

SOCIAL EXCHANGE AND POST-EMPLOYMENT CITIZENSHIP:
EVIDENCE FROM PUBLIC ACCOUNTING

by

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ABSTRACT

SOCIAL EXCHANGE AND POST-EMPLOYMENT CITIZENSHIP:
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In this study I examine why some ex-employees more than others choose to benefit their former firm (post-employment citizenship). The study is based on social exchange theory and involves former employees of a Big Four accounting firm. Among individuals who left the firm voluntarily, post-employment citizenship was found to be predicted by a two-phase social exchange relationship between employees and the firm, and the two-phases, represented by during-employment perceived organizational support and during-employment organizational commitment, partially mediated the relationship between during-employment organizational fairness and post-employment citizenship. For layoff victims, I extend Brockner, Tyler, and Cooper-Schneider's (1992) research on the interaction between prior commitment and layoff fairness by studying the attitudes and behavior of layoff *victims*, as opposed to *survivors*. I found that procedural fairness of the layoff decision was positively associated with post-employment citizenship and that this relationship was moderated by victims' commitment to the organization prior to the layoff.

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CHAPTER 1

INTRODUCTION

In this study I examine why some ex-employees more than others choose to benefit their former firm (post-employment citizenship).¹ This question is particularly interesting within the context of major public accounting firms – an industry historically associated with high turnover rates (Fogarty & Uliss, 2000), increased marketability for ex-employees (Marxen, 1996), and the ability of alumni to significantly benefit their former firms. Ex-public accountants working in accounting and finance positions with other companies can have a major influence in providing new business for their former accounting firms. To illustrate, in an archival empirical study, one major accounting firm was found to be more than twice as likely to be appointed as auditors if the company had an officer who previously worked for that firm (Lennox & Park, 2007).

To extend our understanding of the factors associated with post-employment citizenship in accounting, I integrate research and theory in organizational behavior with research in the accounting literature. Lennox and Park (2007) conducted an archival empirical study to investigate whether alumni influence audit firm appointment decisions. They used a sample of 1,198 companies that changed auditors and appointed Big Five² firms in the period 1995-2000. Their research found that the presence of an alumnus had a major influence on the audit firm appointment decision and, in particular, an audit firm was more likely to be appointed if the company had an officer who was an alumnus of the firm. For example, the authors estimated

¹ Post-employment citizenship (PEC) is defined in this research as the proclivity of ex-employees to benefit their former firm.

² In 2000, the Big Five accounting firms consisted of Arthur Andersen, Deloitte & Touche, Ernst & Young, KPMG, and PricewaterhouseCoopers. The major firms now exclude Andersen and are currently known as the Big Four.

that Deloitte was appointed with a mean probability of 19.5 percent if the company did not have an officer who previously worked for Deloitte; this probability increased to 43.1 percent if the company had an officer who previously worked for Deloitte. Their study provided empirical support for the notion that some former employees can significantly benefit their former accounting firms.

Using surveys collected from alumni of major accounting firms, Iyer, Bamber, and Barefield (1997) studied the identification of accounting firms' alumni with their former accounting firms and how identification may influence the inclination of alumni to benefit their former firms. The authors based their study on social identity theory (Tajfel, 1982; Tajfel & Turner, 1985), drawing primarily from Mael and Ashforth's (1992) study of college alumni identification with their alma mater. They found that the perceived prestige of the CPA firm, the firm's socialization process, the strength of mentor relationships, and individual sentimentality predicted alumni identification with their former firm, and identification predicted inclination to benefit (e.g., "When the opportunity arises, I recommend my former CPA firm to my friends and acquaintances"). Additionally, organizational prestige and personnel counseling directly predicted the inclination to benefit. Personnel counseling was assessed by asking participants to rate the evaluation, counseling, and outplacement programs of their former firm. Iyer (1998) used the same respondents from Iyer et al. (1997) and used multiple discriminant analysis to segment the alumni into actual benefitters and non-benefitters finding that participation in alumni relations activities, strength of mentor relationships, and length of employment with the firm were the significant discriminators between benefitters and non-benefitters. Actual benefits consisted of purchasing services from their former firm, making referrals, informing the firm of opportunities, and helping the firm receive timely payments.

Several studies in organizational behavior investigate reactions of layoff victims to their former employers. Konovsky and Folger (1991) were the first to study the effects of procedures, social accounts, and benefits level on victims' layoff reactions. Most prior literature (e.g.,

Brockner & Greenberg, 1990; Brockner, 1990; Brockner, DeWitt, Grover, & Reed, 1990; Brockner, Grover, Reed, DeWitt, & O'Malley, 1987) investigated the effects of perceived procedural justice, representing fairness of procedures, from the layoff survivor perspective. Konovsky and Folger (1991) found that procedural fairness in layoff practices was a significant predictor of layoff victims' willingness to recruit for their previous organizations. Brockner, Konovsky, Cooper-Schneider, Folger, Martin, and Bies (1994) explored the interactive effects of procedural justice and outcome negativity on the victims of job layoffs. Outcome negativity involved the presence and level of severance pay, life insurance, and medical insurance. "Desire for worker-protective governmental regulation of layoffs" was the dependent variable, conceptually representing trust in and support for their organizations. The authors found that the interaction of outcome negativity by procedural justice was significant in predicting participants' desire for worker-protective governmental regulation of layoffs.

Wanberg, Bunce, and Gavin (1999) found that explanation (e.g. "To what extent did the company give you a full explanation of why decisions involving terminations were made?") was a significant predictor of layoff victims' willingness to endorse their previous organization. Lind, Greenberg, Scott, and Welchans (2000) found that fair treatment can significantly reduce retaliation through litigation by individuals who were fired or laid off. Bies, Martin, and Brockner (1993) found that the perceived fairness of the layoff process predicted citizenship among laid-off employees during the sixty-day period from layoff notification to end of employment (e.g., "After the layoff announcement, I made suggestions to improve my department").

My research involves two sets of ex-employees at a public accounting firm. Study 1 involves individuals who left their former firm voluntarily (voluntary leavers) and Study 2 involves ex-employees who were laid-off (layoff victims).

1.1 Study 1 –Voluntary Leavers

The primary purpose of Study 1 is to investigate the factors that lead to more or less benefits that voluntary leavers provide to their former employer. Whereas prior research (Iyer et

al., 1997) examined how alumni identification with their former public accounting firm may influence inclination to benefit, the current research is the first to focus on how fairly employees were treated and the extent to which a social exchange relationship developed during the time an employee worked at an audit firm may affect the employees' level of post-employment citizenship. Social exchange quality was measured by perceived organizational support and organizational commitment, phase one and two, respectively, of social exchange relationships according to the target similarity model (Lavelle, Rupp, & Brockner, 2007). I test the conceptual linkages of this model and extend the mechanisms of the model to post-employment citizenship. It is hypothesized that post-employment citizenship will be predicted by a two-phase social exchange relationship between employees and the firm, and the two-phases (perceived organizational support and organizational commitment) will partially mediate the relationship between during-employment organizational fairness and post-employment citizenship.

1.2 Study 2 – Layoff Victims

Study 2 involves layoff victims. The United States' economy entered 2009 with a disastrous labor market – eliminating more than a half million jobs in the private sector with employers announcing a near-record number of layoffs (Afp.com, 2009). In 2009, Microsoft announced over 5,000 layoffs worldwide (Chan, 2009). In 2008, one Big Four firm announced a layoff of 800 employees nationwide (Bordonaro, 2008). In poor economic times, layoffs become more prevalent and result in increased numbers of layoff victims. The focus of this study is on layoffs as a particularly timely and unfortunate change organizations are enacting. Victims may react positively or negatively toward their former organizations, and these reactions can have a significant effect on those firms. I examine why some layoff victims more than others choose to benefit their former firm. The public accounting profession was ideal for this study as ex-employees, including both voluntary leavers and those laid-off, are often in the relatively unique position of being able to significantly benefit their former firm. My hypotheses are based primarily on research conducted by Konovsky and Folger (1991) and Brockner, Tyler, and

Cooper-Schneider (1992). I hypothesize that post-employment citizenship will be predicted by procedural fairness of the layoff decision and the interaction between organizational commitment prior to the layoff and procedural fairness of the layoff decision. Specifically, I expect that: when prior commitment and procedural fairness are both high, PEC will be the highest; when prior commitment is high but procedural fairness is low, PEC will be the lowest.

CHAPTER 2

LITERATURE REVIEW

The basic outline of this literature review is as follows. First, I discuss job loss literature in general and then focus on the relatively few studies that have examined the attitudes and behaviors (hereafter, “actions”) of former employees toward their previous organizations. I discuss their theory, hypotheses, measures, and results. The first few articles discussed are from the organizational and psychology literatures and the latter articles are from the accounting literature. Next, from the articles previously discussed, I identify the most pertinent antecedents of former employee actions and review selected literature on these predictors. I deliberately focus my discussion on antecedents that organizations may have a higher degree of control over. For example, I discuss the procedural justice of a layoff in greater detail than the sentimentality of former employees. Some of these predictors have been studied extensively and warrant comprehensive literature reviews in their own right. In fact, some have received such complete attention. I use more of an overview approach in my examination of these variables.

2.1 Job Loss in General

The specific interest of this review falls under the broader subject of job loss, but is narrower in focus. Job loss is often used interchangeably with layoffs and generally refers to loss of employment due to plant closings, work slowdowns, corporate downsizings, or organizational restructuring (Leana, 2005). The study of coping behaviors is another topic within the job loss literature. In the context of job loss, coping behaviors are activities directed at either gaining re-employment or regaining some semblance of psychological well-being after layoffs (Leana, Feldman, & Tan, 1998). Leana and Feldman (1990, 1992) found that people engage in

six common types of behavior in coping with job loss. Their three problem-focused coping behaviors were: (1) searching for re-employment; (2) seeking retraining; and (3) seeking to relocate to new geographical areas for better job opportunities. Their three symptom-focused coping behaviors were: (1) seeking social support from friends and family; (2) seeking financial assistance to ease immediate economic problems; and (3) becoming active in community programs to help the unemployed. These coping behaviors are not actions toward the employees' previous organizations, however, and therefore not of specific interest in this review.

2.2 Studies Involving Actions toward Former Employers

2.2.1 Organizational and Psychology Literatures

Konovsky and Folger (1991) studied the effects of procedures, social accounts, and benefits level on victims' layoff reactions. This was the first published field research on procedural justice effects in the layoff context. The authors cited Thibaut and Walker (1975) who indicated that perceptions of fairness are significantly influenced by factors other than whether an individual receives a favorable portion of resources. Thibaut and Walker (1975) maintained that procedures used to make decisions are crucial to individual's judgments of fairness, especially in situations where recipients lack outcome control (e.g., layoffs). Konovsky and Folger (1991) also cited various works demonstrating the influence of procedural justice in reducing negative reactions to performance evaluations (Dipboye & de Pontbriand, 1981; Landy, Barnes, & Murphy, 1978) and pay-raise decisions (Folger & Konovsky, 1989). Konovsky and Folger (1991) studied justice procedural justice perceptions from the layoff victim perspective. Most prior literature (e.g., Brockner & Greenburg, 1990; Brockner, 1990; Brockner, et al., 1990; Brockner et al., 1987) investigated the effects of perceived procedural justice from the layoff survivor perspective.

Konovsky and Folger (1991) hypothesized that victim perceptions of fair layoff procedures would result in more favorable victim layoff reactions, such as less of a desire for government regulation, and more of a willingness to recruit for their former employer. The

authors' predictor of interest, "procedures," was an eight item measure of procedural fairness adapted from Folger and Konovsky (1989) and Leventhal's (1990) procedural justice rules. The eight items were: "Was honest and upright in its dealings with you"; "Followed consistent standards in deciding which employees to layoff"; "Showed concern for your rights"; "Treated you with kindness and consideration"; "Showed a sensitivity to your needs"; "Brought things out into the open without hiding them from employees"; "Treated employees equally regardless of race, sex, age, or nationality"; and "Collected accurate information necessary for making layoff decisions." The outcome variables included "desire for regulation," which was a two-item measure developed by the authors for this study. The two items were "Instead of laying off workers, companies should be legally required to use other methods to reduce their work force," and "This country needs more laws to protect the rights of workers to keep their jobs." The second outcome variable, "willingness to recruit" was a three-item measure developed by the authors for their study. The three items were: "If a job were available, I would return to work for my last employer"; "I would encourage anyone interested in working for my last employer to accept a job there," and "I would have no problem at all in recommending my last employer to a relative or friend."

