ABSTRACT

A firm's ability to manage change is a critical dynamic capability today. However, organizational change has generally been associated with negative employee reactions and behaviors. The knowledge that change can be disruptive necessitates an understanding of the critical factors influencing employee outcomes under change. In this study, I examined how employees' perceptions regarding frequency and impact of change influenced change-specific cynicism, and in turn, their turnover intentions under conditions of continuous change. Data were collected from 350 employees in six outsourcing companies in India. Results indicated that employees' change perceptions predicted turnover intentions, and change-specific cynicism fully mediated this relationship.

KEYWORDS: Change-specific cynicism, Employee turnover intentions, Continuous change

INTRODUCTION

The pace of organizational change has increased substantially in recent years owing to factors such as consumer demand, globalization, cost pressures, and technological advancements (Huy, 2002; Longenecker, Neubert, & Fink, 2007). “Businesses are confronting continuous and unparalleled changes” (Madsen, Miller, & John, 2005, p. 213). This phenomenon of continuous change has been explained with the help of the continuous transformation model that has emerged during the last decade (Brown & Eisenhardt, 1997; Burnes, 2005). According to this model, organizations are considered analogous to complex systems in nature that need to undergo continuous transformations to survive (Brown & Eisenhardt, 1997; Stacey, 2003). An organization's ability to change continuously and fundamentally is, therefore, critical to its survival, especially in highly dynamic industries (Brown & Eisenhardt, 1997; Greenwald, 1996).

Therefore, it is important that organizations thrive in change (Madsen, Miller, & John, 2005). A firm's ability to adapt to and implement continuous change is fast emerging as a unique competitive advantage in today's dynamic business environment (Lines, 2005; Price, 2006; Todnem, 2005). Consequently, organizations are constantly under pressure to find ways to manage change effectively (Probst & Raisch, 2005). However, change involves some destruction due to “structural inertia” from contextual constraints, structural transformation, and/or personnel replacement (Boeker, 1989; Nelson & Winter, 1982). As a result, a majority of firms fail to develop this competency (Brodbeck, 2002; Burns, 2004). About 70% of change efforts result in failures (Beer & Nohria, 2000) and very few change projects achieve the desired objectives (Clarke, 1999; Probst & Raisch, 2005; Styhre, 2002). Moreover, change has often been associated with maladaptive work patterns and negative outcomes (Bovey & Hede, 2001; Probst, 2003).
The knowledge that change is a challenging phenomenon has compelled researchers to not only examine the negative outcomes of change, but also the antecedents associated with these outcomes. Such an investigation might improve our understanding of change and change-related behaviors. Employees exhibit various types of negative reactions during change such as cognitive, affective, and intentional responses (e.g., Armenakis & Bedeian, 1999; Bernerth, Armenakis, Feild, & Walker, 2007; Lines, 2005). While some of these antecedents and outcomes have often been researched, others have remained neglected.

**Purpose of Research**

An important category of variables to influence employee outcomes during change is personal factors including individual attitudes and perceptions (Fedor, Caldwell, & Herold, 2006; Piderit, 2000). However, research focusing on micro-level, individual-oriented issues of organizational change is still limited (Judge et al., 1999; Wanberg & Banas, 2000). Thus, the first goal of this study is to examine if employees' individual-level cognitive appraisals or perceptions about change impact their intentions to quit under continuous change. In this study, I include two distinct dimensions of change namely, change frequency and change impact.

The psychological and perceptual unpredictability associated with change, augmented by deficient change management efforts, has been known to induce several types of negative reactions among employees (such as cognitive, attitudinal, and intentional) (cf. Lines, 2005; Piderit, 2000; Smollan, 2006). Researchers have suggested that to predict employee behaviors accurately, change-related outcomes should be measured along these dimensions simultaneously (Lines, 2005; Piderit, 2000). Therefore, my second objective is to investigate if the relationship between employees' change perceptions and turnover intentions are mediated by their attitudinal reaction, i.e., change-specific cynicism.

Empirical studies examining the linkages among perceptual, attitudinal, and intentional reactions to change are minimal at best. In this study, I fill this gap in the literature by examining how employees' cognitive response to change (perceptions of change frequency and change impact) influences their attitudinal response (change-specific cynicism), which in turn, influences their behavioral intention (intention to quit). Thus, I argue that attitudinal reactions to change such as change-specific cynicism constitute first-level outcomes, and behavioral intentions such as turnover intentions are second-level outcomes of change. Figure 1 represents the hypothesized model.

