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THE IMPACT OF CORPORATE TURBULENCE ON MANAGERS' ATTITUDES

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This cross-level study tested the relationship between organizational turbulence as reported by 49 strategic business unit managers from 17 **Fortune** *500 companies and the attitudes of 679 midlevel managers in these companies. The results indicated that turbulence clustered into four dimensions that were differentially related to managers' attitudes. Incremental negative turbulence was negatively associated with satisfaction with job security. Financial restructuring was positively associated with career loyalty. Growth was positively associated with career loyalty and with job involvement. Organizational breakup was positively associated with career loyalty. The long-term implications for companies of the career-loyal/company-loyal, job-involved but job-insecure management cadre produced by the corporate turbulence of the 1980s are discussed.*

During the past decade, environmental shifts have precipitated organizational changes of many types. Fierce competitive pressures, deregulation, and ever-rising costs have driven corporations to restructure their business portfolios, their internal organizations, and their financial structures. Many of these organizational changes have been contractions, characterized by reductions in work forces and cutbacks in operations (Hirsch, 1987; *Business Week*, 1991). Still, some companies have benefitted from this changing environment and found new opportunities for market expansion (Kanter, 1991; Fisher, 1988).

In this study, we examine 14 organizational changes, which are summarized and briefly described in Table 1. Following Cameron, Kim, and Whetten (1987), we define these changes as 'turbulence': changes experienced by the organization that are nontrivial, rapid, and discontinuous. Our definition of turbulence encompasses the various forms of restructuring (e.g., reorganization, recapitalization) but also includes other forms of organizational change such as rapid growth, merger, and hostile takeover. Turbulence may have important consequences for organizations and their employees. This study investigates the link between organizational turbulence and managers' attitudes about their jobs and their employers.

The link between environmental turbulence and organizations has been long established in the strategy and macro-organizational theory

Key words: Turbulence, organizational change, managers' attitudes, career and corporate loyalty

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Table 1. Types of corporate turbulence reported by strategic business unit top managers

		Mean[a]	Percent of companies reporting
1.	**Reorganization of personnel or operations** changes in divisional structures, reporting relationships	3.29	94
2.	**Reductions in force** layoffs, firings, downsizings, involuntary separations	2.79	94
3.	**Acquisition of new operations** purchasing groups, divisions initiated by the company	2.68	100
4.	**Rapid growth** growth in size or operations: e.g., revenues, profits, employees	2.58	88
5.	**Voluntary terminations, early retirement** employees offered incentives to voluntarily leave firm, retire early	2.54	94
6.	**Sale or spinoff of operations or assets** divesting parts of divisions, selling assets	2.32	76
7.	**Merger** combining the operations of two separate large divisions or companies; can be initiated by either company	2.17	53
8.	**Significant cutbacks in operations** reductions in product lines, cutbacks in budgets, transferring employees to other areas	1.95	71
9.	**Acquired by another company** being purchased by another operation	1.71	41
10.	**Recapitalization** issuing more stock or bonds, buying back (treasury) stock, borrowing more money, renegotiating terms of debt	1.67	47
11.	**Attempted takeover, merger, or leveraged buy–out** a transaction that is started by another firm but not completed, possibly for reasons of lack of financing, antitrust issues, or companies simply changing their minds	1.42	24
12.	**Hostile takeover** an unfriendly acquisition or purchase of the target company initiated by another company without the support of the firm or division being acquired	1.28	18
13.	**Across-the-board pay or benefits cuts** reductions in salary, bonuses, benefits, commissions	1.20	29
14.	**Leveraged buyout** purchasing a division using debt secured by the assets of the division being purchased	1.11	18

[a]Range: 4 = a lot; 1 = not much at all.

literatures (Lawrence and Lorsch, 1967; Aldrich, 1979; Dess and Beard, 1984). Drawing on these literatures, Cameron *et al.* (1987) applied the concept to the organizational level. While turbulence is widely presumed to have a negative impact on employees (Jick and Murray, 1982; Hirsch, 1987), growth, another form of turbulence (Greiner, 1972), is considered a form of healthy organizational change (Brickley and Van Drunen, 1988).

In addition, there is a well-established literature in organizational behavior and psychology describing the connection between change and employee attitudes (Argyris, 1985; Kanter, 1983). The uncertainty and disruption engendered by organizational transitions may have significant effects on employees' psychological states (Ashford, 1988; Staw, Sandelands, and Dutton, 1981).

