 years at job level E have a more positive perception towards organisational reliability due to the fact that they are more involved in decision-making processes and understand corporate restructuring.

6.5.3 Employee Engagement

Respondents in the age category 20-30 years have a significantly lower mean score for the construct Employee Engagement than the other Age categories

(Table 20). White respondents have a significantly higher score for the construct Employee Engagement (Table 21). Job Level C has a significantly lower mean score for the construct Employee Engagement (Table 22). The results indicate that employees from the categories younger age (20-30 years), job level C, and black population group are more disengaged. This should be a concern as these are the very employees currently performing at operational level and driving production, and who should be highly engaged and motivated. This particular age group and the black population group include the future leaders and managers of the company and the low employee engagement displayed could impact negatively on the company in the long term.

6.6 Discussion of Research Questions 4 - 6

Results of research questions 4 to 6 follow.

6.6.1 Discussion of Research Question Four

Is there a relationship between corporate restructuring and institutional trust?

Lee and Teo (2005) stated that restructuring cause uncertainty with potential side effects in the work environment.

The major construct “Institutional Trust” yielded three sub-constructs via a factor analysis: HRM Practices, Organisational Activities and Organisational Reliability.

The analysis for the data to answer the research question 4 was divided into two

parts: 1. Investigation was done into the relationship between corporate restructuring and institutional trust (upon each sub-construct) together with biographic features and 2. Analysis was then done into the relationship between restructuring and institutional trust (main construct), without biographic features and sub- constructs of institutional trust.

It has been shown in the analyses that there is a strong positive correlation between these sub-constructs as well as with the construct Corporate Restructuring.

An investigation into the effect of “Restructuring” upon each of the sub-constructs of “Institutional Trust” was conducted as follows: Restructuring together with the biographic features of the respondents was modelled as independent variables with HRM Practices, Organisational Activities and Organisational Reliability as dependent variables respectively in regression models. A prediction formula was obtained for each sub-construct of institutional trust.

The model for HRM practices is significant but only 17.3% of the variation in HRM Practices could be explained by this model and only the estimates for Restructuring, Age, Population Group and Job Level is significant. The extent to which HRM Practices are affected by Corporate Restructuring will depend upon Age and Job Levels and population group e.g. 41-50 years and black personnel experienced HRM Practices negatively. Figure 9 depicts the predicted values

against the actual value of HRM Practices and illustrates that a linear relationship exists. Brewster, Sparrow and Harris (2005) emphasise that the focus on competitive advantage and continuous change in organisations necessitates exploring human resource management (HRM) as a means of providing organisational success.

If employees develop a negative perception towards HRM Practices during the restructuring process, it could impact negatively on the organisation's success. Answers to questions asked relating to HRM practices, revealed the following results - a 33.5 % favourable response to the question "My employer offers me the opportunities to learn new skills and develop myself in my profession" and a 77.5% favourable response to the question "Skilled employees are offered more responsible positions". 37.9% responded favourably to the question "There are work practices in my organisation that help us to cope with exceptional situations", and 35.2% favourably to the question "Our organisation efficiently utilises the expertise of its people". It is thus apparent that employees experienced a lack of trust in the HRM practices during the restructuring process which could cause serious damage to the success of the organisation.

Ellonen *et al.* (2008) explained that institutional trust is the trust of its members in the organisation's vision and strategy, its technological and commercial competence, its fair processes and structures, as well as its HR policies, and this impersonal trust is based on the roles, systems and reputations from which

inferences are drawn about the trustworthiness of an individual, and its success is determined by the efficiency and the fairness of the organisation-wide systems.

The model for Organisational Activities is significant but only 16.8% of the variation in Organisational Activities could be explained by this model and only the estimates for Restructuring and Age and Job levels are significant. The Age group 40-50 years and job levels C and D experience organisational activities negatively. Figure 10 depicts the predicted values against the actual value of Organisational Activities and illustrates that a positive linear relationship exists. The results of questions related to organisational activities indicated favourable responses from the respondents as shown in Table 25. The employees who experienced restructuring displayed a positive perception towards organisational activities as a sub-construct of institutional trust.