Konovsky and Folger's (1991) participants consisted of 353 first-time applicants for unemployment benefits, sought from the lines of two unemployment agencies in the south-central United States. The agreeable layoff victims completed a layoff questionnaire and returned it to the researchers. The authors found that procedural justice was a significant predictor for both desire for regulation (negative relationship) and willingness to recruit (positive relationship). The results stress the importance of procedural justice in the layoff context. This study was an excellent "main-effects" approach to the role of procedural justice in the layoff context. However, other variables, such as identity or commitment may also explain the inclination of someone to benefit their previous organization and no interactions were tested.

Brockner et al. (1994), within a broader study, explored the interactive effects of procedural justice and outcome negativity on the victims of job layoffs. Brockner et al. (1994) used Folger's (1986) referent cognitions theory to provide the underlying framework for their predictions. According to the referent cognitions theory, outcomes that are negatively discrepant from those that might have been are necessary but not sufficient antecedents for the expression of resentment toward the party deemed to be responsible for the outcomes. The recipient of the outcomes also needs to deem that the expression of resentment is justifiable in light of the depriving party's behavior. If the depriving party acted in a procedurally fair manner, recipients have fewer reasons for reacting negatively to undesirable outcomes. That is, the perception of high procedural fairness makes the outcome more justifiable, in so doing reducing the relationship between outcome negativity and individual's resentment. This relationship is strengthened, however, when procedural justice is low and outcomes are negative (Brockner et al., 1994). This interaction effect was evidenced in several prior experimental studies (Cropanzano & Folger, 1989; Folger & Martin, 1986; Folger, Rosenfield, & Robinson, 1983; Greenberg, n.d.; Shapiro, 1991), providing empirical support in addition to theoretical rationalization for Brockner et al.'s (1994) major hypothesis.

The authors hypothesized that when procedural justice is low, outcome negativity should have an adverse effect on individuals' reactions in accordance with previous research on the effect of outcomes (Adams, 1965). When procedural justice is high, outcome negativity should have much less of an effect on individuals' reactions. The authors' predictor variables were procedural fairness and outcome negativity. Procedural fairness was assessed in two ways: 1) Advance notice, which was measured with one item, "Indicate the length of time that transpired between the announcement of layoffs and the point at which you actually lost your job" and 2) Interactional justice, which was measured using three items, e.g., "My supervisor carefully explained to me why I was laid off." Outcome negativity was measured by responses to three separate questions on the presence and level of severance pay, life insurance, and

medical insurance. "Desire for worker-protective governmental regulation of layoffs" was the authors' dependent variable, which was measured using two items developed for their study, e.g. "This country needs more laws to protect the rights of workers to keep their jobs." The authors claimed that their conceptual dependent variable was respondents' trust in and support for their organizations. The authors cited Baik, Hosseini, and Ragan (1987) in support of the idea that emotionally scarred victims of job loss may express their lack of organizational trust or support by wanting the government to protect workers' rights.

Participants consisted of 218 first-time registrants for unemployment benefits from the south-central United States. The researchers approached individuals at an unemployment security office, asked if they had been laid-off, and those answering affirmatively were asked to complete a questionnaire. The authors found that the interaction of outcome negativity by procedural justice was significant, as predicted, on participants' desire for worker-protective governmental regulation of layoffs. The main effects of their measures for procedural justice and outcome negativity were not significant. The interaction is interesting, but it is curious that procedural justice was split between the advance notice measure and the interactional justice measure with regressions run separately for both. The study's low R^2 (0.058) may likely be due to the absence of more appropriate independent variables.

Wanberg et al. (1999) studied three layoff-specific and two person-centered predictors of layoff victims' judgments of layoff fairness, willingness to endorse the terminating organization, desire to take the previous employer to court, and willingness to commit to future employers. The authors also examined how reemployment moderated these relationships. Wanberg et al. (1999) drew on existing research suggesting that how a layoff is handled has impact on victim reactions, e.g. Konovsky and Folger (1991). Relative to their moderator variable, reemployment, the authors cited research by Brockner et al. (1994), Wanberg, Griffiths, & Gavin (1997) and Lee (1990) to provide logic for their hypotheses. For example, Lee

(1990) suggested that being in a new job is likely to force one's thoughts more onto the current situation, rather than dwelling on the past and the layoff.

Wanberg et al. (1999) hypothesized that layoff-specific and person-centered predictors would be related to the outcome variables and that reemployment would moderate each of the predictors-outcome relationships in addition to being directly related to the outcome variables. The layoff-specific predictors consisted of explanation, correctability, and severance benefits. Explanation was assessed via four items developed for their study, e.g. "To what extent did the company give you a full explanation of why decisions involving terminations were made?"; and "To what extent did the company give you a full explanation of how the decisions involving terminations were made?" Correctability was assessed using four items developed for their study, e.g. "How much of an opportunity were you given to utilize formal procedures to appeal the decision to let you go?" Severance benefits was assessed via three items drawn from Brockner et al. (1994) plus an additional item assessing outplacement services added by the authors: "Following my termination, an adequate level of severance pay was provided by the company." The person-centered predictors consisted of negative affectivity and prior organizational commitment. Negative affectivity was measured using a 21-item scale developed by Levin and Stokes (1989), e.g. "I always expect the worst to happen." Prior commitment to the organization was assessed via three items from Brockner et al. (1992): "Prior to being terminated, I felt loyal to this company"; "Prior to being terminated, I sacrificed personal time outside the company in order to get work done"; and "Prior to being terminated, I expected to work for this company for a long time." The moderator variable, reemployment, was a dummy variable coded to 1 if employed, and 0 if unemployed. The outcome variables consisted of perceived fairness of layoff, organizational endorsement, desire to sue past employer, and future organizational commitment. Perceived fairness of the layoff was measured using four items developed for their study, e.g. "In general, do you feel your employer was fair and just with all aspects of the termination practices and procedures?" Organizational endorsement was measured using three

items from Konovsky and Folger (1991), e.g. "If a job were available, I would return to work for my last employer," and "I would have no problem recommending my last employer to a friend or relative." Desire to sue past employer was one item also drawn from Konovsky and Folger (1991), though this item was not referenced in the published article: "If I could, I would take my last employer to court." Future organizational commitment was assessed via four items developed by the authors for their study, e.g. "Now that I have been let go by my previous employer, I feel that I won't be as committed to an organization as I have in the past." It is important to note that future organizational commitment within their study related to commitment toward a subsequent (rather than previous) employer.

Wanberg et al. (1999) recruited unemployed participants from two job service offices in Wichita, Kansas, and 587 completed the survey. The study involved only those who had been laid off from their job; individuals who were fired, who had voluntarily resigned, or who had been part of a business closing were excluded. Explanation was a significant predictor of perceived fairness of layoff (positive relationship), organizational endorsement (positive relationship), and desire to sue past employer (negative relationship). Prior organizational commitment was a significant predictor of perceived fairness of layoffs (negative relationship). For the perceived fairness dependent variable, the interaction of severance and reemployment was significant and indicated that among the unemployed, the relationship between perceived fairness and severance was more positive. For the perceived fairness dependent variable, the interaction of negative affectivity and reemployment was significant and indicated that among the reemployed, the relationship between perceived fairness and negative affectivity was more negative. For the perceived fairness dependent variable, the interaction of prior organizational commitment and reemployment was significant and indicated that among the unemployed, the relationship between perceived fairness and prior organizational commitment was more negative. For the desire to sue past employer dependent variable, the interaction of prior organizational commitment and reemployment was significant and indicated that among the

unemployed, the relationship between the desire to sue and prior organizational commitment was positive, whereas among the reemployed the relationship between the desire to sue and prior organizational commitment was negative. The longitudinal nature of the study is interesting but the reemployment moderator seemed to primarily impact the perceived fairness of layoff. The items for explanation and perceived fairness (both scales developed for their study) seemed as though they could all be considered procedural justice measures, e.g. "To what extent did the company give you a full explanation of how the decisions involving terminations were made?" from the explanation scale appears very similar to "In general, do you feel your employer was fair and just with all aspects of the termination practices and procedures?" from the perceived fairness of layoff scale. The authors found that explanation predicted perceived fairness. Perceived fairness is usually found on the right-hand side of a regression equation in attempting to explain variability in attitudes or behaviors of employees that may affect organizations. It loses some meaning as a dependent variable. The most significant contribution of this study to this review's outcome variables of interest is that explanation, a type of procedural justice, significantly predicted the inclination of laid-off workers to endorse their previous organization (positive relationship) and desire to sue their former employer (negative relationship).

Lind et al. (2000) studied the situational and psychological antecedents of both thinking about filing a wrongful-termination claim and actually filing such a claim. Lind et al.'s (2000) potential predictors were drawn from relational theories of organizational justice, economic theories about claiming, and sociolegal studies of claiming in other contexts. Their study was very broad and parts of it were beyond the scope of the subject matter of this literature review. As such, only the relevant hypotheses, methods, and results will be discussed.

Lind et al. (2000) hypothesized that claiming would be directly negatively related to fair treatment during employment; claiming would be directly and negatively related to fair pay during employment; claiming would be directly and negatively related to fair treatment at

termination; treatment at termination would be more powerful than treatment during course of employment; longer notice would decrease claiming thoughts and actions; and help in finding job would decrease claiming. Their independent variables consisted of fairness of treatment during employment, fairness of pay during employment, amount of advance notice given by employer prior to termination, amount of assistance employer gave in finding another job, and perceived fairness of treatment at termination.

Information for their study was obtained through structured interviews as opposed to questionnaires; therefore I have made slight modifications to the measure items to put them in their likely question form. Fairness of treatment during employment consisted of two items developed for this study: "How fair did the company treat you before you were dismissed?" and "Overall, how fair did the company treat its employees?" Fairness of pay during employment was assessed via two items developed for their study: "How did you feel about your pay?" and "To what extent are you angry about the amount your former employer paid you?" Amount of advance notice given by employer prior to termination was an open-ended question recorded in days. Amount of assistance employer gave in finding another job was a single item question. An example response was "some help." Perceived fairness of treatment at termination consisted of six items developed for their study: "Was the employer concerned with being fair?"; "How fair was the termination itself?"; "Did the employer treat you with dignity and respect?"; "Was the employer sympathetic to your needs?"; "Did the employer give a complete explanation of why you were dismissed?"; and "Was the employer honest with you?" The dependent variables of interest were consideration of claiming and claiming behavior. Consideration of claiming consisted of two items developed for their study: "Have you ever thought of filing a complaint or lawsuit against your former employer?" and "How much thought have you given to filing a claim or lawsuit?" Claiming behavior was assessed via two items developed for their study in yes or no answer form: "Have you talked to a government official or lawyer about filing a complaint?" and "Have you filed a complaint or lawsuit against your former employer?"

Participants were 996 unemployed adults who had been either fired or laid-off from their last jobs. Participants were approached as they exited state employment offices in central Ohio. Qualified individuals were offered \$10 for participating. Respondents were interviewed immediately and asked a series of questions about their last job and the experience of being fired or laid-off. All but one of the relevant hypotheses was supported. The hypothesis that claiming would be directly and negatively related to fair pay during employment was not supported. Lind et al.'s (2000) results indicate that even when individuals get fired or laid-off, fair treatment can significantly reduce retaliation through litigation. The "fairness of treatment" variable in their study appears very close to what many would consider a type of procedural justice, but the authors seldom cited prior literature when discussing the development of their measures.

2.2.2 Accounting Literature

Iyer et al. (1997) studied the identification of accounting firms' alumni with their former accounting firms and how identification may influence the inclination of alumni to benefit their former firms. The authors cited several articles indicating that organizational identification is a critical construct in the organizational behavior literature (Ashforth & Mael, 1989) that would affect employee beliefs and behaviors and, in turn, organizational performance (e.g. Brown, 1969; Hall, Schneider, & Nygren, 1970; Patchen, 1970; Hall & Schneider, 1972; Rotondi, 1975; O'Reilly & Chatman, 1986; Tsui, Egan, & O'Reilly, 1992). The authors based their predictions on social-identity theory (Tajfel, 1982; Tajfel & Turner, 1985). According to social-identity theory, organizational identification is distinct from the affective concepts of satisfaction and commitment. The authors claimed that organizational identification is a form of social identification that derives from the individual's desire for self-definition (i.e. self-concept). The authors cited Steele (1998) who claimed that individuals generally desire continuity of their self-concepts over time and across situations which provided their theoretical explanation for ex-employees' continued identification with (and predisposition to benefit) their past employer. Iyer

et al. (1997) considered identification as one basis for the broader construct of commitment, (e.g., Caldwell, Chatman, & O'Reilly, 1990).³ The authors cited studies that examined the relationship between current employees' identification and positive organizational outcomes (e.g., organizational citizenship behaviors [OCB] in O'Reilly & Chatman, 1986) and the relationship between identification and college alumni giving behavior (e.g., Mael & Ashforth, 1992) in support of their decision to use identification as their main variable of interest.