**Figure 1: Hypothesized Mediation Model**
THEORETICAL BACKGROUND AND HYPOTHESES DEVELOPMENT

Organizational Change Theories

Traditionally change has been portrayed as a discrete event comprising a sequence of unfreezing, moving, and freezing (Lewin, 1951). This “planned approach” to change, characterized by being group-based, consensual, and slow, was criticized as being inflexible and inappropriate for situations requiring rapid change (Burnes, 2005; Peters & Waterman, 1982). In the 1970s, the “incremental approach” viewed change as a process where different parts of the organization changed incrementally and separately, one at a time, such that the organization would be transformed over time (Hedberg, Nystrom, & Starbuck, 1976; Quinn, 1982). In the 1980s, this approach gave way to the “punctuated equilibrium model” of organizational change which states that organizations evolve through relatively long periods of stability punctuated with short bursts of fundamental change (Romanelli & Tushman, 1994).

Another perspective that emerged in the 1980s was the “continuous transformation model” that rejected the earlier change approaches (Burnes, 2005). This model draws from complexity theories (cf. Manson, 2001; Resher, 1996; Stacey, 2003), which have been increasingly used by researchers to understand and promote organizational change (Black, 2000; Boje, 2000; Stacey, Griffin, & Shaw, 2002; Tetenbaum, 1998). The proponents of this model believe in the evolutionary nature of change and view an organization’s ability to change continuously and fundamentally as critical to its success, especially in fast-moving sectors such as retail and IT (Brown & Eisenhardt, 1997; Burnes, 2005; Stacey, 2003). Supporting the continuous transformation model (e.g., Brown & Eisenhardt, 1997; Higgs & Rowland, 2005), past researchers have argued that an evolutionary and complexity-theory based approach to change might bring greater insights (Sammut-Bonnici & Wensley, 2002).

Advocates of the complexity approach to change have used the approach to explain high failure rates of change initiatives. According to them, organizations are dynamic, complex, non-linear systems with a set of simple order-generating rules (MacIntosh & MacLean, 1999; Stacey, 2003). Most change efforts, however, involve a linear, top-down, transformational change approach instead of the self-organizing approach required for a complex system, resulting in failures (Higgs & Rowland, 2005; Styhre, 2002). Thus, change initiatives should be built around the principles of self-organizing to be successful which assumes a critical role of individual-level human activities in outcomes (Kiel, 1994). In this study, organizational change is viewed as a complex, continuous phenomenon and organizations as complex, nonlinear entities.

Employee Outcomes Under Continuous Change

Two levels of outcomes including attitudinal and intentional responses are included in this study. Change-specific cynicism constitute the first-level (attitudinal) outcome, whereas turnover intentions constitute the second-level (intentional) outcome. Understanding and managing these employee outcomes may be critical to an organization’s long term success. In the following section I explain these two levels of employee reactions and rationalize their inclusion in the present study.

Change-Specific Cynicism

Organizational changes often evoke strong attitudinal and emotional responses in employees (Basch & Fisher, 2000; Piderit, 2000). Researchers have advocated examining these reactions since these can undermine the success of change initiatives (Armenakis & Bedeian, 1999). For
example, McHugh (1997) reported many employees experiencing disaffection under constant change conditions. However, the attitudinal and affective domains have generally been neglected in change research in favor of cognitive and behavioral aspects (Mossholder et al., 2000). Given its critical role in organizational change and employee turnover (Armenakis & Bedeian, 1999, Bernerth et al., 2007; Oreg, 2006; Stanley et al., 2005), change-specific cynicism was included as the mediating outcome in this study.

Change-specific cynicism is an employee’s “disbelief of management’s stated or implied motives for (a specific) organizational change” (Stanley et al., 2005, p. 436). Previous research has affirmed that change might lead to employee cynicism (cf. Armenakis & Bedeian, 1999) and that change efforts would most likely fail if employees do not trust management’s change motives (Reichers, Wanous, & Austin, 1997). Thus, change-specific cynicism appears to be an important variable to be examined in context of continuous change (Stanley et al., 2005). Previous research has rarely examined this construct in the context of change.