The literature is rich in studies describing how a specific form of organizational change may affect employees. For example, Brockner and his colleagues (1988) have explored the effect of layoffs on survivors. The impact of mergers has been addressed by Schweiger and Walsh (1990) and Buono and Bowditch (1989), among others, while Jick and Murray (1982) have concentrated on the effects of decline and budget cuts. While the research on organizational growth is older (Greiner, 1972; Rosenbaum, 1979), growth effects on employees have also been studied. These studies are limited in their generalizability because each focuses on only one type of change, in isolation from other types of change that may occur simultaneously (Tichy, 1983).

This study explores the relationship between organizational turbulence and managers' attitudes. Turbulence is reflected in organizational changes which affect both the day-to-day activities of managers and their expectations for the future. For example, a reorganization may disrupt work roles and responsibilities and alter promotion criteria and opportunities. These changes, then, may be reflected in managers' attitudes both toward their jobs and their employers. This link between corporate turbulence and employee attitudes is being explored both by academics (e.g., Hirsch, 1987; 1991) and by practitioners. For example, Mone (1991) discussed how a series of turbulent changes at AT&T impacted employees' career development. Kanter's 1991 survey of 12,000 managers worldwide provided some descriptive data concerning the various changes experienced by their corporations.

This study examines turbulence at the organizational level and the attitudes of the individual managers surviving those changes. We explore how different types of turbulence, ranging from reductions in force to mergers to rapid growth, are reflected in managers' attitudes. Figure 1 presents the study's model. We propose that organizational turbulence affects managers' attitudes about their work and their employer. In addition, managers' attitudes may be influenced by many other factors, including organizational characteristics and individual differences. Because these characteristics are incorporated in the model as control variables, no specific hypotheses are generated about their relationship to attitudes.

The model outlined in Figure 1 implies a causal direction: turbulence causes attitude change. However, our research design does not allow us to test causal direction. While reverse causality seems unlikely—employee attitudes causing corporate turbulence—it is possible that a variable not included in this study causes both turbulence and attitudes.

HYPOTHESES

To date, Hirsch (1987, 1991) has been the major academic commentator on the effect corporate turbulence may have on employees. Hirsch (1991) has argued that the theory of psychological contracts may explain how organizational turbulence impacts employee attitudes. We have followed Hirsch's lead in using this theoretical framework to develop our hypotheses. A psychological contract is a perceived reciprocal obligation between employer and employee (Rousseau, 1989). This theory derives from equity theory (Adams, 1963), which focuses on the comparative relationship between two parties. When one party changes its inputs or outputs, equity theory predicts that the comparative other party will adjust inputs or outputs to maintain equity. As Tichy argues, an organizational change requires some implicit or explicit renegotiation of the exchange relationship between employee and organization (1983: 14).

A decade ago, the typical psychological contract between a manager in a large American corporation and the organization was simple: job security and promotion opportunities in exchange for hard work and commitment to the organization. But during the 1980s, companies that had traditionally relied on these norms of lifetime employment and promotion-from-within found themselves violating these standards, as they were forced by environmental factors to downsize and lay off large numbers of managers. In addition, mergers typically forced companies to choose between two equally competent candidates for many corporate positions. Hirsch (1991) argued that the psychological effect of this corporate turbulence on managers was to nullify the former psychological contract between manager and employer. As an executive quoted by *Fortune* stated, 'The old cradle-to-grave psychological contract—"If I work hard, the company will take care of me"—is absolutely gone.' (Fisher, 1988: 42).

One important outcome of this broken psychological contract is a potential rise in managers' loyalty to their own careers. Career loyalty is a concept we derived from Hirsch's (1987) notion of free agency. A free agent is an employee who assumes direct personal responsibility for the terms of his or her future employment. Thus, career loyalty represents loyalty to one's career as opposed to loyalty to a particular organization.