Drawing primarily from Mael and Ashforth's (1992) study of college alumni identification with their alma mater, the authors hypothesized that alumni's identification with their former accounting firm would be positively related to organizational-derived factors including the accounting firm's: (1) organizational prestige, based on Mael and Ashforth (1992); (2) socialization process, based on Caldwell et al.'s (1990) finding that individual perceptions of the effectiveness of their (current) firm's socialization process affected the person-organization fit; (3) personnel policies, based on the authors' belief that these practices can reinforce the departing employee's identification and may help counter the negative effect on identification from a failed socialization process; and (4) alumni relations, based on the rationale that since accounting firms spend money to maintain contact and promote themselves to their alumni, they must believe that these efforts benefit the firm. The authors also posited that alumni's identification with their former firm would be positively related to individual-derived antecedents of identification: (1) tenure, (2) mentor relationship, (3) sentimentality, and negatively related to (4) time elapsed. Finally, the authors hypothesized that alumni's inclination to benefit their former accounting firm would be positively related to their identification with the firm. The following latent variables were hypothesized antecedents of identification: Organizational prestige was a four-item scale drawn from Mael and Ashforth (1992): "My former firm does not have a good reputation in the business community" (reverse coded); "People in my profession think highly of my former firm"; "My former firm is considered one of the best CPA firms"; and "A

³ Identification and commitment will be discussed in greater detail in a subsequent section of this chapter.

person seeking to advance his/her career in his/her present employment should downplay his/her association with my former firm" (reverse coded). Socialization process consisted of seven items drawn from Pascale (1985): "The intensity of entry level experience built cohesiveness among peers in each entering class"; "All employees in my department began in entry-level positions regardless of prior experience or advanced degrees"; "Reward systems and promotion criteria required mastery of a core set of skills as a precondition of advancement"; "The career path for staff was well defined over the first six to ten years with the firm"; "Virtually all employees could identify and articulate the firm's shared values (i.e. the purpose or mission that ties the firm to society, the client, or its employees)"; "There were very few instances when actions of management appeared to violate the firm's espoused values"; "Employees frequently made personal sacrifices for the firm out of commitment to the firm's shared values"; "When confronted with trade-offs between systems measuring short-term results and doing what's best for the firm in the long term, the firm usually decided in favor of the long term." Personnel policies was a construct developed for their study that the authors ultimately divided between "recruitment" and "counseling." The authors merely asked participants to: "Please rate each of the following programs of your former CPA firm: (a) Recruitment; (b) Orientation; (c) Training; (d) Personnel evaluation; (e) Counseling; (f) Outplacement." Items (a)-(c) were classified as "recruitment" and (d)-(f) were considered "counseling." Alumni relations was a two-item scale developed for their study: "The following questions are concerned with your former CPA firm's efforts to stay in touch. 1. How did the firm contact you? (Check as many as appropriate)⁴ 2. Approximately, how many times did the CPA firm contact you last year though all of the above mentioned means?" For Tenure and Time elapsed, participants were simply asked how long they had been employed and what the date of their departure was. Mentor relationship consisted of three items drawn from Mael (1988): "When I was employed in the firm (choose one) (a) Yes, I was close to at least one partner or

⁴ e.g., "(b) Office newsletter"

manager. (b) No, I was not especially close to any one partner or manager”; “That partner or manager (the one I was closest to) (a) is still at the firm; (b) is at a different firm; (c) in a different occupation; (d) is retired; (e) is no longer living”; “Currently, I speak to that partner or manager (or did during the person’s lifetime) about ... times a year.” Sentimentality was assessed using a five-item scale drawn from Mael and Ashforth (1992): “I like to reminisce about my youth”; “I like to save souvenirs or other reminders of interesting places or events”; “I am moved emotionally when recalling scenes from my youth”; “I am a sentimental person”; “Anniversaries of special events are not important to me.”

Identification consisted of five items also drawn from Mael and Ashforth (1992): “When someone criticizes my former firm, it feels like a personal insult”; “I am very interested in what others think about my former firm”; “When I talk about my former firm, I usually say ‘we’ rather than ‘they’”; “My former firm’s successes are my successes.”; “When someone praises my former firm, it feels like a personal compliment.” The dependent variable, inclination to benefit, consisted of three items developed by the authors for their study: “I would like to see my former CPA firm be our auditors (if they are not currently our auditors)”; “I would like to see my former CPA firm provide us other services”; “When the opportunity arises, I recommend my former CPA firm to my friends and acquaintances.”

Data for their study were collected by a survey questionnaire sent to a random sample of alumni from the alumni directories of three of the Big Six⁵ accounting firms in two major U.S. cities. A total of 207 usable surveys were returned out of the 757 mailed. Their response rate was 31 percent after removing the effect of 80 mailings that were returned as undeliverable due to inaccurate addresses. Of the 207 respondents, 61.4% specialized in audit, 20.3% in tax, 13% in management advisory services, and 5.3% in other areas during their employment with the firm.

⁵ At that time, the Big Six included Arthur Andersen, Coopers & Lybrand, Deloitte & Touche, Ernst & Young, KPMG, and Price Waterhouse.

The authors used structural equation modeling to test their hypotheses. The results suggested that organizational prestige, socialization process, mentor relationship, and sentimentality increased alumni identification with their former firm. Within the context of potential implications, the authors suggested that firms should work to improve their corporate image (i.e., build organizational prestige) and facilitate socialization and mentoring. As predicted, identification was significantly positively related to inclination to benefit. Additionally, organizational prestige and personnel counseling were directly, positively related to inclination to benefit. The authors suggested that counseling is valuable, even though it did not have a significant impact on the alumni's identification.

This was the first study to examine the antecedents of accounting alumni identification with their former firms and was the first study to examine the inclination to benefit alumni's former Big Six firm. Their study discussed some factors that may help accounting firms better manage their alumni asset. Curiously, the study did not differentiate between voluntary leavers and fired or laid-off workers. Although it may be easy to assume that most of the 207 respondents were voluntary leavers, there remains a good possibility that the sample contained some fired or laid-off workers. The authors' "kitchen sink" approach to their identification construct is curious and may be theoretically deficient. Their model did not fit their data very well, and the exclusion of a decent measure of organizational fairness may represent a weakness of their study.

Iyer (1998) used the same respondents from Iyer et al. (1997) to use multiple discriminant analysis to segment the alumni into "benefiters" and "non-benefiters." Iyer (1998) wrote that the main focus of Iyer et al. (1997) was to develop a theory concerning organizational identification of accounting firm alumni. Although not discussed in Iyer et al. (1997), the survey instrument included a series of questions on actual benefits provided by the alumni to their former firm – such as purchasing services from their former firm, making referrals, informing the firm of opportunities, and helping the firm receive timely payments. Participation in alumni

relations activities, strength of mentor relationships, and length of employment with the firm were the significant discriminators between benefiter and non-benefiter.

Lennox and Park (2007) conducted an archival empirical study to investigate whether alumni influence audit firm appointment decisions. The authors used a sample of 1,198 companies that changed auditors and appointed Big Five firms in the period 1995-2000. Using regression, the authors found that the presence of an alumnus had a major influence on the audit firm appointment decision and, in particular, an audit firm was more likely to be appointed if the company had an officer who was an alumnus of the firm. Their study provided empirical support for the notion that some former employees can significantly benefit their former accounting firms.

2.3 Discussion of Relevant Variables from Review

Based on my review of the above literature, a number of salient variables used in the examination of former employee actions deserve a more detailed discussion. These factors were selected for further review not only because they represent the most significant predictors of former employee actions, but also because they are variables that organizations may have a higher degree of control over. The salient variables (and above studies that are responsible for the variables being included in this section) are: justice (Konovsky & Folger, 1991; Brockner et al., 1994; Wanberg et al., 1999; Lind et al., 2000), identification (Iyer et al., 1997), and commitment (Wanberg et al., 1999).

2.3.1 Organizational Justice

Recent reviews and studies examining justice at the individual level indicate that fairness is a correlate or predictor of a number of favorable employee attitudes and behaviors such as organizational commitment and OCB, while unfairness is a predictor of unfavorable reactions such as counterproductive work behaviors (Lavelle et al., 2007). The nature of justice measures used in the studies reviewed above may all be considered types of organizational

procedural justice (“PJ”) or, in some cases, a combination of organizational procedural and interactional justice (“IJ”).

Konovsky and Folger (1991) titled their justice measure, “procedures,” Brockner et al. (1994) described their measures as “procedural fairness,” Wanberg et al. (1999) designated one of their independent variables “explanation” and one of their dependent variables “perceived fairness of layoff,” and Lind et al. (2000) termed two of their independent variables “fairness of treatment during employment” and “perceived fairness of treatment at termination.” In the reviewed articles, higher levels of organizational PJ/IJ were related to more positive outcomes for the organization (e.g., a recommendation from the former employee or a reduced desire for the former employee to sue the organization).

These findings are consistent with other studies where organizational PJ predicted other favorable organizational outcomes, e.g. Malatesta and Byrne (1997) and Lavelle, Brockner, Konovsky, Price, Henley, Taneja, and Vinekar (2009) found that organizational PJ predicted organizational commitment. McFarlin and Sweeney (1992) found that PJ, distributive justice (fairness of outcomes), and their interaction predicted organizational commitment. Other studies documenting that fairness perceptions predict organizational outcome favorability include Brockner (2002) and Simons and Roberson (2003).

Overall justice measures have been found to mediate the relationship between specific justice facets (e.g., distributive, procedural, interactional) and outcomes in recent research (Jones & Martens, 2009; Ambrose & Schminke, 2009).

2.3.2 Commitment, Identification, Social Exchange, Social Identity

Reichers (1985) introduced a multiple commitments perspective and subsequent empirical work supported her framework (e.g. Becker, 1992; Becker, Billings, Eveleth, & Gilbert, 1996; Bishop & Scott, 2000). Commitment has been shown to be a significant predictor of favorable workplace outcomes (see Mathieu & Zajac, 1990). Commitment has historically been separated into the three facets of continuance, normative, and affective commitment (Allen &

Meyer, 1990), with affective commitment being the most robust predictor of behavioral criteria (Lavelle et al., 2007). O'Reilly and Chatman (1986) developed measures of the dimensions of organizational commitment predicated on compliance, identification, and internalization. The authors defined these dimensions as follows: compliance occurs when attitudes and behaviors are adopted not because of shared beliefs but simply to gain specific rewards; identification occurs when an individual accepts influence to establish or maintain a satisfying relationship; that is, an individual may feel proud to be a part of a group, respecting its values and accomplishments without adopting them as his or her own; and internalization occurs when influence is accepted because the induced attitudes and behaviors are congruent with one's own values; that is, the values of the individual and the group or organization are the same. The authors found that commitment rooted in identification and internalization was related to extra-role behaviors whereas compliance-based commitment was not.

