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## Re-conceptualising Hirschman's Exit, Voice & Loyalty model for contemporary organisational contexts

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**Re-conceptualising Hirschman's Exit, Voice & Loyalty model for  
contemporary organisational contexts.**

By

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20094006

A thesis submitted to the University of Notre Dame Australia in partial  
fulfilment for the degree of Masters of Business

2016

School of Business – Sydney

Supervisor – Prof H el ene de Burgh-Woodman

## **Declaration of Authorship**

This thesis is the candidate's own work and contains no material which has been accepted for the award of any degree or diploma in any other institution.

To the best of the candidate's knowledge, the thesis/dissertation contains no material previously published or written by another person, except where due reference is made in the text of the thesis.

Candidate's Name: Eileen Gleeson

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Date: October 31, 2016

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## Abstract

This conceptual thesis seeks to re-visit the relevance of Albert Hirschman's (1970) highly enduring *Exit, Voice and Loyalty* (EVL) model for understanding contemporary workplace dynamics and organisational member responses to instances of organisational decline or slack. In particular, the thesis focuses on the inclusion of organisational silence and its connection to voice and loyalty. Organisational theorists have begun to enquire into the nature of organisational silence, why it forms and what its consequences may be. What the current literature suggests is that although management desires an engaged, productive and loyal workforce, it does not want members to raise their voice when it is inconvenient or undesirable for management. At the same time, management seeks to foster "loyal employees" because the cost of exit is so high to the organisation. In the process, it is not uncommon for management to confuse the presence of silence and loyalty. Instead of cultivating a loyal workforce, by enforcing silence management creates simply "present" members. These subsequent theoretical developments are yet to be integrated into the conceptualisation of Hirschman's original model.

The essential question that frames this research is *can Hirschman's original model be re-conceptualised for contemporary organisations via a consideration of silence?* In order to guide the research towards an extension of the literature, the present thesis poses a further sub question of *how do we incorporate silence into the EVL model in order to distinguish loyalty from disengaged, present members?*

The purpose of asking these questions is to enable a re-visitation of Hirschman's model, to trace the subsequent major iterations of the model in scholarly work (Gehlbach, 2006; Kassing, 2002) and to suggest ways in which the concept of silence can be leveraged to better explain how voice and loyalty might work within the organisational setting. This research shows that an organisation that fosters voice instead of silence can achieve a more productive, innovative and resilient workforce. It suggests that to build organisational loyalty, management needs to foster a constructive, open communication both vertically and horizontally.

Therefore, this thesis builds on existing scholarly conversations regarding the ongoing relevance of the EVL model, makes an important theoretical adjustment to the model through the mobilisation of silence and then demonstrates how the inclusion of silence articulates into concepts of voice and loyalty.

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## Chapter One - Introduction

Since its publication in 1970, Albert Hirschman's Exit, Voice, Loyalty (EVL) model has remained one of the most influential frameworks for understanding organisational response to decline or slack. Whilst Hirschman's now classic *Exit, voice, and loyalty: Responses to decline in firms, organizations, and states* (1970) model provides a solid conceptual foundation from which to explore how exit, voice and loyalty interrelate, there is a need, recognised by Lynham (2000, 2002) and others, for further theory-building in the management discipline. The present research seeks to respond to this call for further theory-building by introducing the relatively under-conceptualised nature of member silence. In order to update Hirschman's original model, this research situates silence as the missing dimension in Hirschman's theoretical framework. By introducing the concept of silence into the Hirschman model, it is possible to differentiate between a comparatively transparent form of loyalty as it is presented in the original model and the more oblique concept of silence relative to loyalty.

This research also seeks to re-conceptualise the elements of voice and exit as underpinned by the evaluation of associated costs. The original model argued for the view that voice and exit should be understood as driven by loyalty and that exit should only occur once voice has been exhausted. However, more recent work undermines this logic, leading to the core theoretical contribution of this thesis that shows that voice and exit are possible options (along with silence) as part of a cost benefit analysis. This theoretical development implicitly challenges the role of loyalty and opens the way to the integration of silence. This key contribution will be discussed in further detail.

The following research is conceptual in nature. Consistent with much of the previous research undertaken in this arena, this thesis seeks to make a contribution to extant theory by re-conceptualising the original Hirschman model. This thesis takes account of major subsequent contributions to the evolution of the original model, such as the inclusion of neglect (Rusbult, Zembrodt & Gunn, 1982), dissent (Kassing, 2002) and silence in its broadest sense (Gehlbach, 2006). These key contributions have

shaped the scholarly dialogue regarding the ongoing relevance of Hirschman's model and underpin the theoretical development undertaken here to better integrate silence into the model. As such, this work endeavours to embed itself within an ongoing theoretical conversation but also to take steps to close a substantive theoretical gap regarding the previously unacknowledged role of silence.