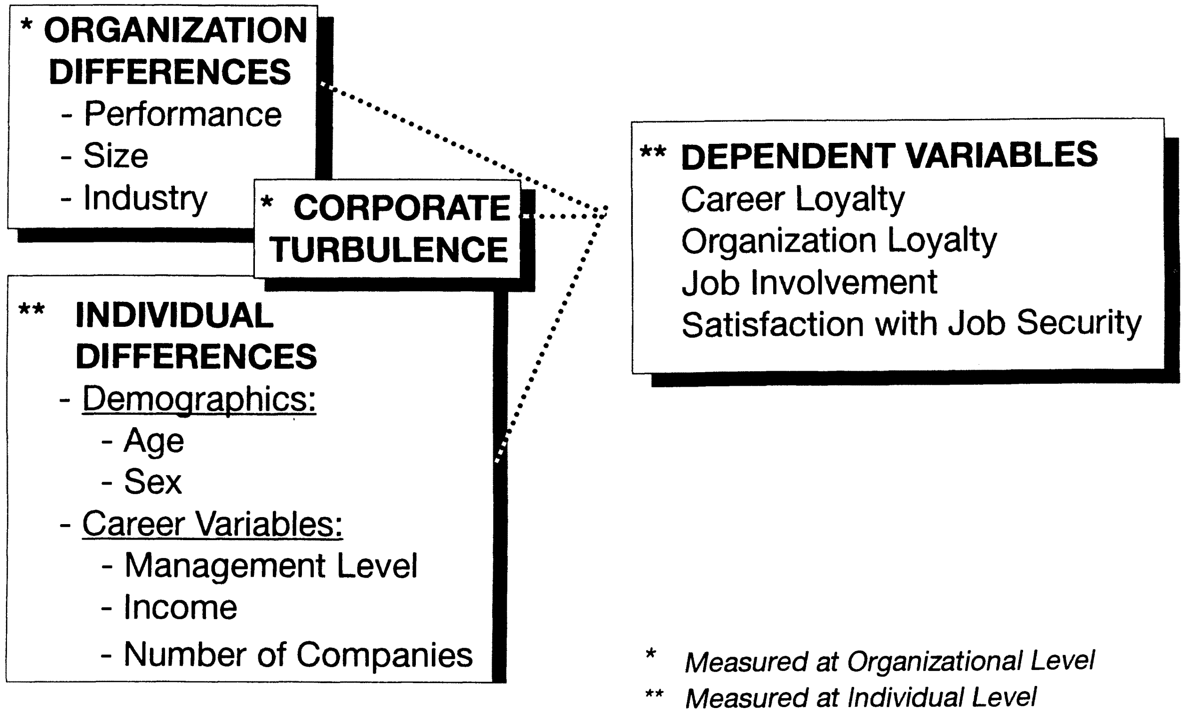

Figure 1. The impact of turbulence, organization, and individual differences on key managers' attitudes

Managers like those in our sample, who have survived corporate change, have seen how change can affect their own and coworkers' careers (Brockner, 1988; Armstrong-Stassen and Latack, 1992). Many survivors may have realized that the security of lifetime employment no longer exists, and they understand the necessity of managing their own future careers. The likelihood of a free agency approach to career planning rises with corporate turbulence (Hirsch, 1987; *Business Week*, 1991). Thus, we predict career loyalty to be positively associated with turbulence.

Hypothesis 1: The greater the turbulence, the greater the career loyalty.

Organizational loyalty refers to one's psychological commitment to a specific organization (Patchen, 1965). The business press has been mourning the demise of corporate loyalty for several years (e.g., Fisher, 1988; *Business Week*, 1991; see also Kanter, 1991 and McKenna, 1991). Equity theory would predict that survivors of corporate turbulence should reduce their commitment and loyalty to the organization, because they have seen how the organization has violated the psychological contract with other employees. We expect organizational loyalty to be lower at more turbulent companies, where the employees have experienced the upheaval engendered by corporate turbulence.

Hypothesis 2: The greater the turbulence, the lower the organizational loyalty.

Job involvement is a psychological association between employees and their jobs. It refers to the degree to which the job serves as a central focus of an employee's life (Hackman and Lawler, 1971). We expect job involvement to be negatively affected by corporate turbulence (Fisher, 1988), as turbulence violates the psychological contract between the employee and the corporation. Equity theory (Adams, 1967) would predict that employees who perceive a broken psychological contract will lower their inputs by lowering their job involvement.

Hypothesis 3: The greater the turbulence, the lower the job involvement.