Turnover Intentions

In this study, I examined employee’s turnover intention as second-level outcome. A review of existing literature reveals that employee turnover intention is often the outcome of organizational change (Oreg, 2006; Rafferty & Griffin, 2006; Stensaker, Meyer, Falkenberg, & Haueng, 2002). Turnover intention refers to an individual’s desire to leave an organization. Past studies have often linked turnover intentions to actual turnover implying that employees cope with change by harboring intentions to leave, and by subsequently exiting, the organization (Hom, Caranikas-Walker, Prussia, & Griffeth, 1992; Mobley, 1977). These research findings are corroborated by the high employee turnover rates prevalent in a majority of organizations operating under a dynamic business environment (Peterson, 2006; Townsend, 2006). For example, in 2005 the overall attrition rate in Asia increased to 16% from 14% the previous year (Hewitt, 2006). The turnover rate was highest for the professional, supervisor, and/or technical level at 39%. Such voluntary turnover costs U.S. organizations billions of dollars annually (Rosch, 2001) along with the loss of valued knowledge resources (Holton, Mitchell, Lee, & Inderrieden, 2005; Steel, Griffeth, & Hom, 2002). Given the criticality of employee retention to organizational functioning (Allen, Weeks, & Moffitt, 2005; Griffeth & Hom, 2001; Holton et al., 2005; Steel et al., 2002), turnover intention, as a proxy for turnover (cf. Chiu & Francesco, 2003; Rafferty & Griffin, 2006), was chosen as a second-level outcome.

Employee Change Perceptions and Change Outcomes

Two characteristics of change namely, change frequency and change impact were examined for their influence on employee outcomes. Lazarus and Folkman (1984) emphasized that temporal properties of a situation such as duration and proximity of events can negatively impact individuals. Other researchers have argued similarly that individuals' perceptions regarding the timing or frequency of change significantly impact their responses to change. For example, Glick, Huber, Miller, Harold, and Sutcliffe (1995) suggested that when changes occur too frequently, employees do not perceive them as discrete events and might experience high stress and anxiety due to perceived unending, unpredictability of the situation. Other negative outcomes to change perceptions may be observed such as resistance to change, skepticism, and change-related cynicism.

Lazarus and Folkman (1984) also suggested that individuals feel threatened by novel situations they have not faced previously, which might influence them negatively. Continuous changes might also be perceived as novel, threatening events that might result in negative
outcomes (Rafferty & Griffin, 2006). In support of this notion, Rafferty and Griffin (2006) found perceived impact of change to be related to turnover intentions. Thus, I posit:

**Hypothesis 1a:** Perceived change frequency will be positively related to change-specific cynicism under continuous change conditions.

**Hypothesis 1b:** Perceived change impact will be positively related to change-specific cynicism under continuous change conditions.

**Hypothesis 2a:** Perceived change frequency will be positively related to turnover intentions under continuous change conditions.

**Hypothesis 2b:** Perceived change impact will be positively related to turnover intentions under continuous change conditions.

### Change-Specific Cynicism and Turnover Intentions

Individual reactions to change involve basic human processes such as perception, affect, and intention (Ellis & Harper, 1975; Schlesinger, 1982). These processes do not occur in isolation but are interrelated in that the final behavior is often a result of affect or attitude triggered by perceptions and cognitions of the activating event. Confirming this notion, Bovey and Hede (2001) found that individuals’ intentions to resist change were influenced by their emotions that, in turn, were influenced by their perceptions and cognitions about a change. Thus, it can be argued that the attitudinal response to change being examined in this study would be related to the final intentional outcome, i.e., turnover intentions.

Employee cynicism refers to a negative attitude toward the organization accompanied by negative emotions, mistrust, and deviant behavior (Dean, Brandes, & Dharwadkar, 1998). Thus, high levels of employee cynicism might lead to negative affective and behavioral responses. Cynicism is an important variable in organizational change research (Armenakis & Bedeian, 1999) that has been proposed as an important antecedent to employees’ resistance to change (Abraham, 2000; Wanous, Reichers, & Austin, 2000). Recently, Stanley, Meyer, and Topolnytsky (2005) differentiated between general and change-specific cynicism and emphasized the importance of latter in employees’ resistance to change. The authors showed that change-specific cynicism correlated more strongly with intentions to resist change than general cynicism.

Thus, given the importance of individual reactions to organizational change (Judge et al., 1999; Wanberg & Banas, 2000) and the demonstrated role of change-specific cynicism in intentions to resist change (Stanley et al., 2005), it may be argued that change-specific cynicism would be significant in change-related outcomes. Employees with high change-specific cynicism would likely harbor negative attitudes toward management, expend energies in resisting change, and experience negative emotions, thereby, decreasing productivity and increasing intentions to quit.