The model for Organisational Reliability is significant but only 10.3% of the variation in Organisational Reliability could be explained by this model and only the estimates for Restructuring, Age and Job Level are significant and indicate that job level C and D, in all age categories, experienced Organisational Reliability negatively. Figure 11 depicts the predicted values against the actual value of HRM Practices and illustrates that a positive linear relationship exists. This confirms the importance of trust within the organisation and relates to the discussion of Searle and Ball (2004) who indicated that trust is an attitude of expectancy about other people and systems. People have certain expectations and moral social orders of others, organisations and institutions. Trust is fragile and can easily be destroyed.

Table 25 indicates the percentage of favourable responses received from respondents to questions on Organisational Reliability. The following questions had a less than 50% favourable response and should be noted, as the results indicate a possible negative effect on institutional trust and organisational success: “My organisation functions on such a solid base that changes in our business context do not threaten our operations” (43.6%), “Top management never puts their success ahead of that of the employees” (32.6%) and “Information on matters that are important to me is communicated openly in my organisation” (46.3%).

An investigation was also done to establish the relationship between corporate restructuring and the main construct Institutional trust using distribution and descriptive statistics. It was found that there is a strong positive correlation between Restructuring and Institutional Trust. A linear fit between these variables with restructuring as independent and Institutional Trust as dependent variable was performed: The linear fit is significant and 28% of the variation in Institutional Trust is explained by the linear model.

Figure 12 illustrates the linear fit and indicates that the perception of employees and how they experience restructuring will have a linear effect on institutional trust. This indicates that when employees experience restructuring negatively, it will also impact negatively on their institutional trust and vice versa. This statistical evidence confirms that restructuring affects institutional trust and contributes to the literature by Lee and Teo (2005) that states that restructuring can cause uncertainty with

potential side effects in the work environment. Post-restructuring employees are suspicious about the future direction of the organisation and their roles within it. This situation impacts seriously on trust and work satisfaction.

Zeffane and Connell (2003) said that efficiency in organisations is possible only when interdependent actors work together effectively in a climate of positive trust. In addition, trust increases the efficiency and effectiveness of communication. Bijlsma and Koopman (2003) identified trust as being critical for job satisfaction, commitment and performance. A study done by Vanhala & Ahteela (2011) found that HRM practices influence institutional trust and that employee trust in the whole organisation is connected to their perceptions of the fairness and functioning of such practices. It is obvious from the above that institutional trust can be damaged if employees view restructuring in a negative and unfair light, and it will have a crucial effect on achieving competitive advantage over other organisations (Barney and Hansen, 1994).

6.6.2 Discussion of Research Question Five

Does damaged institutional trust effects employee engagement?

Ellonen *et al.* (2008) define organisational trust as a psychological state comprising the intention to accept vulnerability based on positive expectations individuals have about the ability, benevolence and integrity of organisational members and the organisation as a whole in the shape of institutional trust.

The analysis of the data to answer the research question 4 was divided into two parts: 1. Investigation was done into the relationship between institutional trust (upon each sub-construct) together with biographic features and the construct employee engagement and 2. Analysis was then done into the relationship between institutional trust (main construct), without biographic features, and sub-constructs of institutional trust and the construct employee engagement.

The major construct “Institutional Trust” yielded three sub-constructs via a factor analysis namely HRM Practices, Organizational Activities and Reliability.

As shown in Figure 14 there is a strong positive correlation between these sub-constructs as well as with the construct employee engagement. To ensure that no multi co-linearity exists between the three sub-constructs, the extraction of the factors (via factor analysis) was performed orthogonally.