We expect employees of turbulent companies, even those who survived the most recent turbulence, will believe their job security is threatened by potential future corporate changes (*Business Week*, 1991; Brockner, 1988). These employees should have seen how the job security dimension of the old psychological contract was violated, and they should have readjusted their expectations accordingly (Armstrong-Stassen and Latack, 1992). Thus, we also expect satisfaction with job security to be lower at more turbulent companies.

Hypothesis 4: The greater the turbulence, the lower the satisfaction with job security.

METHOD

The opportunity for this study came from a larger research project studying relocating managers in *Fortune* 500 corporations. In designing that project, we were able to plan ahead for this study. We identified industries that had experienced varying degrees and forms of turbulence over the past 5 years, and we were able to select at least two target companies to represent each industry.

Sample

This cross-level study utilized a three-tiered sample. The sample of *organizations* comprised 20 *Fortune* 500 corporations in 8 industries: pharmaceutical and hospital supplies, communications, consumer products (food), professional and financial services, retail, hotels, chemicals, and manufacturing. The firms ranged in size from 4,000 to 275,000 employees; mean size was 65,000. Average annual revenues were $12.2 billion.

We surveyed the *top executives* from each of the companies' major strategic business units (SBUs) to index their perceptions of the changes experienced by their companies during the previous 5 years. Surveys were sent to 102 strategic business units; 49 surveys from 17 companies were returned. On average, these top level executives had worked for their parent companies for 19 years and for their SBUs, 11 years. The mean length of time in their current positions was 4 years, and on average, they had worked for four different units in their corporations.

We also surveyed the attitudes of *lower to middle level managers* of these 20 companies who had been transferred within the prior 2 years. Surveys were sent to 50 randomly selected managers from each firm. The response rate with one follow-up phone call was 67 percent (n = 670). We were concerned that our random sample of mobile managers might be affected by discrimination associated with job transfer opportunities, and thereby under-represent singles, females, and dual career managers with children. Therefore, after removing the names of the first 50 randomly selected managers from each company, we then randomly selected as many as 150 additional managers from each company's list. We sent these managers a letter asking them to participate in the study if they fit into one of our special categories. This process increased the sample by an additional 359 managers for a total of 1029.

For this study, 195 of the total number of managers were excluded because we had no company level data for them. These were managers whose companies' SBU chief executives did not return a survey.

The average age of the managers in the sample was 37 years old. Most were males (78%), of whom 86% were married, and 62% had children living at home. In contrast, 45% of the females were married, and 20% had children living at home. The average level of education for both males and females was a bachelor's degree. Most of the managers were Caucasian (96%). Managers averaged 15 years in the work force; average company tenure was 10 years. Managers had worked, on average, for 2.5 companies. The majority held middle management positions.

Measures

Dependent variables

Our measure of career loyalty was developed for this study. The index had three items: How many years do you expect to remain working for your current company? I would willingly change companies for a career advancement now. My loyalty is to my own career, not to any particular company. Coefficient alpha for the scale was 0.67.

Organizational loyalty was measured by four items from Patchen (1965): If I had to choose all over again, I would take a job with this company. I would recommend this company to a friend as a good place to work. I would be willing to spend the rest of my career working for this company. I feel a sense of pride working for this company. The response format was a five-point Likert scale with anchors of Strongly Disagree through Strongly Agree. Coefficient alpha was 0.89.

Job involvement was measured using Hackman and Lawler's (1971) three-item scale that measures psychological involvement with work. Questions for this scale included: The most important things that happen to me involve my work. I am very much personally involved in my work. I live, eat, and breathe my job. The alpha coefficient for this scale was 0.69.

Satisfaction with job security was a single item taken from Quinn and Staines (1977): The job security is good. The response format was a four-point Likert scale with anchors of often true, sometimes true, rarely true, and never true.

Turbulence

After consulting with business executives, *Predicasts*, and academics about the corporate restructuring of the 1980s, we developed the list of 14 different types of corporate changes summarized in Table 1. We asked the SBU top executives to rate the amount of each of these changes that their parent companies had experienced during the prior 5 years. They were given a four-point, Likert response scale anchored by a lot, some, a little, and not much at all. Turbulence was thus measured at the organizational level.