Social exchange theory has roots in many disciplines and dates back to the 1920s (Cropanzano & Mitchell, 2005). Social exchange involves a series of interactions that generate obligations (Emerson, 1976) and has been described in the organizational literature as "subjective, relationship-oriented interactions between employers and employees characterized by an exchange of socio-emotional benefits, mutual trust and commitment, a long-term focus, and unspecified, open-ended commitments" (Lavelle et al., 2007: 845). Social exchange theory indicates that high-quality social exchange relationships motivate employees to behave in a manner which produces favorable outcomes for the organization in part because employees tend to identify the organization's well being with their own and because they may feel relationally obligated to support the organization (Lavelle et al., 2007). Much like identification may be considered under the broader umbrella of commitment (e.g., Caldwell et al., 1990), social-identity may be considered under the broader umbrella of social exchange. According to social-identity theory, people tend to classify themselves and others into various social categories, such as organizational membership (Ashforth & Mael, 1989). Ashforth and Mael

(1989) discussed the frequent confusion between organizational identification and organizational commitment and noted that some theorists equate the two constructs while others consider identification as a component of commitment (e.g. Wiener, 1982). Ashforth and Mael (1989) argued that an individual can score high on *commitment* not because he or she perceives a shared destiny with the organization but because the organization is a vehicle for personal career goals; if another organization proved more convenient, he or she could transfer to it without sacrificing his or her own goals. Ashforth and Mael (1989) further claimed that for individuals who *identify* with an organization, however, leaving the organization would involve some psychic loss.⁶

The relationships among organizational commitment, organizational identification, social exchange, and social identity may be best illustrated with Lavelle et al.'s (2007) target similarity model. According to this model, organizational justice predicts perceived organizational support and organizational trust, which leads to organizational commitment and identification, which results in citizenship behaviors toward the organization. Thus, according to social exchange theory: trust of the organization, created by organizational justice, puts the social exchange relationship in motion, resulting in employees reciprocating with commitment to and identification with (the latter grounded in social-identity theory) the organization (Lavelle et al., 2007). Both commitment (Meyer, 1997) and identification (Ashforth & Mael, 1989) have been used as proxies for the quality of social exchange.

⁶ Hogg and Terry (2000) elaborated on social-identity theory by relating it to self-categorization theory.

CHAPTER 3

HYPOTHESES DEVELOPMENT

3.1 Study 1 – Voluntary Leavers

In Study 1, I examine why some voluntary leavers choose to benefit their former firm more than others. This question is particularly interesting within the context of major public accounting firms – an industry historically associated with high turnover rates (Fogarty & Uliss, 2000), increased marketability for ex-employees (Marxen, 1996), and the ability of alumni to significantly benefit their former firms. The hypotheses are based on social exchange theory and, specifically, the target similarity model (Lavelle et al., 2007). I investigate whether the positive effects of social exchange relationships developed over the course of an individual's tenure with an organization extend *beyond* the individual's employment with the organization.

As outlined earlier, social exchange has been described as “subjective, relationship-oriented interactions between employers and employees characterized by an exchange of socio-emotional benefits, mutual trust and commitment, a long-term focus, and unspecified, open-ended commitments” (Lavelle et al., 2007: 845). Social exchange theory indicates that high quality social exchange relationships motivate employees to behave in a manner which produces favorable outcomes for the organization in part because employees may feel relationally obligated to support the organization (Lavelle et al., 2007). Blau (1964) wrote that social exchange refers to relationships that entail unspecified future obligations. Like economic exchange, social exchange generates an expectation of some future return for contributions; however, unlike economic exchange, the exact nature of that return is unspecified. Organizational citizenship behavior is one example of a favorable employee behavior resulting

from social exchange relationships that is especially relevant to the focus of the current research.

The dependent variable of interest in my studies, post-employment citizenship (PEC), is comparable to organizational citizenship behaviors. OCB has been studied extensively in organizational literature and may be defined as discretionary, voluntary behaviors that are not part of an employee's specified role requirements nor formally rewarded by the organization (Organ, 1988). Clearly, PEC meets these criteria as the organizational benefits that this behavior affords are completely discretionary on the part of the ex-employee. Therefore, it is important to consider prior studies investigating the drivers of OCB to identify potential predictors of PEC. Organ (1988) proposed that fairness leads to OCB because fairness causes a social exchange relationship to develop between employees and their supervisors. More recent reviews and studies examining justice also indicate that fairness is a correlate or predictor of a number of favorable employee attitudes and behaviors such as organizational commitment and OCB. Lavelle et al. (2007) illustrated the relationship between fairness, social exchange, and OCB in the target similarity model. According to this model, organizational justice predicts perceived organizational support, which leads to organizational commitment, which results in citizenship behaviors toward the organization.

Consistent with the target similarity model, higher levels of organizational fairness were related to positive outcomes for the organization in the articles discussed earlier in the literature review chapter. Malatesta and Byrne (1997) found that organizational procedural justice predicted organizational commitment. McFarlin and Sweeney (1992) found that procedural justice, distributive justice, and their interaction predicted organizational commitment. Lavelle et al. (2009) found a mediating effect of commitment on the positive relationship between procedural fairness and OCB among layoff survivors. Other studies documenting that perceptions of fairness predicted organizational outcome favorability include Brockner (2002) and Simons and Roberson (2003).

According to the target similarity model, organizational fairness leads to the development of a social exchange relationship between an employee and the organization, which may be evidenced by perceived organizational support and organizational commitment, and this commitment results in employee citizenship toward the organization. My study extends this logic by examining how perceptions of organizational fairness and the development of a social exchange relationship with the organization during employment affect the extent to which former employees engage in post-employment citizenship (see Figure 1). Based on the above line of reasoning, I hypothesize the following:

H1 During employee tenure with the firm, organizational fairness will be positively related to perceived organizational support, and perceived organizational support will be positively related to organizational commitment.

H2 Organizational commitment will be positively related to post-employment citizenship.

H3 Perceived organizational support and organizational commitment will partially mediate the positive effect of organizational fairness on post-employment citizenship.

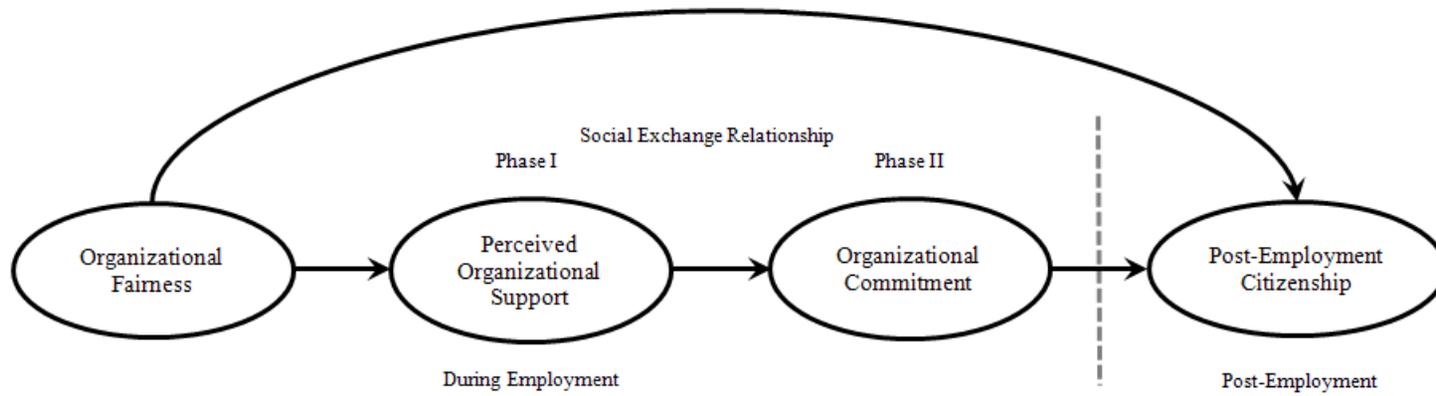


Figure 1 Post-Employment Citizenship Model for Voluntary Leavers

3.2 Study 2 – Layoff Victims

In Study 2, I widen my examination of the factors associated with former employees' PEC from those who voluntarily left the firm, to those who were forced to leave due to layoffs. I extend Brockner et al.'s (1992) research on the interaction between prior commitment (commitment to the organization prior to the layoff) and procedural fairness of the layoff decision by studying the attitudes and behavior of layoff *victims*, as opposed to *survivors*.

There are many studies documenting that commitment results in favorable organizational outcomes (e.g., Lavelle et al., 2009). However, under certain conditions, high levels of prior commitment may actually result in *reduced* levels of citizenship. Brockner et al. (1992) found that layoff survivors who previously were more strongly committed to the organization had more favorable reactions to the layoff than those less committed beforehand, *provided* that they judged the fairness of the decision rule to be relatively high, *but* observed that the highly committed survivors had more negative reactions to the layoff if they perceived the fairness of the layoff to be low. They based their research on the group-value model of justice (e.g., Lind & Tyler, 1988) positing that people value social relationships because it is through relationships that they develop self-worth, and the significance of fair treatment is a premium people place on these relationships. Fairness by the other, employing party symbolizes that they are being dealt with in a dignified manner, reinforcing their sense of self-worth. However, a lack of fairness by the other, employing party can result in very negative reactions. Those who are more committed to the organization beforehand have invested more of their sense of self-worth in their identification with the group and consequently have the most to lose if the organization's procedures are unfair.

Brockner et al.'s (1992) results demonstrated that layoff survivors who had relatively high levels of commitment beforehand showed a sharp decline in commitment if their experience with the organization was negatively discrepant from their prior beliefs. However, participants did not show a corresponding increase in support for the organization if their prior

commitment was low but they felt that the organization had acted fairly. The findings suggest that if organizations act unfairly, then the individuals whose work attitudes and behaviors are most likely to decline are those who were highly committed at the outset. The title of Brockner et al.'s (1992) study appropriately included the phrase "the higher they are, the harder they fall."

As discussed earlier, Konovsky and Folger (1991), Wanberg et al. (1999), and Lind et al. (2000) found that fair treatment in layoffs was a significant predictor of favorable organizational outcomes, suggesting that layoff fairness may directly affect post-employment citizenship. Brockner et al. (1992) found that those who previously felt committed to the institution but felt that the institution had acted unfairly exhibited the *most* negative reactions. Among layoff victims, this may suggest that the interaction between prior organizational commitment and procedural fairness of the layoff decision may predict post-employment citizenship (see Figure 2). Based on the above line of reasoning, I hypothesize the following:

H4 Procedural fairness of the layoff decision will be positively related to victims' post-employment citizenship (PEC).

H5 Prior commitment will moderate the relationship between procedural fairness of the layoff decision and victims' PEC such that the positive relationship will be more pronounced when prior commitment is relatively high. In particular, I expect that: when prior commitment and procedural fairness are both high, PEC will be the highest; when prior commitment is high but procedural fairness is low, PEC will be the lowest.

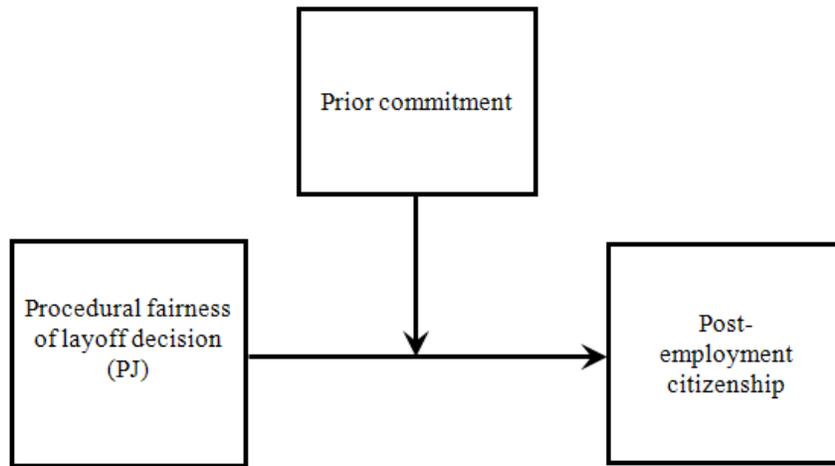


Figure 2 Research Model for Post-Employment Citizenship Among Layoff Victims

CHAPTER 4

METHODS

4.1 Respondents

Surveys were distributed to 1,154 former employees of a Big Four accounting firm from practice offices in the United States. These employees worked as auditors or audit support client-service professionals (e.g., information technology, internal audit, valuation specialists, etc.) during their tenure with the firm. Emails were sent individually to survey recruits from an alumni database, with a link to an internet-based survey site which hosted the anonymous survey. The complete survey is presented in Appendix C. Responses were collected over a four-week period in the fall of 2009. In total, 303 former employees completed the survey, resulting in a response rate of 29 percent after removing the effect of 96 emails that were returned as undeliverable. This response rate is comparable to Iyer et al.'s (1997) rate of 31 percent. Of the total respondents, 244 (81 percent) left the firm voluntarily (study 1: voluntary leavers) and 59 (19 percent) were laid off (study 2: layoff victims).