The effect of Institutional Trust was investigated upon the constructs of Employee Engagement as follows: The three sub-constructs of Institutional Trust together with the biographic features of the respondents were modelled as independent variables with Employee Engagement as the dependent variable in a regression model. A prediction formula was obtained, finding that the model is significant and that 54% of the variation in the Employee Engagement can be explained by the sub-constructs of Institutional Trust. It revealed that HRM practices have the greatest influence upon employee engagement. Table 25 illustrates that employees have a negative perception towards HRM Practices. Way (2002)

indicated that if organisations take the views of their employees into consideration, they will find a positive impact on employee perceptions of fairness and behaviour output. According to Tzafrir (2005), to ensure the building and retaining of organisational trust, HRM practices should be involved as they represent the relationships, interactions and communications between an organisation and its employees.

Robinson & Hayday (2003) explained employee engagement as a two way relation between the employee and the organisation. This relationship can be explained as the organisation that works to engage the employee and the employee choosing the level of engagement he/she wants to offer the employer (Robinson, Perryman & Hayday, 2004). According to the above findings the assumption can be made that should organisations improve HRM Practices, organisational activities and organisational reliabilities and as result there will be an increase in the level of organisational trust of their employees, these employees in return will choose to increase the level of engagement with the organisation.

Although reliability of these constructs has been discussed earlier in this report along with their distributions and descriptive statistics, the researcher seeks to determine the relationship between the main constructs Institutional Trust and Employee Engagement. As seen in Table 24 a correlation exists between Institutional Trust and Employee Engagement.

It was found that these two constructs are highly significantly positively correlated. Formally, a linear fit between these variables, with Institutional Trust as independent and Employee Engagement as dependent variable, was performed (Graph 6). As indicated there is a linear fit between these two constructs confirming that change in institutional trust will effect employee engagement. This provides statistical evidence that should the employees have a negative experience / perception of institutional trust, it will impact negatively on how the employees engage with the organisation, and vice versa.

This research provides support to the literature by Lee and Teo (2005) explaining that both trust and work satisfaction were negatively influenced by the extent of change required from employees in the immediate term (three months) following the organisational restructuring which, if continued, could seriously endanger the productivity of the organisation. Analyses of variance Table 10 illustrate that respondents who did not experience restructuring have a significant higher mean score than employees who were in the time frame of less than six months. Employees in the immediate process of restructuring, or still within the time period of six months post-restructuring, display a negative perception towards the process. The assumption can be made based on the linear correlation that both trust and work satisfaction of these employees are negatively impacted by the extent of change required from employees, and if continued, could seriously endanger the productivity of the organisation.

This research also contributes to the literature that explains trust as being regarded as a major construct in research, predicting individual-level and organisational-level outcomes such as job satisfaction, organisational citizenship behaviours, organisational commitment, turnover, and job performance, employee productivity, team performance, innovative behaviours, workplace behaviours, counterproductive behaviours, organisational revenue and profit (Lewicki *et al.* 2006; Colquitt *et al.*, 2007). In Table 25 it is clear that the percentage of favourable responses towards institutional trust is very low with exceptional cases. Only 43.6% has the perception that the organisation “functions on such a solid base that changes in our business context do not threaten our operations” and 55.1% thought they had a bright future with their employer. 57.7% had a favourable response for the statement that “top management has a clear vision of the future” with 55.9% indicating that they think “management is taking the organisation in the right direction”. Only 55.5% indicated that they have faith in top management with only 32.6% believing that top management never puts their success ahead of that of their employees. A 46.3% favourable response was received for the statement that “information on matters that are important to employees is communicated openly to them”. The above figures should be a concern to the organisation as they indicate distrust in communication processes, management, and leadership within the company, relates directly to damaged institutional trust.

The BlessingWhite (2006) study indicated that one of the key drivers of employee engagement is employee development. They found that almost two third's (60%) of the surveyed employees want more opportunities to grow in order to remain

satisfied in their jobs. Only 33.5% of employees felt that “my employer offers me the opportunities to learn new skills and develop myself in my profession”. The discussion for research Question 6 will now be discussed to explore the effect of corporate restructuring on employee engagement.