Because many of the companies in the sample had multiple SBUs and thus, multiple respondents, we planned to average their responses as the company index. Before doing so, we tested for convergence among the reporting SBU managers using analysis of variance. Of the 14 turbulent change variables, the between group organizational differences significantly exceeded the within group organizational differences ($p < 0.05$) on 11 variables. Company averages on these 11 turbulence variables were computed from multiple respondents from the same firms. The three nonconverging types of turbulence (pay cuts, leveraged buyouts, and acquired by another company) were eliminated from further analyses. Principal components analysis was used to reduce the dimensionality of these 11 types of turbulence.

Control variables

The *organizational characteristics* were measured by multiple methods. The SBU managers rated corporate performance, compared to their industry's average, on four dimensions from Khandwalla (1977): long-run level of profitability; growth rate of sales or revenues; financial strength (liquidity and ability to raise financial resources); and public image and goodwill. The response format was a five-point Likert scale ranging from very good to very poor. Coefficient alpha was 0.73.

Companies were assigned to eight industries on the basis of their primary area of activity: pharmaceuticals, communications, food, financial services, retail, hotel, chemicals, manufacturing. These industry codes were transformed into dummy variables. The coding system assigned 0s to companies in manufacturing across all seven dummy variables. As a result, the beta weight for a dummy variable represents the difference between the mean of the group assigned 1 and the group assigned 0 across all dummy variables (Kerlinger and Pedhazur, 1973).

Representatives of each participating company who served on the study oversight committee provided information on organizational size (number of employees) and industry.

The *employee characteristics* were measured using the data from the managers' surveys. They included the demographic variables of age and sex and several career variables (management level, income, and number of companies worked for), all measured at the individual level.

RESULTS

We used principal components analysis to assess the dimensionality of the 11 turbulence items. The results indicate that organizational turbulence is indeed multidimensional. Table 2 shows that four principal components accounted for 81 percent of the variance among the 11 turbulence items. These four components were the only dimensions with Eigen values greater than one.

Principal components analysis identified covariation among eleven types of turbulence. These

Table 2. The principal components of turbulence

Types of turbulence	Components 1	2	3	4	Eigen values	Percent of variance explained
Cutbacks	0.77	0.37	0.20	0.26		
RIFs	0.77	0.18	0.54	0.02		
Voluntary terminations	0.77	0.26	−0.28	0.03		
Reorganizations	0.73	−0.01	0.14	−0.09	4.28	38.9
Recapitalizations	0.04	0.91	−0.04	−0.02		
Attempted takeovers	0.48	0.76	−0.02	0.11	1.70	15.5
Rapid growth	−0.00	−0.22	0.92	0.16		
Acquisitions	0.45	0.40	0.63	−0.25	1.69	15.4
Hostile takeovers	−0.21	0.32	0.27	0.75		
Sales/spinoffs	0.21	0.29	0.45	−0.72		
Mergers	0.60	−0.05	0.12	0.68	1.24	11.3
Cumulative						81.0

results show which types of turbulence tended to occur within the same firms during the past 5 years. The four dimensions thus provide important data about four potential approaches to organizational change, and their components, which firms may adopt in restructuring operations.

We call the first dimension incremental negative turbulence. It includes cutbacks in operations, reductions in force, voluntary terminations, and reorganizations. We consider these changes incremental, because they tend to occur gradually over time, and often are limited to a few segments of the affected company. They are negative because they represent contraction in the organization and job loss for employees.

The second dimension is named financial restructuring. Financial recapitalization and attempted takeovers loaded together on this dimension. Growth, the third dimension, was comprised of rapid growth and acquisition of new operations.

The fourth category of turbulence we called organization breakup. It consisted of three changes: sales and spinoffs of operations, hostile takeovers, and mergers. Table 2 shows that this was a bipolar factor. In our sample of companies, when sales/spinoffs were occurring, mergers and hostile takeovers were not, and vice versa.

The correlations among the variables in the model are presented in Table 3. The four turbulence dimensions were moderately intercorrelated, with both financial restructuring and growth significantly correlated with incremental negative change, but not with each other or with organizational breakup. These correlations suggest that incremental negative turbulence may accompany either financial restructuring or growth; but that growth, financial restructuring, or organizational breakup occur independently of each other. Among the dependent variables, career loyalty, organizational loyalty, and satisfaction with job security were moderately interrelated, as were organizational loyalty and job involvement.

Our four hypotheses were tested using multiple regression analyses. These results are presented in Table 4.