4.2 Survey Design Features

As self-reports were used to measure all of the variables in this research, a number of steps in survey design were taken to minimize the potential impact of common method variance (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). For example, the predictor and criterion measures were separated on the survey, and objective "yes or no" questions not relevant to the purpose of the present research were placed in between. The anonymity of the respondents was also protected with the intent of making participants less likely to respond in a socially desirable, acquiescent, or lenient manner. Furthermore, the key items included some reverse-coded questions in an effort to avoid contamination by the consistency motif, and were

embedded in a longer survey that included other measures and questions not relevant to the purpose of the present research.

4.3 Study 1 – Voluntary Leavers

The average age of the 244 voluntary leavers was 37.1 years ($SD = 9.0$), mean tenure with the firm was 4.2 years ($SD = 2.9$), and mean time elapsed from their last day with the firm to the time of survey completion was 8.3 years ($SD = 8.1$). Table 1 presents additional demographic information for voluntary leavers.

4.3.1 Measures

Predictors were measures of overall organizational fairness and indicators of a two-phase social exchange relationship during ex-employee tenure with the firm (perceived organizational support and organizational commitment). The criterion variable was post-employment citizenship. Complete scales used for independent and dependent variables are included in Appendix B.

During-employment organizational fairness. Three items adapted from Ambrose and Schminke's (2009) personal experience items in their measurement of overall justice were used in this study. These items asked former employees to assess how fairly they were treated by the firm. An example of the item format is as follows: "Overall, I was treated fairly by [name of firm]" (1 = strongly disagree, 7 = strongly agree). It is important to note that although the literature supports a multifoci approach to research on organizational justice, with an emphasis on specific identification of the source of justice (e.g., supervisors, top managers, co-workers, etc.), the proximal and temporal distance of ex-employees from their previous firm may cloud the lines between the agents of justice. Additionally, auditors may work with several engagement teams throughout the year and interact with several different supervisors and groups of co-workers, some perhaps perceived as fairer than others. This is relatively unique to public accounting and other professional service firms. Finally, overall justice measures have been found to mediate the relationship between specific justice facets (e.g., distributive,

procedural, interactional) and outcomes in recent research (Jones & Martens, 2009; Ambrose & Schminke, 2009). For these reasons, a measure of overall justice was appropriate for this study.

During-employment perceived organizational support. Four items measuring during-employment perceived organizational support adapted from Lynch, Eisenberger, and Armeli (1999), e.g. “[name of firm] really cared about my well-being” were used in this study. These items were on seven-point scales, 1 = strongly disagree, 7 = strongly agree. These questions were prefaced by the following introduction, adapted from Brockner et al. (1992): “These questions ask you your opinions about [name of firm] prior to your exit from the firm. You may still feel this way or you may not. In answering these questions, put yourself back in time and answer the questions with regard to how you felt *while with* [name of firm], not necessarily how you feel *now*.”

During-employment organizational commitment. Four items measuring during-employment organizational (affective) commitment adapted from Allen and Meyer (1990), e.g., “[name of firm] had a great deal of personal meaning for me” were used in this study. These items were on seven-point scales, 1 = strongly disagree, 7 = strongly agree. These questions were prefaced by the following introduction, adapted from Brockner et al. (1992): “These questions ask you your opinions about [name of firm] prior to your exit from the firm. You may still feel this way or you may not. In answering these questions, put yourself back in time and answer the questions with regard to how you felt *while with* [name of firm], not necessarily how you feel *now*.”

Post-employment citizenship. PEC was calculated by measuring respondents’ propensity to recommend the former firm and by their extent of actual effort in helping the former firm get more business. A three-item scale was used. Respondents were asked “The following questions refer to your thoughts on [name of firm] now. To what extent do you agree with the following statements?” (1 = to a small extent, 5 = to a large extent). The scale included two items adapted from Konovsky and Folger (1991), e.g., “I would have no problem at all in

recommending [name of firm] to others” and one item developed for this study: “Since I have left the firm, I have tried to help [name of firm] get more business.” The PEC measure was also informed in part by Iyer et al.’s (1997) measure of inclination to benefit.

4.3.2 Analyses and Results⁷

Table 2 includes the means, standard deviations, reliabilities, and correlations among the variables.

The primary analyses consisted of three parts. First, the procedures recommended by Anderson and Gerbing (1988) were followed to examine whether the proposed measurement model reached an acceptable fit to the data through confirmatory factor analysis. Once an acceptable measurement model was derived, the partially mediated structural model was tested. Second, on the basis of the procedure recommended by Holmbeck (1997), the partially mediated structural model was compared with the fully mediated structural model to select the best-fitting mediated structural model for testing the significance of the indirect (or mediated) effects. A comparison was also made against a structurally saturated model. Maximum likelihood estimation method in Amos (Version 18, Arbuckle, 2009) was used to examine the measurement and structural models. Five indices were used to assess the goodness of fit of the models: the goodness of fit index (GFI), the adjusted goodness of fit index (AGFI), the root mean square error of approximation (RMSEA), the comparative fit index (CFI), and the parsimony normed fit index (PNFI). Finally, the third part of the analyses evaluated the significance levels of the indirect effects through the bootstrap procedure recommended by Shrout and Bolger (2002).

⁷ Study 1 hypotheses were also tested using the Baron and Kenny (1986) causal steps approach for testing a mediation analysis. The regression results were consistent with the results reported. The causal steps approach has been criticized in recent literature (Hayes, Preacher, & Myers, in press; Preacher & Hayes, 2008a; Preacher & Hayes, 2008b; Taylor, MacKinnon, & Tein, 2008). Also, this procedure is among the lowest in power among tests of mediation (MacKinnon, Lockwood, Hoffman, West, & Sheets, 2002; MacKinnon, Lockwood, & Williams, 2004). Therefore, structural equation modeling was determined to be the preferable approach for testing and reporting. Control variables for respondent sex, age, tenure with the firm, time period since departure, and level of current contact with the firm were not significant in either testing methodology. All p-values reported in Study 1 are two-tailed.

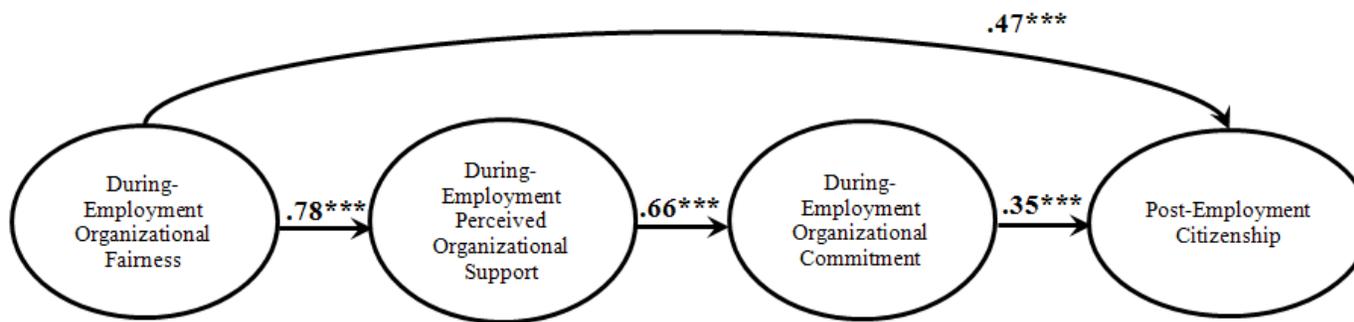
4.3.2.1 Measurement Model

The initial test of the measurement model resulted in a good fit to the data, $\chi^2 (71, N = 244) = 104.30, p < .01$ (GFI = .944; AGFI = .917; CFI = .986; PNFI = .748; RMSEA = .044). As presented in Table 3, all of the loadings of the measured variables on the latent variables were statistically significant at $p < .001$. Therefore, all of the latent variables appear to have been adequately measured by their respective indicators.

4.3.2.2 Structural Model

The hypothesized partially mediated structural model (see Figure 1) was tested with the maximum likelihood methods in Amos with the same fit indices used above. The structural model provided a good fit to the data, $\chi^2 (73, N = 244) = 106.64, p < .01$ (GFI = .943; AGFI = .918; CFI = .986; PNFI = .769; RMSEA = .044). All paths were significant at $p < .001$. Next, following the recommendation to examine other comparative models against the hypothesized model (see Martens, 2005) a fully mediated model and a structurally saturated model were compared against the hypothesized partially mediated model. In the fully mediated model, the direct path from fairness to post-employment citizenship was constrained to zero. Results of the fully mediated model provided a good fit to the data, $\chi^2 (73, N = 244) = 153.88, p < .001$ (GFI = .918; AGFI = .883; CFI = .967; PNFI = .764; RMSEA = .067). However, a chi-square difference test comparing the models showed a statistically significant difference between the partially and fully mediated models, $\chi^2 (1, N = 244) = 47.23, p < .001$. Thus, the hypothesized partially mediated model, with the inclusion of the direct path from fairness to post-employment citizenship, had a better fit to the data. Next, a structurally saturated model was compared against the hypothesized partially mediated model. In the structurally saturated model, paths were added from fairness to organizational commitment, and from perceived organizational support to post-employment citizenship (i.e., no paths were constrained to zero). Results of this model also provided a good fit to the data, $\chi^2 (71, N = 244) = 104.30, p < .001$ (GFI = .944; AGFI = .917; CFI = .986; PNFI = .748; RMSEA = .044). However, the chi-square difference test

comparing the hypothesized and structurally saturated models showed no statistically significant difference between the models, $\chi^2 (2, N = 244) = 2.34, p = .311$, and neither of the added paths were significant in the new model. Therefore, the addition of the two paths did not add to the fit of the model. As such, the hypothesized partially mediated model was selected as the best fit to the data and was subsequently used in the bootstrap procedure. The standardized parameter estimates for the hypothesized partially mediated model are shown in Figure 3.



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*** $p < .001$

Figure 3 Standardized Parameter Estimates of the Partially Mediated Model

4.3.2.3 Bootstrapping

The bootstrap procedure recommended by Shrout and Bolger (2002) was used to examine the significant levels of indirect effects for the hypothesized model. Indirect effects are not normally distributed, therefore performing Z-tests using standard errors may produce inaccurate results. Bootstrap procedures offer an empirical determination of statistical significance while circumventing the need for multivariate normality (Efron & Tibshirani, 1993) by providing asymmetric confidence limits. If the 95 percent confidence interval (CI) for the indirect effect estimate does not include zero, it can be concluded that the indirect effect is statistically significant at the .05 level (Shrout & Bolger, 2002). Hayes (2009) recommended bootstrapping as the preferable approach for testing indirect effects and suggested the use of at least 5,000 bootstrap data samples. To conduct the bootstrap, 10,000 bootstrap data samples were created by randomly sampling with replacement from the original data set ($N = 244$) using Amos (Version 18). Table 4 shows the bootstrap estimates for the direct and indirect effects, standard errors, and confidence intervals. In the bootstrap procedure, the mediated pathway from fairness through POS and OC to PEC ($b = .78 \times .66 \times .35 = .18$) was significant (the 95 percent CI values did not include zero). Fairness and perceived organizational support together explained 43 percent of the variance in organizational commitment. In turn, fairness, perceived organizational support, and organizational commitment explained 51 percent of the variance in post-employment citizenship. The results support Study 1's hypotheses.

4.3.2.4 Robustness

Participants were also asked a series of yes or no questions relating to actual benefits they may have provided their former firm. Participants were asked "The following questions refer to actual benefits you may have provided [name of firm]. Please respond to the following yes or no questions." The four items were as follows: "I have purchased audit services from [name of firm]"; "I have purchased other services from [name of firm]"; "I have referred [name of firm] to those seeking professional services, either within my current organization or other

organizations”; and “I have recommended [name of firm] to those interested in working there” (Yes or No). These items were informed in part by Iyer (1998). If a participant responded yes to one or more of these items the participant was considered a benefiter, if not, the participant was considered a non-benefiter. The dichotomous dependent variable is termed “PEC Group” and is equal to 1 if the respondent was a benefiter, 0 if otherwise. The independent variables (fairness, POS, commitment) were consistent with the measures outlined earlier. Control variables for sex, age, tenure, time elapsed since departure from firm, and level of current contact with firm were included in Step 1 of each hierarchical regression equation. Measurement of the control variables is discussed in a subsequent section.

As Amos does not allow for dichotomous endogenous variables, the Baron and Kenny (1986) causal steps approach for testing a mediation analysis was performed. The regression results were consistent with the results reported for the continuous variable, PEC. Figure 4 illustrates the paths tested under the causal steps approach.

