



De La Salle University – Dasmariñas
GRADUATE PROGRAM

**IMPACT OF MANAGEMENT JUSTICE ON RETRENCHMENT SURVIVORS
OF SOLID GROUP COMPANIES**

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ABSTRACT

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This study was an investigation of the impact of management justice among retrenchment survivors of selected companies in the Solid Group Incorporated.

Retrenchment has become a widespread occurrence in today's business world and had been a recurrent theme in corporate life over the past 20 years. Many organizations resort to retrenchment to cope with increased competition in the market brought about by globalization.

Management believes that the decision to retrench is made for strategic and financial reasons. The expectation is that the reduction in expense will lead to a positive impact on the bottom line and will ultimately be reflected in improved profitability and productivity. Others perceive retrenchment as the best option to make the organization survive the business crisis.

This paper presents a descriptive research on the impact of management justice on retrenchment survivors of Solid Group companies namely, AA Commercial Incorporated, Kita Corporation, Omni Logistics Corporation and Solid Laguna Corporation. The data for this study were gathered in a survey from one hundred



thirty nine respondents on their views of the dimensions of management justice and the effects of retrenchment.

The study revealed the relationship of the three dimensions of management justice (communication, treatment of victims, and severance pay) with the effects of retrenchment (survivors' trust in management, survivors' morale, and business performance). The extent of the effects of the dimensions of management justice with the demographic characteristics of the respondents was also determined.

Results also revealed that the dimensions of management justice of communication, treatment of victims and survivors, and severance pay are correlated with respect to survivors' trust in management, survivors' morale and business performance. Likewise, survivors do not differ in their views of the elements of management justice with respect to gender, tenure and education but they differ in their perceptions with respect to age and job category. Finally, research revealed the following extent of impact of management justice to the effects of retrenchment: (1) communication and treatment of victims and survivors are statistically significant with survivors' trust in management while severance pay is not; (2) communication and treatment of victims and survivors are statistically significant with survivors' morale while severance pay is not; (3) and communication and treatment of victims and survivors are not statistically significant with business performance while severance pay is statistically significant with business performance.



TABLE OF CONTENTS

	Page
BIOGRAPHICAL SKETCH	iv
ACKNOWLEDGMENT	v
ABSTRACT	vii
LIST OF TABLES	xiii
LIST OF FIGURES	xv
INTRODUCTION	1
Background of the Study	3
Statement of the Problem	5
Objectives of the Study	6
Hypotheses of the Study	7
Significance of the Study	7
Scope and Limitations of the Study	8
Definition of Terms	9
REVIEW OF RELATED LITERATURE	12
Local Literature	12
Foreign Literature	13
Local Studies	26
Foreign Studies	27
Synthesis	42



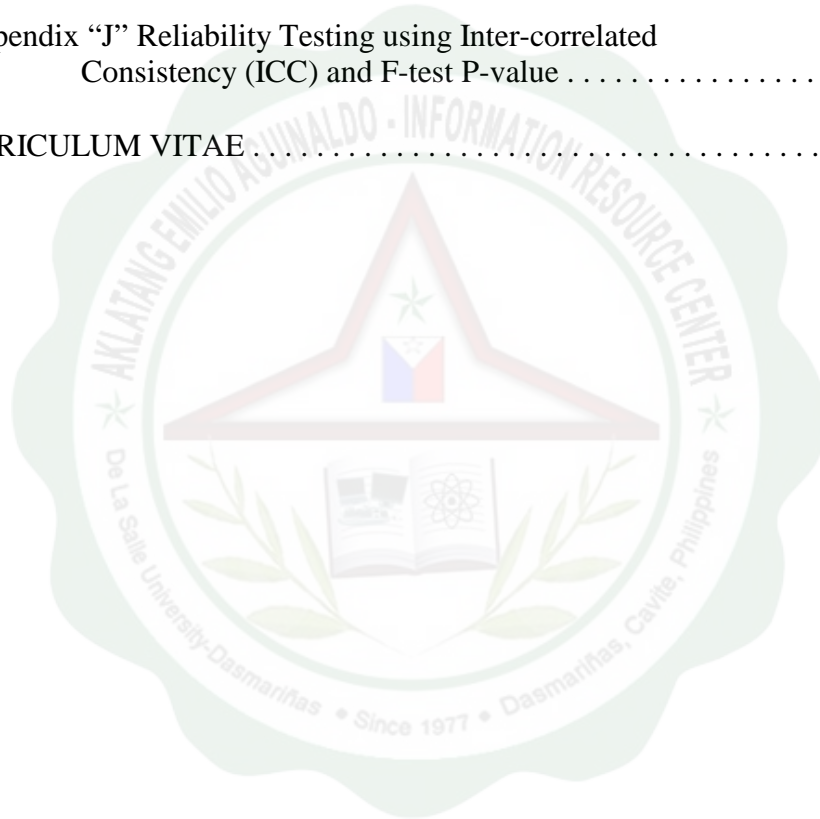
THEORETICAL AND CONCEPTUAL FRAMEWORK	47
Theoretical Framework	47
Vroom’s Expectancy Theory	47
Adams’ Equity Theory	48
Whiteman and Mamen’s Procedural Justice Theory	48
Conceptual Framework	51
METHODOLOGY	53
Research Design	53
Sources of Data	54
Data Collection Procedures	55
Analytical Procedures	62
Correlation	62
Independent’s T-test	62
Analysis of Variance (ANOVA)	64
Post-Hoc Multiple Comparison Tests	65
Multiple Regression	66
RESULTS AND DISCUSSION	69
Problem 1. Demographic Profile of Retrenchment Survivors	69
Problem 2. Survivors’ Perceptions of Retrenchment	71
Problem 3. Survivors’ Perceptions of Management Justice In Terms of Communication, Treatment of Victims and Survivors, and Severance Pay	73