Hypothesis 1 was strongly supported. Managers who were most loyal to their own careers were those whose companies had experienced financial restructuring or organizational breakup, but also those whose companies had experienced growth. There was one industry difference associated with career loyalty: managers in food companies expressed greater loyalty to their careers than those in manufacturing. Two individual difference characteristics were also related to career loyalty. Younger managers were more loyal to their careers than older managers, and managers who had worked for a larger number of companies were more loyal to their careers than managers who had worked for fewer companies.

Table 4 illustrates that Hypothesis 2 was not

Table 3. Means, standard deviations, and correlations among the variables

Variables	M	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Incremental negative turbulence[a]	10.99	2.41														
2. Financial restructuring	3.15	1.85	0.38**													
3. Growth	5.02	1.48	0.42**	0.09												
4. Organization breakup	5.85	2.14	0.07	0.07	0.06											
5. Org. perf.	17.41	2.14	−0.10*	−0.13**	0.01	0.12*										
6. Org. size	78.06	80.48	0.08	−0.28**	0.20**	−0.49**	0.30**									
7. Age	36.89	7.97	−0.13**	−0.08	−0.08	−0.22**	−0.04	0.10*								
8. Sex[b]	1.21	0.41	0.08	−0.07	0.08	−0.02	0.01	0.06	−0.18**							
9. Mgt. level	2.43	0.92	−0.04	−0.08	−0.14**	0.03	0.05	0.11*	0.17**	−0.07						
10. Salary	59.96	38.94	0.04	−0.09	−0.11*	0.11*	−0.10*	−0.13**	0.28**	−0.15**	0.28**					
11. No. of companies	2.38	1.58	−0.01	−0.02	0.14**	−0.14**	0.05	0.09	0.31**	0.06	−0.00	−0.02				
12. Career loyalty	9.67	1.89	0.14**	0.13**	0.07	0.05	−0.08	−0.09	0.22**	0.01	−0.05	−0.06	0.05			
13. Org. loyalty	15.86	3.12	−0.06	−0.03	−0.01	0.07	0.09	−0.07	0.04	−0.06	0.10*	0.05	−0.04	−0.34**		
14. Job involvement	9.48	2.03	−0.03	0.01	0.10*	0.03	0.04	−0.01	0.01	−0.00	0.16**	0.07	−0.07	−0.07	0.18**	
15. Job security	3.41	0.72	−0.20**	−0.12*	−0.13**	0.02	0.09	−0.05	0.07	0.02	−0.00	−0.10*	−0.04	−0.21**	0.35**	0.05

[a]High score indicates a *high* level of turbulence, [b]male = 1, female = 2, $^{*}p \le 0.05$, $^{**}p \le 0.01$, $n = 683$

Table 4. The impact of turbulence, organization, and individual differences in predicting managers' attitudes

Independent variables	Betas			
	Career loyalty	Org. loyalty	Job involvement	Job security
Turbulence				
Incremental negative turbulence	0.03	−0.10	−0.10	−0.19**
Financial restructuring	0.12*	0.01	0.07	−0.09
Growth	0.15*	−0.02	0.21**	−0.11
Organizational breakup	0.38*	−0.20	0.03	−0.10
Organizational differences				
Performance	−0.17	0.18	0.03	0.10
Size	−0.07	0.01	−0.10	0.06
Industry dummies				
1. Pharmaceuticals	−0.02	0.12	0.04	0.08
2. Communications	0.20	−0.09	0.01	−0.06
3. Food	−0.38**	0.22	−0.05	0.19
4. Financial services	−0.12	0.10	−0.04	−0.06
5. Retail	0.04	−0.11	0.05	−0.09
6. Hotel and travel	0.01	−0.08	0.04	−0.07
7. Chemicals	0.00	0.06	−0.05	0.13
Individual characteristics				
Age	−0.26**	0.05	−0.01	−0.08
Sex	−0.03	−0.04	0.01	0.03
Management level	0.02	0.11**	0.16**	0.08
Income	−0.03	0.01	0.06	−0.05
Number of companies	0.14**	−0.06	−0.10*	−0.01
F value	5.18**	1.80*	1.97**	4.17**
Adj R^2	0.10	0.02	0.05	0.08
df	18,664	18,664	18,664	18,664

$^*p < 0.05$; $^{**}p < 0.01$

supported. Turbulence was not significantly related to organizational loyalty. The regression equation predicting organizational loyalty was significant, although it did not account for much of the variance. Contributing to the prediction was the individual characteristic of management level. Organizational loyalty was greater among higher level managers than lower level ones. While these results were not strong and did not support Hypothesis 2, they are still intriguing, because they contradict the business press's anecdotal data about declining organizational loyalty.