6.6.3 Discussion of Research Question 6

Does corporate restructuring influence the extent of employee engagement?

Organisations believe that employee engagement is a central source of competitive advantage and thus, have been drawn to its reported ability to solve challenging organisational problems such as increasing workplace performances and productivities, along with contending the widespread economic decline (Macey & Schneider, 2008; Macey *et al.*, 2009). Research has expanded on this belief, suggesting that organisations with high levels of employee engagement reveal positive organisational outcomes; a small bright spot in an otherwise bleak financial forecast (Kular *et al.*, 2008; Shuck & Wollard, 2010).

Table 5 indicates that the constructs Corporate Restructuring and Employee Engagement are highly positively correlated as Sig < 0.05 reveals a strong positive correlation between the two constructs. This relationship was formalised in the regression model. Restructuring together with the biographic features of the respondents were modelled as independent variables with Employee Engagement was modelled as the dependent variable in a regression model. Note that the

model is significant and that 23% of the variation in the construct Employee Engagement can be explained by the construct Corporate Restructuring and the biographic features of Age, Population Group and Job Level.

The extent to which Employee Engagement is influenced by Corporate Restructuring depends on the coefficients e.g. respondents in the age category 20-30 years and 31-40 years, population group white and people in job Level C are significant. Figure 15 depicts the predicted values against the actual value of Employee Engagement. As indicated there is a linear fit between these two constructs, confirming that change in perceptions of restructuring will influence employee engagement.

As previously indicated, the model for HRM practices is significant. Only 17.3% of the variation in HRM Practices could be explained by this model and only the estimates for Restructuring was significant for HPM Practices, According to Marcos & Sridevi (2010), employee engagement is an enormous construct evident in almost all facets of human resource management. Failing to address every part of human resources will result in employees failing to fully engage in their jobs. Although only 17.3% of variation could be explained by the regression model, one should keep in mind that should a negative perception of 17.3% towards HRM practices exist during corporate restructuring, a large organisation such as Anglo American Platinum, employing approximately 52 000 people, will find approximately 9 000 employees experiencing restructuring negatively. Thus if

17.3% of work force is disengaged, it will seriously impact on productivity and efficiency, resulting in decreased operational and financial performances. According to Marcos and Sridevi (2010) managers unquestionably agree that this century demands more efficiency and productivity than any other time in history. Businesses are continually striving to increase their performances.

Table 25 illustrates that employees' perception of restructuring tends to be negative with the percentage of favourable responses towards restructuring being between 23.3% and 35.2%. With regards employee engagement, Table 25 illustrates a high percentage of favourable responses. Table 26 below benchmarks the research results of employee engagement against the South African norm and Global High performance norm based on the three dimensions, think, feel and act of the employee engagement model (Chapter 2, Figure 3). From the benchmark, it appears that the research results are lower than the South African and Global norm and from the statistical evidence of this research one can make the assumption that this reflects the corporate restructuring process that is taking place within the organisation.

These results confirm research done by Marcos & Sridevi (2010) indicating that engaged employees are more emotionally attached to their organisation, more highly involved in their job with a great enthusiasm for the success of their employer, and more prepared to go the extra mile beyond the employment

contractual agreement. However, this research reveals that restructuring affects institutional trust and employee engagement.

Table 26 Benchmark results against South African and Global High Performance Norm

	Measuring favourable responses for Employee Engagement	Anglo American Platinum RTB	South Africa Norm	Global Norm
Think	I believe strongly in the goals and objectives of XX	80.6%	86%	88%
	I fully support the values for which XX stands.	87.7%	90%	92%
Feel	Morale in my department is generally high.	Not Available	67%	Not available
	I am proud to be associated with XX.	74%	86%	89%
	I would recommend XX as a good place to work.	71.4%	77%	83%
Act	XX energises me to go the extra mile.	71.8%	70%	72%
	It would take a lot to make me look for another employer.	39.6%	58%	Not available

Source of South African and Global High Performance Norm:

Davenport & Harding, 2010

Other results on employee engagement (Table 25) indicates that only 31.3% employees are seriously considering leaving the company, 71.4% is in favour to

recommending the company as good place to work and 54.6% is willing to work beyond what is required of their job in order to help the company to succeed.