**Hypothesis 3:** Change-specific cynicism has a positive relationship with turnover intentions and a negative relationship with performance.

### Mediated Model of Change-Related Outcomes

Previous researchers have espoused and found support for the notion that human processes occur in a rational-emotive-behavior sequence (e.g., Bovey & Hede, 2001; Ellis & Harper, 1975;
Schlesinger, 1982). In his conceptual work on cognitive, affective, and behavioral responses to change, Smollan (2006) proposed similarly that organizational change would initially lead to cognitive responses, which, in turn, would trigger affective or attitudinal responses. The affective responses, along with the evaluation of potential behavioral responses, would result in the final behavioral outcomes. Thus, individual perceptions about change would elicit attitudinal and affective reactions which, in turn, would influence turnover intentions.

_Hypothesis 4_: Change-specific cynicism will mediate the relationship between employee change perceptions (frequency and impact) and turnover intentions.

**METHOD**

**Industry Setting**

This study is an initial attempt toward investigating employee outcomes under continuous change conditions. Assuming that most organizations operating in highly dynamic industries such as retail, IT, and outsourcing undergo continuous changes to survive (Brown & Eisenhardt, 1997), the setting for this study was the Indian outsourcing industry. As a part of this young, emerging industry, outsourcing companies have to adapt continuously to the changing demands of the market. Consequently, outsourcing employees are generally highly stressed and cynical about change, as reflected in the high employee turnover of the outsourcing industry. This qualifies them as an appropriate population for an examination involving continuous change.

**Participants**

A total of 350 employees from 6 Indian outsourcing firms participated in this survey-based study. A majority of participants were males (74%), with a mean age of 27.02 years ($SD = 3.54$), and an average work experience of 35.69 months ($SD = 32.44$). The average team tenure for participants was 9.22 months ($SD = 10.69$).

**Measures**

_Perceived change impact_ was assessed using 3 items adapted from Caldwell et al. (2004). Participants rated items on a 7-point scale ranging from 1 (= very strongly disagree) to 7 (= very strongly agree). Coefficient alpha was .85.

_Perceived change frequency_ was measured with a 3-item scale from Rafferty and Griffin (2006). Participants rated each item on a 7-point scale format ranging from 1 (= very strongly disagree) to 7 (= very strongly agree). Coefficient alpha was .80.

_Change-specific cynicism_ was measured with 7 items from scale used by Stanley, Meyer, and Topolnytsky (2005). Participants rated each item using a 7-point scale ranging from 1 (= very strongly disagree) to 7 (= very strongly agree). Coefficient alpha for this measure was .88.

_Turnover intention_ was assessed with a 3-item scale adapted from Meyer, Allen, and Smith (1993). Participants rated each item using a 5-point, Likert-response format ranging from 1 (= strongly disagree) to 5 (= strongly agree). The coefficient was .89.

The study controlled for employee's age, gender, and team tenure.
Data Analysis

Hierarchical multiple regression analysis was used to test the hypotheses. Additionally, to account for any common method variance, Harman’s one-factor test was conducted, which resulted in no single factor accounting for a majority of the variance among variables (Podsakoff et al., 2003). Next, the marker-variable (MV) test (Lindell & Whitney, 2001) was performed, using employee age as the dummy marker variable. The partial correlations between the dependent and the independent variables remained significant suggesting that common method variance was unlikely to confound interpretations of results.

To account for possible multicollinearity, the variance inflation factor (VIF) was calculated to estimate how much the variance of a coefficient was “inflated” because of its correlation with other predictors. The highest value of VIF observed in this study was 2.05 for change impact, which is substantially lower than the commonly recommended cut off point (>5).

RESULTS

Table 1 below exhibits the mean, standard deviations, and intercorrelations among the constructs, and coefficient alphas for the scales included in the study.