Turbulence was associated with job involvement in the direction opposite to that predicted by Hypothesis 3. Managers who were more involved in their jobs were ones whose organizations were experiencing turbulence in the form of growth. Managers who were more involved in their jobs also held higher level management positions and had worked for a fewer number of companies than those who were less involved.

Hypothesis 4 was supported. Turbulence was negatively related to satisfaction with job security. When corporations had experienced incremental negative change, managers were less satisfied with job security.

We also tested for interactions between turbulence and organizational and individual differences. None of the interactions were significant.

DISCUSSION

This study provides several theoretical contributions to the study of corporate turbulence. It extends the literature on organizational change by exploring the comparative effects of multiple forms of turbulence across a large sample of managers in different industries. In addition, it provides an example of a cross-level study in which organization-level variables are shown to be associated with employee-level variables.

The results also provide important empirical insights into the effect of the turbulence experienced by large corporations during the late 1980s. The findings demonstrate that organizational turbulence is multidimensional. Table 2 illustrates that some types of corporate turbulence tend to occur together; other types occur independently. Hence, the concept of turbulence is complex, incorporating organizational changes of different types and magnitudes (Tichy, 1983).

The turbulence experienced by the companies in our sample clustered into four categories, reflecting four approaches to restructuring corporate operations. Thus, the negative incremental turbulence category involved restructuring strategies of cutbacks, reductions in force, voluntary terminations, and reorganizations. These are all means of streamlining operations or downsizing. This form of turbulence correlated negatively with organizational performance, suggesting that companies confronted with declining profitability may adopt these restructuring strategies as a means of improving performance.

In contrast, the growth dimension reflects an expansion of corporate activities. Companies adopting this approach were characterized by significantly larger size but not better performance. Perhaps only large companies have the slack resources required to expand during general economic conditions of contraction (Cameron *et al.*, 1987). Corporations that were growing were unlikely to be simultaneously involved in financial restructuring or breakup, but many were combining growth with negative incremental change.

In this sample, the smaller companies were more likely to experience turbulence in the form of financial restructuring and organizational breakup. However, those smaller firms pursuing a financial restructuring strategy also tended to be the poorer performers. Smaller firms experiencing declining profitability may respond by recapitalizing; not surprisingly, they appear to be takeover targets. In contrast, smaller but more profitable firms may confront two different restructuring situations: they may be candidates for takeovers or mergers, but the bipolar factor structure of this dimension indicates that they may also adopt an approach of selling or spinning-off operations.

The moderate intercorrelations among the four turbulence dimensions suggest that companies may confront multiple forms of turbulence during the same time frame; e.g., a corporation involved in negative incremental restructuring activities may be acquiring operations as well. The merger and hostile takeover forms of turbulence appear to occur independently, which is not surprising, given the magnitude of their impact on a firm's operations. A fascinating question for future research would be to determine if there are any sequence patterns to turbulence: i.e., under what conditions might negative incremental change generally precede financial restructuring or growth, or do they typically occur simultaneously?

This research is also important because it empirically demonstrates that corporate turbulence is indeed reflected in the attitudes of managers. This impact is not restricted to certain industries, although in our sample, the food industry showed the strongest effects. Career loyalty in particular was associated with turbulence, but job involvement and satisfaction with job security were also related.

As in most cross-level studies, the variance accounted for in the individual level dependent variables (managers' attitudes) by the organization level independent variables (turbulence, size, performance, and industry) was not large. Technically, the R-squared measure employs the total dependent variable variance, which includes both between-organization and within-organization differences and error variance. In a cross-level study, the organization level variables, while significant, may not account for a large proportion of the total variance. Theoretically, a series of intervening variable connections is necessary for a cross-level effect to occur, which may buffer the individual from the organization level effect.