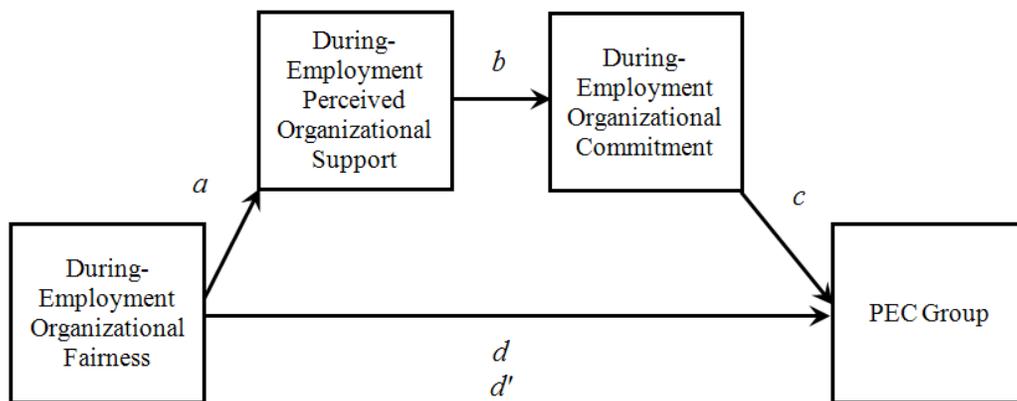


Figure 4 Path Model for Robustness Test

Table 5 includes the means, standard deviations, reliabilities, and correlations among the variables included in the robustness test. As presented in Table 6, the path from organizational fairness to POS (path *a*) was significant ($p < .001$). Path *b*, the path from POS to

commitment was also significant as shown in Table 7 ($p < .001$). As presented in Table 7, organizational fairness declined in significance from Step 2 ($p < .001$) to Step 3 ($p < .01$), indicating that POS partially mediated the effect of fairness on organizational commitment. As presented in Table 8, Step 4, organizational commitment was a significant predictor of PEC Group ($p < .05$), after controlling for the control variables, fairness, and POS. Both fairness and POS declined in significance from Step 3 to Step 4. Fairness remained significant at Step 4 ($p < .10$)⁸ indicating that POS and commitment partially mediated the effect of fairness on PEC Group. It is reasonable to conclude that three-path partial mediation is likely at work as all paths tested in Figure 4 are significant. Specifically, it appears that POS and organizational commitment partially mediated the positive effect of organizational fairness on PEC Group. The results of the robustness test indicate that the results outlined earlier for the continuous variable, PEC, generalize to the dichotomous variable, PEC Group, representing the respondent categories of benefitters and non-benefitters.

4.4 Study 2 – Layoff Victims

The average age of layoff victims was 34.2 years ($SD = 9.0$), mean tenure with the firm was 5.5 years ($SD = 3.7$), and mean time elapsed from their last day with the firm to the time of survey completion was 3.7 years ($SD = 6.1$). Table 9 presents additional demographic information for layoff victims.

4.4.1 Measures

Predictors were measures of procedural fairness of the layoff decision and prior organizational commitment. The criterion variable was post-employment citizenship. Complete scales used for independent and dependent variables are included in Appendix B.

Procedural Fairness of the Layoff Decision. A seven-item scale for procedural justice (PJ) adapted from Colquitt (2001) was used in this study. Participants were given the following

⁸ Given that the literature indicates that fairness is positively related to favorable organizational outcomes, a directional hypothesis would be appropriate in this instance and fairness would remain a significant predictor of PEC Group at Step 4 (one-tailed $p < .05$).

instructions: “The following items refer to the procedures used to arrive at [name of firm]’s decision to lay you off.” An example of the item format is as follows: “To what extent were those procedures applied consistently?” (1 = to a small extent, 5 = to a large extent).

Prior organizational commitment and PEC in Study 2 were measured in a manner consistent with the during-employment organizational commitment and PEC measures, respectively, described in Study 1.

Control Variables. Control variables included tenure with firm, time period elapsed since the respondent left the firm, sex, age, and the level of current contact with the former firm. Tenure and time period since exit from firm was obtained by asking respondents to provide their start and exit dates. Respondents were also asked their age and sex. The level of current contact with the firm was assessed by the following item developed for this study: “To what extent do you keep in contact with former colleagues who are still with [name of firm]?” (1 = to a small extent, 5 = to a large extent).

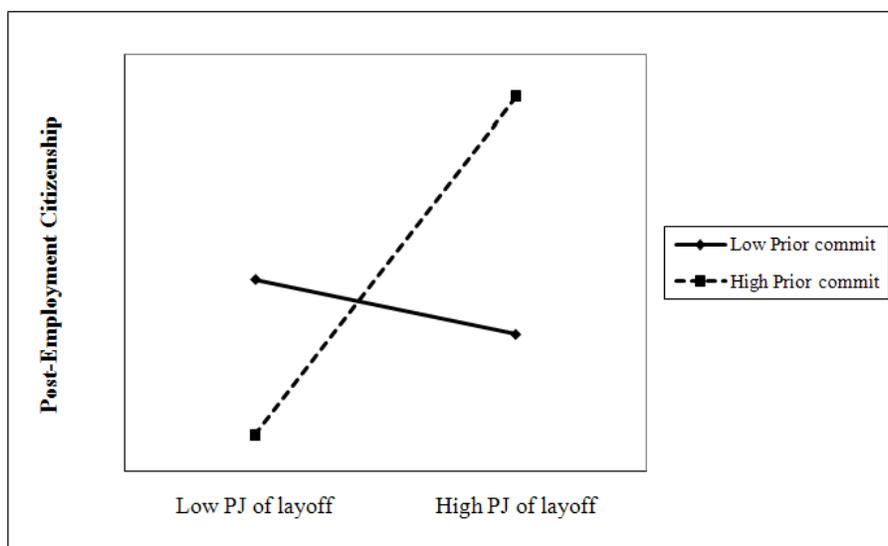
4.4.2 Analyses and Results

Table 10 includes the means, standard deviations, reliabilities, and correlations among the variables.

Three-step hierarchical regression analysis was performed for the outcome variable, post-employment citizenship. At Step 1, the control variables of sex, age, tenure, time elapsed, and contact were entered, followed by prior commitment and procedural fairness (i.e., procedural justice [PJ]) of the layoff decision at Step 2. Hypothesis 4 stated that PJ of the layoff decision will be positively related to victims’ post-employment citizenship (PEC). As presented in Table 11, Step 2, procedural justice of the layoff is significantly positively related to PEC (one-tailed $p < .05$),⁹ providing support for H4. To test the hypothesis that prior commitment moderates the relationship between procedural fairness of the layoff decision and post-employment citizenship among layoff victims, I entered the interaction term at Step 3 in the

⁹ Given prior research and a directional hypothesis, a one-tailed test of H4 is deemed appropriate.

regression equation. The change in variance explained at Step 3 was significant when predicting post-employment citizenship ($\Delta R^2 = .12, p < .01$). I followed the procedures recommended by Aiken and West (1991) to interpret the nature of this interaction effect, in which predicted values of the relationship between PJ of layoff and post-employment citizenship were plotted at a high level of prior commitment (one *SD* above the mean) and at a low level of prior commitment (one *SD* below the mean). As can be seen in Figure 5, prior commitment moderated the relationship between procedural fairness of the layoff decision and victims' PEC such that the positive relationship was more pronounced when prior commitment was relatively high. When prior commitment and PJ of layoff were both high, PEC was the highest. However, when prior commitment was high but PJ of layoff was low, PEC was the lowest. In sharp contrast, when prior commitment was low, there was no relationship between PJ of the layoff and PEC. The results support H5 and are consistent with Brockner et al.'s (1992) "the higher they are, the harder they fall" findings.



Prior commit = Prior commitment (organizational [affective] commitment prior to layoff);
 PJ of layoff = Procedural fairness of the layoff decision

Figure 5 Interaction between Prior Commitment and Procedural Fairness of the Layoff Decision on Victims' Post-Employment Citizenship

CHAPTER 5

DISCUSSION

5.1 Study 1 – Voluntary Leavers

5.1.1 Discussion of Results

In this study I examined why some voluntary leavers more than others choose to benefit their former firm. It was hypothesized that post-employment citizenship would be driven by a continuing social exchange relationship between the ex-employee and the firm, and that the social exchange relationship would partially mediate the relationship between organizational fairness and post-employment citizenship. Stated explicitly, organizational fairness would predict perceived organizational support, which would in turn predict organizational commitment. Organizational commitment would predict post-employment citizenship, and perceived organizational support and organizational commitment would partially mediate the relationship between organizational fairness and post-employment citizenship. The results provide evidence consistent with the hypotheses and empirically support the linkages proposed by the target similarity model (Lavelle et al., 2007).

5.1.2 Contribution

The organizational literature has shown that social exchange relationships predict favorable organizational outcomes during worker tenure. By examining whether favorable organizational outcomes from high quality relationships continue *after* worker tenure is over, I test and extend the boundaries of social exchange theory's predictive ability. Seemingly, this is the first study to simultaneously examine the relationships among all four constructs (fairness, perceived support, commitment, and citizenship) of the target similarity model. Prior research examining inclination to benefit (similar to PEC) included organizational prestige, socialization

process, personnel counseling, mentor relationship, sentimentality, and identification as predictors reported a GFI of .808 (Iyer et al., 1997). My model with a GFI of .943 suggests the importance of considering social exchange variables to improve our understanding of PEC. In particular, this research contributes to existing evidence that fair treatment of employees can lead to favorable organizational outcomes after employee tenure with the firm has ended. This is particularly important in industries such as public accounting, where ex-employees are often in the relatively unique position of being able to significantly benefit their former firm. To illustrate, 76 percent of voluntary leavers in this study had recommended their former firm to those interested in working there, 53 percent had referred the firm to those seeking professional services, and 33 percent had actually purchased professional services (e.g., audit services) from their former firm.

5.1.3 Limitations

This study has limitations, including exclusive reliance on self-report data that may raise concerns related to common method variance. Procedural and statistical remedies discussed in Podsakoff et al. (2003) were employed to mitigate such concerns. For example, respondent anonymity was guaranteed in an effort to reduce evaluation apprehension, and predictor and criterion variables were separated psychologically. In addition, based on Podsakoff et al.'s (2003) recommendation, I conducted an analysis using a model that controlled for the effects of an unmeasured latent methods factor, and all hypothesized structural parameters remained strongly significant. The use of a longitudinal design, with during-employment data actually gathered over the respondents' employment with the firm, and the use of multiple measures from multiple sources would improve the ability to make causal statements in future research.

Reports in this study are also retrospective in nature and although this is consistent with prior research (e.g., Iyer et al., 1997; Marxen, 1996; Lind et al., 2000) this approach raises concerns of hindsight bias and failure of accurate recollection. While the average employee left the firm eight years ago, my findings are conceptually similar to studies examining predictors of

OCB with current employees (e.g., Lavelle et al., 2009). Also, the retrospective accounts in this study involve facts or behaviors and thus are likely to be more accurate than accounts of past beliefs and intentions, which are more subjective and more vulnerable to the effects of cognitive biases and faulty memory (Golden, 1992). Further, time elapsed since departure from the firm was not significant in the analysis and the average time lapse of 8.3 years in this study is less than the average of 10.9 years reported in Iyer et al. (1997).

5.1.4 Implications

My research suggests that social exchange continues after the employee leaves the firm through post-employment citizenship and this citizenship contributes to the success of the former firm. It is critical for organizations to treat employees fairly during their time at the firm. Employees thus are more likely to help their firm, even after they leave. Antecedents of perceived organizational support other than fairness have been found to be developmental experiences, promotions, and tenure (Wayne, Shore, & Liden, 1997) and feelings of competence, personal responsibility, pay, and benefits (Stinglhamber & Vandenberghe, 2003). Other antecedents of affective commitment have been documented to be personal characteristics, job characteristics, work experiences, and structural characteristics (Allen & Meyer, 1990) and feelings of competence and personal responsibility (Stinglhamber & Vandenberghe, 2003).

Both perceived organizational support and organizational commitment indicate the presence of a social exchange relationship between the employee and the firm. Prior literature has shown that this relationship results in favorable organizational outcomes *during* worker tenure with the firm. This study demonstrates that the favorable organizational outcomes resulting from this relationship may continue *after* worker tenure with the firm has ended.