Problem 4. Correlation of Dimensions of Management Justice (Communication, Treatment of Victims and Survivors, and Severance Pay) with the Effects of Retrenchment (Survivors’ Trust in Management, Survivors’ Morale, and Business Performance)	79
Problem 5. Differences in the Perceptions of Management Justice (Communication, Treatment of Victims and Survivors, and Severance Pay) According to Demographic Characteristics (Age, Gender, Education, Tenure and Job Category)	83
Problem 6. Extent of Effects of the Three (3) Independent Variables of Communication, Treatment of Victims and Survivors, and Severance Pay with the Three Dependent Variables of Survivors’ Trust in Management, Survivors’ Morale and Business Performance	93
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	100
Summary	100
Conclusions	104
Recommendations	105
BIBLIOGRAPHY	107
APPENDIXES	118
Appendix “A” Number of Workers Displaced Due to Economic Reason	118
Appendix “B” Survey Letter	119
Appendix “C” Isang Pagsisiyasat	120
Appendix “D” Survey Questionnaire	124
Appendix “E” Survey Questionnaire with Table of Specifications (Rank and File)	128
Appendix “F” Survey Questionnaire with Table of Specifications (Management)	130



Appendix “G” Analysis of Variance Table	132
Appendix “H” Reliability Testing using Cronbach’s Alpha on Pre-Test	133
Appendix “I” Reliability Testing using Cronbach’s Alpha on Re-Test	134
Appendix “J” Reliability Testing using Inter-correlated Consistency (ICC) and F-test P-value	135
CURRICULUM VITAE	136





LIST OF TABLES

	Page
Table 1: Number of Workers Displaced Due to Economic Reasons (National Capital Region) January – December 2005.....	118
Table 2: Proportionate Distribution of Samples.....	59
Table 3: Analysis of Variance Table.....	132
Table 4: Reliability Testing Using Cronbach’s Alpha on Pre-Test.....	133
Table 5: Reliability Testing Using Cronbach’s Alpha on Re-Test.....	134
Table 6: Reliability Testing Using Inter-class Consistency (ICC) and F-test P-value.....	135
Table 7: Distribution of Respondents According to Socio- Demographic Variables.....	69
Table 8: The Mean of Management and Rank and File Respondents on Survivors’ Perceptions of Retrenchment.....	71
Table 9: The Mean of Management and Rank and File Respondents on Survivors’ Perceptions of Retrenchment With Respect to Communication.....	73
Table 10: The Mean of Management and Rank and File Respondents on Survivors’ Perceptions of Retrenchment With Respect to Treatment of Victims and Survivors.....	75
Table 11: The Mean of Management and Rank and File Respondents on Survivors’ Perceptions of Retrenchment With Respect to Severance Pay.....	77
Table 12: Pearson Correlation Results: Dimension of Management Justice and Survivors’ Trust in Management.....	79
Table 13: Pearson Correlation Results: Dimension of Management Justice and Survivors’ Morale.....	80



Table 14: Pearson Correlation Results: Dimension of Management Justice and Business Performance.....	82
Table 15: Analysis of Variance (ANOVA) Showing the Perceptions of Management Justice When Grouped According to Age.....	83
Table 16: The Post Hoc Multiple Comparisons Using Scheffe Test Showing the Independent Variables (Communication, Treatment of Victims and Survivors and Severance Pay) Age Group Comparison.....	84
Table 17: T-Test Showing the Perceptions of Management Justice According to Gender.....	86
Table 18: Analysis of Variance (ANOVA) Showing the Perceptions of Management Justice When Grouped According to Level of Education.....	87
Table 19: Analysis of Variance (ANOVA) Table Showing the Perceptions of Management Justice When Grouped According to Tenure.....	89
Table 20: The Post Hoc Multiple Comparisons of Anova Table Using Scheffe Test Showing the Perceptions of Management Justice According to Tenure.....	90
Table 21: T-Test Showing the Perceptions of Management Justice When Grouped According to Job Category.....	91
Table 22: Regression Model Showing the Extent of Effects of Management Justice with Survivors' Trust in Management.....	93
Table 23: Regression Model Showing the Extent of Effects of Management Justice with Survivors' Morale.....	95
Table 24: Regression Model Showing the Extent of Effects of Management Justice with Business Performance.....	97



LIST OF FIGURES

	Page
Figure 1: Adam’s Equity Theory.....	49
Figure 2: Conceptual Framework of the Study.....	52