A good example of this buffering effect is the relationship between growth and both career loyalty and job involvement. Although growth is associated with higher levels of career loyalty, it also appears to stimulate job involvement and it correlates negatively with salary. This pattern suggests that there are many managers willing to stay highly job involved and to forego current high salaries to work at a growing company providing future opportunities for rewards. Said Fisher, 'What [employee] stars really want is to be told that yes, the company has a fantastic future, and if they just stick around, their own opportunities will be fabulous as well.' (1988: 50)

In addition, our results show that managers at companies that experienced incremental negative turbulence, financial restructuring, or growth were also less satisfied with job security. These managers apparently perceived a connection between the various forms of turbulence their companies have experienced and their long-term futures with their respective employers (Armstrong-Stassen and Latack, 1992). The results indicate that, unlike the corporate managers of 20 years ago, today's managers are not counting on lifetime employment with a single company (*Business Week*, 1991).

Our results suggest that the impact of corporate turbulence on loyalty to career and corporation is complex. In fact, some of the most intriguing findings of our study involve these issues. Contrary to many of the claims made by the business press (e.g., Fisher, 1988; *Business Week*, 1991), in this study, organizational loyalty was *not* affected by corporate turbulence. Not one of the four dimensions of turbulence correlated significantly with organizational loyalty. There may be several theoretical explanations for these results.

In this study, the managers working for turbulent companies were survivors, so perhaps their loyalty is a psychological construction to justify their continuing employment: e.g., I am still working here, so I must be loyal. Alternatively, perhaps the less loyal managers had already left the more turbulent companies. Another potential explanation involves how managers were treated during the implementation of a restructuring effort. If these managers felt fairly treated during the turbulence (Brockner, 1988), their loyalty to their organizations may be unchanged. Our informants were well-educated managers who presumably understand the competitive pressures and escalating costs confronting their employers. Perhaps these managers do not blame their companies for having had to institute a range of restructuring strategies: they can see turbulence is endemic to the American economy at present.

Nonetheless, our results clearly show that turbulence has a significant positive impact on career loyalty: managers who had survived a turbulent corporate environment expressed more career loyalty than those managers in more stable companies. Psychological contract theory explains these results: managers whose companies have broken the psychological contract through turbulence have responded by adopting a free agency approach to their careers (Hirsch, 1991). In addition, younger age predicted greater career loyalty, while career loyalty and satisfaction with job security were significantly negatively correlated.

This overall pattern of results suggests a profile of the managerial workforce of the 1990s. These managers have recognized that because of turbulence, their job security with their present employer is threatened, and they should be prepared to change organizations. While they may have survived this round of turbulence, they have seen enough changes around them to know that future restructurings may occur. Furthermore, younger managers were significantly less satisfied with job security and more loyal to their own careers, compared to older managers.

The implications for corporations are numerous. First, companies must learn how to retain good but career loyal employees. *Business Week* concluded that today's employees 'are redefining and relocating their loyalty—bringing it back to self ...—and they are building personal-survival skills of portable skills and marketable experiences' (1991: 97). With an improvement in the economy, these career-loyal young managers—the workforce of the future—may be very difficult to keep.

One avenue for retaining good managers is, of course, pay. Many newly restructured firms have offered bonuses, raises, or stock options to indispensable managers (Fisher, 1988). Another mechanism is through providing challenging jobs, which allow managers to develop competence and experience they perceive as valuable both within and without that organization. High-performing career-loyal employees seem unlikely to stay with a company unless they perceive a bright future there. So, as Fisher (1988) suggests, let these managers know they are good, and provide lots of opportunities for their development.

Yet another critical implication for companies turns on the long-term impact of the career-loyal/company-loyal, job-involved but job-insecure management cadre which turbulence seems to be producing. When the economy improves and experienced managers are less of a commodity, will the turbulent corporations find themselves with significant turnover problems? It is possible companies may find themselves in a vicious circle of turbulence, restructuring, loss of competent managers, and poor performance, leading to another round of turbulence and so forth.

This scenario suggests another area for further research: the link between turbulence and performance. Which forms of turbulence may enhance organizational performance through 'leaner and meaner' operations, or at least staunch any bleeding? Which forms of turbulence may enhance employee performance through new job challenges or more responsibility? Another key question is the turnover issue: who stays and who leaves turbulent companies? Do disloyal but high performing managers move on to presumably greater pastures? Or are the high performers the most loyal and most likely to stay, taking advantage of potential new opportunities created by restructuring? These are important questions for companies seeking to maximize the potential of their managerial workforce, as they cope with an environment which promises further rounds of turbulence and restructuring.

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