5.2 Study 2 – Layoff Victims

5.2.1 Discussion of Results

In this study, I examined why some layoff victims more than others choose to benefit their former firm. It was hypothesized that procedural fairness of the layoff decision would be positively associated with post-employment citizenship and that this relationship would be moderated by victims' commitment to the organization prior to the layoff. In particular, I expected that: when prior commitment and procedural fairness were both high, PEC would be the highest; when prior commitment was high but procedural fairness was low, PEC would be the lowest. The results provide evidence consistent with the hypotheses.

5.2.2 Contribution

This is the first examination of the interaction between prior commitment and PJ of the layoff decision on citizenship from a layoff *victim* perspective. This is particularly important in industries such as public accounting where layoff victims are often in the relatively unique position of being able to significantly benefit their former firm. To illustrate, 59 percent of the layoff victims in this study had recommended their former firm to those interested in working at the firm, 31 percent had referred the firm to those seeking professional services, and 14 percent had actually purchased professional services (e.g., audit services) from their former firm.

5.2.3 Limitations

This study has limitations, including exclusive reliance on self-report data. As in Study 1, procedural and statistical remedies were used to allay concerns related to common method variance. The hypothesized model and a model which controlled for the effects of an unmeasured latent methods factor (recommended by Podsakoff et al., 2003) were also tested using structural equation modeling, and the hypothesized interaction was significant in both models. However, my ability to make causal statements remains limited.

5.2.4 Implications

For organizations, the results emphasize the importance of procedural fairness in the handling of layoffs. Treating employees fairly on the way out is critical for organizations, especially in poor economic times when layoffs are more widespread. Fair treatment during a layoff may very well pay off in the future, with victims actually providing new business for the firm that laid them off. A poorly executed layoff, however, can essentially end a high-quality social exchange relationship that may have previously existed between an employee and organization, and preclude any post-employment citizenship.

CHAPTER 6

SUMMARY AND CONCLUSION

This research examined why some ex-employees more than others choose to benefit their former firm (post-employment citizenship [PEC]). The research involved two sets of ex-employees of a Big Four accounting firm. Study 1 involved individuals who left the firm voluntarily (voluntary leavers) and Study 2 involved ex-employees who were laid-off (layoff victims). Individual emails were sent to survey recruits from an alumni database with a link to an internet-based survey site which hosted the anonymous survey. In total, 303 ex-employees completed the survey - 244 voluntary leavers and 59 layoff victims.

Among voluntary leavers, it was hypothesized that PEC would be driven by a continuing social exchange relationship between the ex-employee and the firm, and that the social exchange relationship would partially mediate the positive relationship between during-employment organizational fairness and PEC. Stated explicitly, organizational fairness would predict perceived organizational support which in turn would predict organizational commitment during employee tenure with the firm. Organizational commitment would predict post-employment citizenship, and perceived organizational support and organizational commitment would partially mediate the positive relationship between organizational fairness and post-employment citizenship. The results provided evidence consistent with the hypotheses and empirically support the linkages proposed by the target similarity model (Lavelle et al., 2007).

The organizational literature has shown that social exchange relationships predict favorable organizational outcomes *during* worker tenure. By examining whether favorable organizational outcomes from high quality relationships continue *after* worker tenure is over, I test and extend the boundaries of the predictive ability of social exchange theory. This is the

first study to simultaneously examine the relationships among all four constructs (fairness, perceived support, commitment, and citizenship) of the target similarity model. Prior research examining inclination to benefit (similar to PEC) included organizational prestige, socialization process, personnel counseling, mentor relationship, sentimentality, and identification as predictors reported a GFI of .808 (Iyer et al., 1997). My model with a GFI of .943 suggests the importance of considering social exchange variables to improve our understanding of PEC.

Among layoff victims, it was hypothesized that procedural fairness of the layoff decision would be positively associated with post-employment citizenship and that this relationship would be moderated by victims' commitment to the organization prior to the layoff. In particular, I expected that: when prior commitment and procedural fairness were both high, PEC would be the highest; when prior commitment was high but procedural fairness was low, PEC would be the lowest. The results provide evidence consistent with the hypotheses.

This is the first examination of the interaction between prior commitment and PJ of the layoff decision on citizenship from a layoff *victim* perspective. For organizations, the results emphasize the importance of procedural fairness in the handling of layoffs. Treating employees fairly on the way out is critical for organizations, especially in poor economic times when layoffs are more widespread. Fair treatment during a layoff may very well pay off in the future, with victims actually providing new business for the firm that laid them off. A poorly executed layoff, however, can essentially end a high-quality social exchange relationship that may have previously existed between an employee and organization, and preclude any post-employment citizenship.

Taken as a whole my research contributes to existing evidence that fair treatment of employees can lead to favorable organizational outcomes after employee tenure with the firm has ended. This is particularly important in industries such as public accounting where ex-employees are often in the relatively unique position of being able to significantly benefit their former firm.

APPENDIX A

TABLES

Table 1. Demographic Information of Respondents

N = 244

<u>Function with firm:</u>			<u>Gender:</u>		
Audit	211	86%	Male	123	50%
Audit support professional	33	14%	Female	121	50%
Total	244	100%	Total	244	100%
<u>Last job title with firm:</u>			<u>Average age (in years):</u>		
Staff	31	13%	Median:	37.1	
Senior/In-charge	137	56%	Standard deviation:	36.3	
Manager	44	18%		9.0	
Senior Manager	28	11%	<u>Average tenure (in years):</u>		
Partner	4	2%	Median:	4.2	
Total	244	100%	Standard deviation:	3.6	
<u>Current occupation:</u>			Average time period elapsed		
Controller	25	10%	<u>since leaving firm (in years):</u>		
Managerial Staff	35	14%	Median:	8.3	
Miscellaneous Industry	46	19%	Standard deviation:	6.1	
Public Accounting	22	9%		8.1	
Staff Accountant	24	10%	<u>Last practice office with firm:</u>		
Treasurer/Officer	60	25%	Dallas	113	46%
Other	32	13%	Chicago	19	8%
Total	244	100%	Fort Worth	27	11%
			Houston	40	16%
			New York	16	7%
			Other	29	12%
			Total	244	100%

Table 2. Means, Standard deviations, Reliabilities,^a and Correlations among Variables

N = 244

Variable	Mean	SD	1	2	3	4
1 Fairness	5.00	1.44	(.96)			
2 POS	4.23	1.35	.72	(.87)		
3 OC	4.90	1.35	.51	.56	(.84)	
4 PEC	3.34	0.95	.59	.52	.51	(.76)

Note: Fairness = during-employment organizational fairness; POS = during-employment perceived organizational support; OC = during-employment organizational commitment; PEC = post-employment citizenship.

Fairness, POS, and OC were measured using a 7-point scale; PEC was measured using a 5-point scale.

^a Scale reliabilities (Cronbach's α) appear in parentheses on the diagonal.

All correlations are significant at $p < .01$.

Table 3. Factor Loadings for the Measurement Model*N* = 244

Measured variable	Unstandardized factor loading	<i>SE</i>	<i>Z</i>	Standardized factor loading	
Fairness					
Fairness1	1.03	0.03	30.26	0.96	***
Fairness2	1.05	0.04	26.92	0.93	***
Fairness3	1.00			0.94	***
POS					
POS1	1.36	0.12	11.45	0.85	***
POS2	1.49	0.13	11.71	0.88	***
POS3	1.42	0.13	10.86	0.79	***
POS4	1.00			0.67	***
Commitment					
OC1	0.81	0.08	10.45	0.70	***
OC2	1.12	0.10	11.64	0.78	***
OC3	0.99	0.09	11.56	0.78	***
OC4	1.00			0.76	***
PEC					
PEC1	2.52	0.43	5.85	0.92	***
PEC2	2.44	0.42	5.84	0.92	***
PEC3	1.00			0.37	***

*** *p* < .001

Table 4. Bootstrap Analysis of the Magnitude and Statistical Significance of the Direct and Indirect Effects
N = 244

Independent variable	Mediator variables	Dependent Variable	β standardized indirect effect	B mean indirect effect ^a	SE of mean ^a	95% CI ^a	
						lower	upper
Fairness →		POS	0.78	0.545	0.066	0.423	0.685
Fairness →		PEC	0.47	0.147	0.034	0.088	0.221
POS →		OC	0.66	0.867	0.127	0.646	1.144
OC →		PEC	0.35	0.116	0.032	0.062	0.191
Fairness →	POS →	OC	(.78 x .66) =	0.51	0.473	0.090	0.649
Fairness →	POS → OC →	PEC	(.78 x .66 x .35) =	0.18	0.055	0.018	0.090

^a These values based on unstandardized path coefficient. CI = confidence interval

Table 5. Means, Standard Deviations, Reliabilities,^a and Correlations among Variables

N = 244

Variable	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	7	8	9
1 Sex	0.51	0.50	--								
2 Age	35.51	11.62	0.21**	--							
3 Tenure	4.08	2.88	0.11	0.39**	--						
4 Time elapsed	11.87	19.82	0.11	-0.10	-0.20**	--					
5 Contact	3.15	1.42	-0.04	-0.17**	0.02	-0.19**	--				
6 Fairness	4.99	1.45	0.06	0.18**	0.09	0.02	0.05	(.96)			
7 POS	4.23	1.36	-0.01	0.09	0.08	-0.09	0.17**	0.72**	(.87)		
8 OC	4.90	1.35	-0.05	0.16*	0.23**	-0.01	0.19**	0.52**	0.56**	(.84)	
9 PEC Group	0.83	0.37	0.06	0.15*	0.08	0.03	0.03	0.33**	0.28	0.31**	--

55

Note: Sex = respondent sex; Age = respondent age in years; Tenure = tenure with the firm in years; Time elapsed = time period elapsed from last day of employment with firm to date of survey completion; Contact = level of contact with current members of former firm; Fairness = during-employment organizational fairness; POS = during-employment perceived organizational support; OC = during-employment organizational (affective) commitment; PEC Group = dichotomous variable equal to 1 if benefiter, 0 otherwise.

Fairness, POS, and OC were measured using a 7-point scale, PEC Group = 1 if benefiter, 0 otherwise

^a Scale reliabilities (Cronbach's α) appear in parentheses on the diagonal.

* Correlation significant at $p < .05$ (two-tailed)

** Correlation significant at $p < .01$ (two-tailed)

Table 6. Hierarchical Regression Results. Dependent Variable: Perceived Organizational Support. Path from Figure 4 Tested: a

N = 244

Independent Variable	β	<i>B</i>	SE	t-stat	two-tailed p-value
Step 1					
Sex	-0.0235	-0.0636	0.1775	-0.3584	0.7204
Age	0.1144	0.0134	0.0083	1.6024	0.1104
Tenure	0.0221	0.0104	0.0330	0.3155	0.7526
Time elapsed	-0.0380	-0.0026	0.0046	-0.5705	0.5689
Contact	0.1810	0.1737	0.0631	2.7523	0.0064**
Change in R ²	0.0467*				
Step 2					
Fairness	0.7179	0.6715	0.0421	15.9388	0.0000***
Change in R ²	0.4932***				
Adjusted R ²	0.5283				
F	46.3522				
p-value	0.0000***				

* $p < .05$

** $p < .01$

*** $p < .001$

Table 7. Hierarchical Regression Results. Dependent Variable: Organizational Commitment. Path from Figure 4 Tested: *b*

N = 244

Independent Variable	β	<i>B</i>	SE	t-stat	two-tailed p-value
Step 1					
Sex	-0.1044	-0.2818	0.1699	-1.6590	0.0984
Age	0.1610	0.0187	0.0080	2.3448	0.0199*
Tenure	0.1898	0.0890	0.0316	2.8202	0.0052**
Time elapsed	0.1019	0.0069	0.0044	1.5901	0.1131
Contact	0.2312	0.2207	0.0604	3.6550	0.0003***
Change in R ²	0.1182***				
Step 2					
Fairness	0.4827	0.4491	0.0502	8.9542	0.0000***
Change in R ²	0.2229***				
Step 3					
Fairness	0.2203	0.2050	0.0689	2.9754	0.0032**
POS	0.3655	0.3635	0.0738	4.9266	0.0000***
Change in R ²	0.0614***				
Adjusted R ²	0.3848				
F	22.7137				
p-value	0.0000***				

* $p < .05$

** $p < .01$

*** $p < .001$

**Table 8. Hierarchical Logistic Regression Results. Dependent Variable: PEC Group.
Paths from Figure 4 Tested: *c*, *d*, *d'***