This research results provide evidence for study conducted by Lee & Leo (2005) in the sense that organisations are faced with more competitive markets and greater demands on costs controls. Organisations and businesses are taking the fast track to cost-cutting by downsizing, reorganizing their divisions, streamlining their operations, and closing down unprofitable divisions. The effect of restructuring is that employees in a post-restructuring context are understandably wary about the future direction of the organisation and their roles within it (Lee & Leo, 2005).

6.7 Summary of Chapter

This chapter presented a detailed discussion on the research findings provided in Chapter Five in relation to the existing research as presented in Chapter Two. The study revealed high correlations between the constructs and found significant high linear relations between the variables of corporate restructuring, institutional trust and employee engagement.

Detailed discussions were provided with the aim of achieving the objectives of the study and answering the research questions identified in Chapter Three. Confirmation was found that corporate restructuring affects institutional trust and that an increase / decrease in the employee's perception of corporate restructuring will result accordingly in an increase / decrease in institutional trust due to the

linear relationship. It was also found that an increase / decrease in the employee's perception of institutional trust will result in an increase / decrease in employee engagement, due to the linear relationship. It can then be stated that corporate restructuring will indeed affect the employee's engagement and this statement was confirmed by the linear regression relationship. One can thus conclude that damage to institutional trust during corporate restructuring will undoubtedly affect employee engagement.

CHAPTER 7: Conclusion

7.1 Introduction

The aim of this chapter is to draw a conclusion from the discussions of results presented in Chapters Five and Six. This chapter will present a short summary of the purpose of the study, research findings, recommendations and limitations of the study. This chapter also explores and presents ideas for future academic and business research based on the research findings and literature reviews.

7.2 Summary of findings

The global economic business environment is continuously changing and currently organisations are also contending with the global economic slowdown. Organisations have to change the way they do business to stay competitive in a more demanding and cost-controlled environment, whether it is at national, industry or organisational level. Many organisations have turned to restructuring as a strategic decision to realign internal structures with changing macro-environmental factors. Through restructuring they implement cost cutting by downsizing, re-engineering processes and closing down unprofitable divisions (Lee & Teo, 2005).

Research has shown that restructuring causes uncertainty with potential side effects on the work environment. This situation impacts seriously on trust and work

satisfaction (Lee and Teo, 2005). Research has also shown that employee engagement is positively linked to increased productivity, profitability, safety and retention (Haid & Sims, 2009).

This study was motivated on the basis that organisations implementing restructuring as strategy to stay competitive, need to have a greater understanding of the potential effects on the workforce, and thus on the company. The study aimed to explore the result of such restructuring on employees' perceptions of institutional trust and to determine whether damage to institutional trust affects employee engagement. In addition, biographical data such as age, gender, population group and job level was used to explore employees' perceptions on restructuring, institutional trust and employee engagement.

The study found that 75% of respondents were affected by restructuring in the company. Employees not affected by restructuring indicated a more positive perception towards restructuring as a concept than those who were directly impacted. According to biographical data, restructuring was experienced by all age groups, genders, population groups and job levels. Results indicated that the black population group and employees in age group 20 -30 years and job level C have a more negative perception of restructuring, and HRM practices as a sub-construct of institutional trust, and are less engaged in their work.

With regards institutional trust, this study revealed that employees have a less favourable perception of HRM practices and management, but a more favourable response towards employee engagement. Employee engagement was then benchmarked against South African norms and Global High performance norms and it was found that the research results were lower than these norms. An assumption can thus be made that restructuring and damage to institutional trust affects the level of employee engagement. This assumption is supported by statistical evidence indicating that there is a high correlation between corporate restructuring, institutional trust and employee engagement and change in experience or perception of one of these constructs will affect the other accordingly. The respondents were given the opportunity, through open questions, to put across what they thought the company should do differently during restructuring and the majority indicated that effective communication was required.