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<td>9.22</td>
<td>10.69</td>
<td>.10</td>
<td>-.03</td>
<td>.11*</td>
<td>.16**</td>
<td>.09</td>
<td>.21**</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Age</td>
<td>27.03</td>
<td>3.55</td>
<td>.10</td>
<td>1</td>
<td>.07</td>
<td>.05</td>
<td>-.04</td>
<td>-.03</td>
<td>-.05</td>
</tr>
<tr>
<td>3</td>
<td>Gender</td>
<td>.76</td>
<td>.42</td>
<td>-03</td>
<td>.07</td>
<td>1</td>
<td>.06</td>
<td>.04</td>
<td>.12*</td>
<td>.08</td>
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<tr>
<td>4</td>
<td>Change impact</td>
<td>4.34</td>
<td>1.13</td>
<td>.11*</td>
<td>.05</td>
<td>.06</td>
<td>1 (.85)</td>
<td>.67**</td>
<td>.47**</td>
<td>.31*</td>
</tr>
<tr>
<td>5</td>
<td>Change frequency</td>
<td>4.40</td>
<td>1.01</td>
<td>.16**</td>
<td>-.04</td>
<td>.04</td>
<td>.67**</td>
<td>1 (.80)</td>
<td>.43**</td>
<td>.33**</td>
</tr>
<tr>
<td>6</td>
<td>Cynicism</td>
<td>3.98</td>
<td>.63</td>
<td>.09</td>
<td>-.03</td>
<td>.12</td>
<td>.47**</td>
<td>.43</td>
<td>1 (.88)</td>
<td>.44*</td>
</tr>
<tr>
<td>7</td>
<td>Turnover Intentions</td>
<td>2.80</td>
<td>1.01</td>
<td>.21**</td>
<td>-.05</td>
<td>.08</td>
<td>.31**</td>
<td>.33**</td>
<td>.44**</td>
<td>1 (.89)</td>
</tr>
</tbody>
</table>

**p < .01, *p < .05. The numbers in bold and brackets are coefficient alphas of respective scales.

To test hypotheses 1a, 1b, 2a, and 2b, outcome variables were regressed on independent variables along with the controls. Hypothesis 1a and 1b predicted that change frequency and change impact would be positively related to change-specific cynicism. Results indicated that both change frequency (β = .21, p < .001) and change impact (β = .40, p < .01) significantly predicted change-specific cynicism, even after accounting for controls. Thus, hypothesis 1a and 1b were supported.

Hypothesis 2a and 2b predicted that change frequency and change impact would be positively related to turnover intentions. Results indicated that both change frequency (β = .19, p < .01) and change impact (β = .15, p < .05) significantly predicted turnover intentions. Thus, hypothesis 2a and 2b were supported.

Hypothesis 3 predicting a positive relationship between change-specific cynicism and turnover intentions was also supported. Results indicated a significant positive relationship between the two (β = .44, p < .001).
To test hypothesis 4, which posited change-specific cynicism as a mediator between change perceptions and turnover intentions, Baron and Kenny’s (1986) step-wise approach was used. Results showed full mediation of change-specific cynicism ($\beta = .38, p < .001$). Sobel test and bootstrapping test were performed to test the significance of mediation effect (Hayes, 2013). Both the tests revealed significant mediation effects. Table 2 below shows the regression results for the tested model.

Table 2: Multiple Hierarchical Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Model R²</th>
</tr>
</thead>
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<tr>
<td></td>
<td>Beta</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>6.710</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>.079</td>
<td>1.388</td>
<td>.166</td>
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<tr>
<td></td>
<td>Age</td>
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<td>-1.172</td>
<td>.242</td>
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<tr>
<td></td>
<td>Team tenure</td>
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<td>3.991</td>
<td>.000 .06</td>
</tr>
<tr>
<td>2</td>
<td>(Constant)</td>
<td>3.183</td>
<td>.002</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>.065</td>
<td>1.198</td>
<td>.232</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td>-.060</td>
<td>-1.099</td>
<td>.272</td>
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<tr>
<td></td>
<td>Team tenure</td>
<td>.178</td>
<td>3.217</td>
<td>.001</td>
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<tr>
<td></td>
<td>Change Frequency</td>
<td>.187</td>
<td>2.541</td>
<td>.012</td>
</tr>
<tr>
<td></td>
<td>Change Impact</td>
<td>.148</td>
<td>2.038</td>
<td>.042 .15</td>
</tr>
<tr>
<td>3</td>
<td>(Constant)</td>
<td>1.088</td>
<td>.278</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gender</td>
<td>.049</td>
<td>.953</td>
<td>.341</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td>-.042</td>
<td>-.815</td>
<td>.416</td>
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<td></td>
<td>Team tenure</td>
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<td>3.640</td>
<td>.000</td>
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<tr>
<td></td>
<td>Change Frequency</td>
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<td>.143</td>
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<td></td>
<td>Change Impact</td>
<td>-.008</td>
<td>-.112</td>
<td>.911</td>
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<tr>
<td></td>
<td>Cynicism</td>
<td>.382</td>
<td>6.102</td>
<td>.000 .23</td>
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</table>