N = 244

Independent Variable	Coefficient	SE	Wald stat	two-tailed p-value		Path tested
Step 1						
Sex	0.1439	0.3571	0.1624	0.6870		
Age	0.0357	0.0168	4.5308	0.0333		
Tenure	0.0253	0.0723	0.1228	0.7260		
Time elapsed	0.0091	0.0093	0.9713	0.3243		
Contact	0.1200	0.1245	0.9297	0.3350		
Step 2***						
Fairness	0.5599	0.1282	19.0810	0.0000	***	<i>d</i>
Step 3						
Fairness	0.4027	0.1773	5.1604	0.0231	**	
POS	0.2459	0.1969	1.5588	0.2118		
Step 4**						
Fairness	0.3164	0.1855	2.9093	0.0881	*	<i>d'</i>
POS	0.1429	0.2070	0.4765	0.4900		
OC	0.3578	0.1660	4.6472	0.0311	**	<i>c</i>
-2 log likelihood	185.9200					
Chi-square	35.0230					
p-value	0.0000***					
Cox & Snell Pseudo R ²	0.1340					

* *p* < .10
 ** *p* < .05
 *** *p* < .001

Table 9. Demographic Information of Respondents

N = 59

By function with former firm:	Audit	49	83%
	Audit support professional	<u>10</u>	17%
	Total	59	
By last job title with firm:	Staff	10	17%
	Senior	25	42%
	Manager	13	22%
	Senior Manager	10	17%
	Partner	<u>1</u>	2%
	Total	59	
By current occupation:	Controller	3	5%
	Staff Accountant	5	8%
	Managerial Staff	15	25%
	Public Accounting	4	7%
	Treasurer/Financial Executive	6	10%
	Miscellaneous Industry	22	37%
	Other	<u>4</u>	7%
	Total	59	
By gender:	Male	30	51%
	Female	<u>29</u>	49%
	Total	59	
By last practice office with firm:	Dallas	18	31%
	Chicago	11	19%
	Houston	10	17%
	New York	10	17%
	Other	<u>10</u>	17%
	Total	59	

Table 10. Means, Standard Deviations, Reliabilities,^a and Correlations among Variables
N = 59

Variable	Mean	SD	1	2	3	4	5	6	7	8
1 Sex	0.49	0.50	-							
2 Age	34.20	8.89	0.04	-						
3 Tenure	5.55	3.65	0.08	0.49**	-					
4 Time elapsed	3.66	6.08	-0.08	0.63**	0.00	-				
5 Contact	3.55	1.29	0.06	-0.13	0.21	-0.39**	-			
6 Prior commit	4.73	1.21	0.03	-0.05	0.21	-0.16	0.16	(.76)		
7 PJ of layoff	1.88	0.73	-0.12	-0.05	0.01	-0.02	-0.04	0.11	(.84)	
8 Citizenship	2.97	0.93	0.17	0.24	0.17	-0.03	0.18	0.14	0.20	(.71)

Note: Sex = respondent sex; Age = respondent age in years; Tenure = tenure with the firm in years; Time elapsed = time period elapsed from last day of employment with firm to date of survey completion; Contact = level of contact with current members of former firm; Prior commit = organizational (affective) commitment prior to the layoff; PJ of layoff = procedural fairness of layoff decision; Citizenship = post-employment citizenship.

^a Scale reliabilities (Cronbach's α) appear in parentheses on the diagonal, where applicable.

** significant at $p < 0.01$ (two-tailed).

Table 11. Hierarchical Regression Results. Dependent Variable: Post-Employment Citizenship

N = 59

Independent variable	β	<i>B</i>	SE	t-stat	two-tailed p-value
Step 1					
Sex	0.127	0.234	0.235	0.996	0.324
Age	0.482	0.050	0.022	2.284	0.026**
Tenure	-0.113	-0.029	0.042	-0.682	0.498
Time elapsed	-0.265	-0.041	0.030	-1.372	0.176
Contact	0.158	0.114	0.102	1.117	0.269
Change in R ²	0.157*				
Step 2					
Prior commit	0.096	0.074	0.100	0.742	0.461
PJ of layoff	0.234	0.297	0.159	1.865	0.068*
Change in R ²	0.067				
Step 3					
Prior commit x PJ of layoff	1.782	0.374	0.127	2.945	0.005***
Change in R ²	0.115***				
Adjusted R ²	0.233				
F	3.197				
p-value	0.005***				

Note: Sex = respondent sex; Age = respondent age in years; Tenure = tenure with the firm in years; Time elapsed = time period elapsed from last day of employment with firm to date of survey completion; Contact = level of contact with current members of former firm; Prior commit = organizational (affective) commitment prior to the layoff; PJ of layoff = procedural fairness of layoff decision.

* $p < .10$
 ** $p < .05$
 *** $p < .01$

APPENDIX B

SCALES USED FOR INDEPENDENT AND DEPENDENT VARIABLES

During-Employment Organizational Fairness (applicable only for Study 1 respondents)

Please indicate the extent to which you agree or disagree with the following statements (Seven-point scale ['strongly disagree' to 'strongly agree']):

1. Overall, I was treated fairly by [name of firm]
2. In general, I could count on [name of firm] to be fair
3. In general, the treatment I received while I was around [name of firm] was fair

During-Employment Perceived Organizational Support (applicable only for Study 1 respondents)

These questions ask you your opinions about [name of firm] prior to your exit from the firm. You may still feel this way or you may not. In answering these questions, put yourself back in time and answer the questions with regard to how you felt while with [name of firm], not necessarily how you feel now.

Please indicate the extent to which you agree or disagree with the following statements (Seven-point scale ['strongly disagree' to 'strongly agree']):

1. [name of firm] strongly considered my goals and values
2. [name of firm] really cared about my well-being
3. [name of firm] showed very little concern for me (R)
4. Help was available from [name of firm] when I had a problem

During-Employment Organizational Commitment

These questions ask you your opinions about [name of firm] prior to your exit from the firm. You may still feel this way or you may not. In answering these questions, put yourself back in time and answer the questions with regard to how you felt while with [name of firm], not necessarily how you feel now.

Please indicate the extent to which you agree or disagree with the following statements (Seven-point scale ['strongly disagree' to 'strongly agree']):

1. I enjoyed discussing [name of firm] with people outside it
2. I did not feel 'emotionally attached' to [name of firm] (R)
3. [name of firm] had a great deal of personal meaning for me
4. I did not feel a strong sense of belonging to [name of firm] (R)

Procedural Justice of Layoff (applicable only for Study 2 respondents)

The following items refer to the procedures used to arrive at [name of firm]'s decision to lay you off. To what extent: (Five-point scale ['to a small extent' to 'to a large extent']).

1. Were you able to express your views and feelings during those procedures?
2. Did you have influence over the layoff decision arrived at by those procedures?
3. Were those procedures applied consistently?
4. Were those procedures free of bias?

5. Were those procedures based on accurate information?
6. Were you able to appeal the layoff decision arrived at by those procedures?
7. Did those procedures uphold ethical and moral standards?

Post-Employment Citizenship

The following questions refer to your thoughts on [name of firm] now. To what extent do you agree with the following statements? (Five-point scale ['to a small extent' to 'to a large extent']).

1. I would encourage anyone interested in working for [name of firm] to accept a job there
2. I would have no problem at all in recommending [name of firm] to others
3. Since I have left the firm, I have tried to help [name of firm] get more business

PEC Group (applicable only for Study 1 robustness test)

The following questions refer to actual benefits you may have provided [name of firm]. Please respond to the following yes or no questions:

1. I have purchased audit services from [name of firm]
2. I have purchased other services from [name of firm]
3. I have referred [name of firm] to those seeking professional services, either within my current organization or other organizations
4. I have recommended [name of firm] to those interested in working there

APPENDIX C
COMPLETE SURVEY

RECRUITMENT EMAIL

SUBJECT: [name of firm]

Dear [Recruit Name]:

I was an audit manager with [name of firm] (2000-2007) and am now working toward my Ph.D. in Accounting. As part of a research project for my degree, I am hopeful you would be willing to complete a short (5 min.) survey based on your experience with [name of firm].

Participation is completely voluntary and anonymous. You may quit the survey at any time and [name of firm]'s name will remain confidential and will never be mentioned in reporting any results from this survey.

The title is "The Big Four Experience" and 1,000 participants are being recruited. You may need to copy/paste the link into your browser:

Clicking on the link confirms that you have read this message in its entirety, implying consent to participate.

http://www.surveymonkey.com/s.aspx?sm=zZUo_2fz4zoZt8sdtvF4wuRg_3d_3d

Please feel free to contact me should you have any questions.

Thank you,

David N. Herda, CPA
PhD Student
University of Texas at Arlington
dherda@uta.edu

The following questions refer to your thoughts on [name of firm] now. To what extent do you agree with the following statements? (N/A and 5-point scale with anchors of 1 = *to a small extent* and 5 = *to a large extent*).

1. I would like to see [name of firm] be our auditors (if they are not currently our auditors)
2. I would like to see [name of firm] provide us other services
3. If the right opportunity came along, I would return to work for [name of firm]
4. I would encourage anyone interested in working for [name of firm] to accept a job there
5. I would have no problem at all in recommending [name of firm] to others
6. Since I have left the firm, I have tried to help [name of firm] get more business

The following questions refer to actual benefits you may have provided [name of firm]. Please place check marks next to all that apply.

1. I have purchased audit services from [name of firm]
2. I have purchased other services from [name of firm]
3. I have referred [name of firm] to those seeking professional services, either within my current organization or other organizations
4. I have recommended [name of firm] to those interested in working there
5. I have helped [name of firm] receive timely payments for services
6. I have reapplied for employment at [name of firm]

To what extent do you keep in contact with former colleagues who are still with [name of firm]? (5-point scale with anchors of 1 = *to a small extent* and 5 = *to a large extent*).

These questions ask you your opinions about [name of firm] *prior* to your exit from the firm. You may still feel this way or you may not. In answering these questions, put yourself back in time and answer the questions with regard to how you felt *while with [name of firm]*, not necessarily how you feel *now*.

Please indicate the extent to which you agree or disagree with the following statements:

Seven-point scale ('strongly disagree' to 'strongly agree').

1. I enjoyed discussing [name of firm] with people outside it
2. I did not feel 'emotionally attached' to [name of firm] (R)
3. [name of firm] had a great deal of personal meaning for me
4. I did not feel a strong sense of belonging to [name of firm] (R)
5. [name of firm] strongly considered my goals and values
6. [name of firm] really cared about my well-being
7. [name of firm] showed very little concern for me (R)
8. Help was available from [name of firm] when I had a problem

Please indicate the extent to which you agree or disagree with the following statements:

Seven-point scale ('strongly disagree' to 'strongly agree').

1. Overall, I was treated fairly by [name of firm]

2. In general, I could count on [name of firm] to be fair
3. In general, the treatment I received while I was around [name of firm] was fair

Were you laid off by [name of firm]?

- No
- Yes

(Applicable only if laid off):

The following items refer to the procedures used to arrive at [name of firm]'s decision to lay you off. To what extent: (5-point scale with anchors of 1 = *to a small extent* and 5 = *to a large extent*).

1. Were you able to express your views and feelings during those procedures?
2. Did you have influence over the layoff decision arrived at by those procedures?
3. Were those procedures applied consistently?
4. Were those procedures free of bias?
5. Were those procedures based on accurate information?
6. Were you able to appeal the layoff decision arrived at by those procedures?
7. Did those procedures uphold ethical and moral standards?

Please provide the following dates (approximate if necessary):

Joined [name of firm] MM/DD/YYYY
Exited [name of firm] MM/DD/YYYY

Please select your function while with [name of firm] (if more than one, select your last with the firm):

- Audit
- ERS
- Tax
- Other

Please select your last job title while with [name of firm]:

- Staff accountant
- In-charge
- Senior
- Manager
- Senior Manager
- Director
- Partner
- Other

Please select your current occupation:

- Controller
- Staff Accountant
- Managerial Staff
- Public Accounting
- Treasurer/Financial Executive

Miscellaneous Industry
Own CPA practice
Other

If other occupation, please specify: _____

Please select your sex:

Male
Female

Please provide your age: _____

Please indicate your [name of firm] practice office (if more than one, select last):

Austin
Dallas
Chicago
Fort Worth
Houston
New York
Phoenix
Other

If other, please specify office: _____

Thank you for completing the survey

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