Based on the findings of this study, one can make the following inferences.

- There is a relationship between employees' biographical data and the employees' experience and perceptions of restructuring, institutional trust and employee engagement.
- Employees' experience and perception of corporate restructuring affected their perception of institutional trust and damage to institutional trust is apparent.
- Employee engagement levels remained relatively high despite being lower than the South African and Global High Performance norms, indicating that

due to restructuring and damaged institutional trust, employees are less engaged than the norm. The high employee levels imply that other factors (e.g. brand and employee benefits, share and incentive schemes), other than restructuring and institutional trust, may account for the levels of employee engagement.

- It was also evident that communication, management and HRM practices play a vital role during restructuring to reduce damage to institutional trust and employee engagement.

The findings of this study provide valuable insights into the relationship between corporate restructuring, institutional trust and employee engagement. Recommendations based on these findings are discussed according to the proposal, for academic, business and further research.

7.3 Recommendations

This study focussed on researching the effects of restructuring on institutional trust and employee engagement. The main aim was to determine if restructuring causes damage to institutional trust and, if damage to institutional trust is present, how is employee engagement impacted. This study, however, did not measure the levels of institutional trust and employee engagement prior to the restructuring process.

The research was also performed in one mining company and cannot account for other organisations.

7.3.1 Recommendations for Future Academic Research

This study recommends that researchers interested in the field of restructuring, institutional trust and employee engagement focus on researching the levels of institutional trust and employee engagement pre - restructuring (baseline data) and post - restructuring within the organisation to mitigate at least some of the retrospective bias that might have been present during the research. Due to the fact that respondents still displayed high levels of employee engagement, future researchers should also seek to determine what drivers contribute to the high levels of employee engagement in the presence of damaged institutional trust and restructuring. Future researchers could also consider using qualitative research methods for a more in-depth study to determine how employees experience restructuring, and how their experiences influence their perception of institutional trust and levels of engagement.

This study revealed a negative perception towards HRM Practices and, therefore, it is recommended that future studies explore the institutional trust alongside HRM Practices during restructuring to see the extent of HRM influence on institutional trust. This would facilitate building and testing a model of the relationship between HRM practices, institutional trust, restructuring and employee engagement.

7.3.2 Recommendation to Organisations

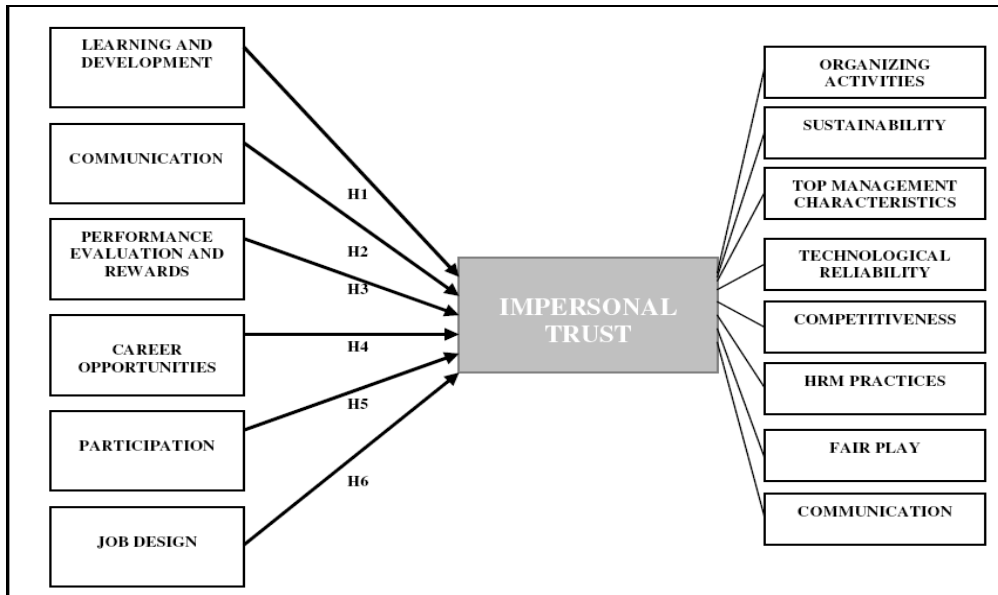
It is recommended that organisations and managers consider the following during the process of restructuring in order to limit damage to institutional trust and ensure employees remain engaged.