Dependent variable: Turnover intentions; N = 328

DISCUSSION

The primary objective of this study was to examine a cognitive-attitudinal-intentional model of employee reactions under continuous change. The findings underscore not only the important role of change perceptions in predicting employee turnover intentions, but also the mediating role of change-specific cynicism. Both individual level variables - perceived change frequency and change impact, were significant in predicting primary (change-specific cynicism) and secondary (turnover intentions) outcomes. The results also indicated the mediation of attitudinal reaction in the relationship between perceptual and intentional responses to continuous change. The results confirm that employee responses during organizational change are distinct across different dimensions such as cognitive, affective, and intentional (Piderit, 2000).

High level of perceived change was associated with high levels of change-specific cynicism, which is consistent with existing literature (Glick et al., 1995; Probst, 2003). Although there are no existing studies that have specifically associated change perceptions to change-specific cynicism, my results substantiate existing theoretical models and empirical studies that have associated change to negative attitudinal and affective outcomes. For example, Lazarus and Folkman (1984) proposed that novel situations could evoke negative reactions among
individuals. Change-specific cynicism can be one such negative reaction that is prompted by unique situations resulting from continuous change. In other words, the perceived unpredictability fostered by high level of perceived change in the organization (Rafferty & Griffin, 2006) might make the employees uneasy and highly skeptical of management’s intentions in implementing continuous changes. Conforming to existing research, perceived change showed a positive relationship with turnover intentions (Rafferty & Griffin, 2006).

There was clear evidence of the relationship between primary and secondary outcomes in this study. Change-specific cynicism was positively related to employee turnover intentions. These results provide support for the multidimensional theory of change-related outcomes and are consistent with previous studies that have examined these outcomes variables.

**IMPLICATIONS FOR RESEARCH AND PRACTICE**

**Research Implications**

This study provides impetus for future research in the areas of continuous change and employee perceptions of and reactions to change. The mediation model tested in this study highlights the need to understand the role of individual perceptions, attitudes, and intentions in employee behavior under change conditions. The study explains the relationships among primary and secondary outcome variables also. The study can be further extended to include team-related outcomes and other antecedents too, such as social exchanges and personality factors.

Additionally, in investigating the micro-level factors determining change outcomes in organizations, this study highlights not only the individual level intentional-behavioral underpinnings of change outcomes, but also the role of cognition and emotions. Thus, as one of the initial attempts to examine different types of employee reactions to continuous change, this study hopes to attract the attention of researchers to the phenomenon of continuous change.

**Practical Implications**

From a practitioner’s perspective, this study is important since employee turnover is a major problem that typically results in organizations incurring huge personnel costs (Barrick & Zimmerman, 2005). Moreover, apart from the obvious economic consequences, high turnover might upset the social-psychological equilibrium of the firm, resulting in intangible costs in terms of impaired relationships and increased stress, cynicism, and instability (Allen et al., 2005). Current study helps managers understand the cognitive and attitudinal dynamics of employees’ intentions to enable them to design interventions for more effective change management.

**SCOPE AND BOUNDARY CONDITIONS**

This study is one of the initial attempts toward proposing employee outcomes under continuous change conditions. Assuming that most organizations operating in highly dynamic industries such as retail, IT (Brown & Eisenhardt, 1997), and outsourcing undergo continuous changes to survive, research based on this model need to be conducted within highly dynamic industries as the retail and outsourcing. Such industries are characterized by the use of advanced communication technology, global operations, continuous changes in the external environment and the internal environment, high growth rates, and open market conditions. Organizations operating in such industries have to adapt continuously to the changing demands of the market making them suitable candidates for studies involving continuous change.
One such industry can be the outsourcing industry. A vast majority of U.S. firms either already outsource or plan to outsource in the near future to offshore locations such as India and China. Outsourcing by U.S. firms will continue to grow in the coming years too (Fish & Seydel, 2006). Additionally, a large number of U.S. firms have established their own captive centers abroad that also face change-related challenges. Therefore, an empirical study in such a setting would be especially relevant for U.S. firms and their offshore counterparts.

One major boundary condition of this study pertains to the type of industry and organizations from which the sample may be drawn. Since the participating firms should belong to a particular type of industry, i.e., highly dynamic industry witnessing continuous changes, it would likely limit the generalizability of results. Moreover, many of these organizations might be team-based, which needs to be considered when implementing the study and making any inferences. The model may not be appropriate for stable organizations.

REFERENCES