This study has shown that there are potentially negative risks related to corporate restructuring. If institutional trust is not secure amongst employees it could negatively affect employee engagement and create a work environment where decreased productivity could seriously damage the organisation. Managers should focus on building a high trust environment that leads to increased employee engagement, ensuring that the desired results of corporate restructuring are achieved. There should be awareness amongst management that restructuring causes uncertainty and insecurity to employees, and they need to communicate this understanding to employees with empathy. Managers need to move away from traditional management methods of control and rather promote employee involvement. Once the strategic decision to restructure is made, employees should be consulted and given the opportunity to actively participate in decision making. Employees need to feel valued and cared about during this process. This is vital to ensure employee “buy in” of the restructuring strategy. Their interests need to be aligned with those of management to ensure lasting improvements and achieve the organisation’s anticipated restructuring goals.

This study provided strong evidence that employees regard communication as an important factor during the restructuring process. Managers should enhance two-way communication and maintain transparency. The vision, goals, procedures and progress related to the restructuring should be communicated to employees continuously to create a trust relationship.

HRM practices have a huge influence on employees' trust in supervisors, managers and the organization as a whole. This study shows that employees have a negative perception of both HRM practices and management, indicating that there is a relationship between the HRM practices and how employees perceive management. Management should design HRM practices that enhance an organisation-wide system to support institutional or impersonal trust as seen in the figure below.

Figure 16 Relationship between HRM Practices and Impersonal Trust



Source: Vanhala *et al.*, 2011

Marcos & Sridevi (2010) claim that unless every part of human resource is adequately addressed, employees will not fully engage themselves in their job. Employee engagement is a stronger predictor of positive organisational performance, clearly showing the two-way relationship between employer and employee compared to the three earlier constructs: job satisfaction, employee commitment and organisational citizenship behaviour. Engaged employees are emotionally attached to their organisation, highly involved in their job with a great enthusiasm for the success of their employer, and go the extra mile beyond the employment contractual agreement.

Strong manager-employee relationships are thus a crucial ingredient in employee engagement to ensure that organisations achieve their goal of restructuring to obtain a competitive advantage.

Development Dimensions International (DDI, 2005) states that a manager must do five things to create a highly engaged workforce. They are:

- Align efforts with strategy
- Empower
- Promote and encourage teamwork and collaboration
- Help people grow and develop
- Provide support and recognition where appropriate

The real challenge that managers and organisations face is that of embedding a culture of change in the organisations' psyche. The organisation should make provision for two-way communication and adequate systems to set the basis for building and maintain institutional trust, with employees remaining focused and aligned to the business strategy. An engaged workforce is the key for all organisations looking to achieve a sustainable competitive advantage.

7.4 Summary of Chapter

The research shows that as organisations face an increasingly competitive business environment and a global economic slowdown, they tend to use

restructuring as a strategy to ensure sustainability. This chapter summarised the findings of the research and confirmed the effect of corporate restructuring on the work environment as causing damage to institutional trust and employee engagement if not managed effectively. Recommendations were made for future academic and business research to build upon the current available literature. It is evident that organisations that are able to manage the restructuring process effectively will reap the benefits of institutional trust and an engaged workforce.

*"Whenever you see a successful business,
someone once made a courageous decision"*

Peter F. Drucker

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