In this thesis, different forms of silence are acknowledged. While silence may move between quiet loyalty at one end of the spectrum and oppressive forms of enforced silence at the other, current literature captures the essential view that a clearer conceptualisation of silence, its antecedents and its potential influence on organisational outcomes is required.

It should also be noted that Hirschman's original texts conceived of organisational members and customers working within market conditions. As such, when referring to Hirschman specifically, the term members is used. However, as the theoretical principles of the model have been adapted to management and organisational development literature, the term member is often replaced by that of employee. As such, the term employee is adopted where appropriate.

## **1.1 The Literature**

The purpose of Hirschman's (1970) EVL model was to trace the different options available to organisational members when confronted with "slack". Hirschman's model was focused on economic conditions but it has been extrapolated into organisational conditions where slack is conceptualised as the dynamic of decline that operates when a business is not operating at its functional optimum. The model posits that when responding to slack, members essentially have two potential avenues – voice or exit. In this respect, exit and voice are complementary halves in the Hirschman model. Exit is defined as the decision to leave an organisation and voice as the decision to raise one's concerns about problems within an organisation. Hirschman's theorisation suggests that the voice function often provides better solutions to slack than exit but the only way to encourage voice over exit is through the cultivation of loyalty (Hirschman, 1970). Loyalty is conceptualised as the main motivator behind the decision whether or not to raise one's voice.

Subsequent literature has extended the dynamic of loyalty by connecting it to the notion of silence. Gehlbach (2006) has recognised that the EVL model, properly understood, implies the existence of the dynamic of silence. Gehlbach (2006) describes this dynamic as dependant on the degree of bargaining power between the organisational hierarchy and the member. Silence manifests in two ways: apathy and enforced silence. An apathetic member accepts the status quo, abides by the rules, is productive and sees no reason to engage in voice. They do not want to leave and, by free choice, stay to work in the business. Such members demonstrate a form of loyalty that is essentially constituted by silence. This form of loyalty diverges significantly from Hirschman's original conceptualisation of loyalty as being the necessary predicate of voice.

When an organisation is operating optimally, members fully engage in the productive effort of the organisation and assist management to realise its goals for the business. Equally, when management operates optimally, it fosters loyalty among members. But where there is no effective outlet for constructive voice in an organisation, and where the member has no option to exit, the dynamic of *enforced* silence emerges (Gehlbach, 2006; Donaghey, Cullinane, Dundon & Wilkinson, 2011). A member that is forced into silence accepts the status quo because they must. Their latent dissent is just as destructive (if not more so) as destructive dissent (Kassing, 2002) and may function as the preamble to exit if such an option is available to the member in the future. Just as destructive dissent corrodes business efficiency, enforced silence has similarly destructive effects.

At a theoretical level, silence and enforced silence are two different concepts. Whilst silence may signify acquiescence as a form of passive loyalty, enforced silence is the state of passive resistance to management choices. Enforced silence comes about when management chooses to suppress voice (Gehlbach, 2006). When voice and exit are denied to the member, enforced silence results but this is sometimes mistaken as loyalty by management. The mobilisation of silence as a survival mechanism, or indeed as a preamble to exit in circumstances where exit is an option, goes largely unaccounted for in Hirschman's model and has only just been recognised in the literature as an important inflection. Understanding the relationship between loyalty and silence is just as important as the work done in relation to understanding the

relationship between voice and exit. Drawing upon more recent developments in cognate fields that have taken account of silence, this thesis endeavours to extend the extant theorisation of silence and demonstrate how it should be integrated as a fourth dimension in the original EVL model.

## **1.2 The Study**

The aim of this research is to reconceptualise Albert Hirschman's EVL model (1970) to include silence. In order to do this, the present thesis elaborates on the original model and then traces the most important subsequent iterations to date (Gehlbach, 2006; Kassing, 2002). This thesis will then aim to re-develop the EVL model to account for silence. This research concludes that when silence exists, the need to determine genuine member loyalty becomes more pressing.

Traditionally, loyalty has been understood to be the main motivator for members to use voice, since in theory, they want to support and improve the organisation. However, current research suggests that instead of loyalty, the member's choice to use voice is contingent upon the perceived cost of expression, the extent to which organisational dissent is at play and whether or not it is "worth the risk" to mobilise voice (Tangirala & Ramanujam, 2012; Paukstat, Duijn & Wittek, 2011). Consequently, more research needs to be conducted on the motivators for voice and how the lack of voice can lead to organisational silence. Comparing and contrasting research from the 1970's to current work, this thesis aims to conduct a more nuanced study that investigates how employers enforce silence and why there is a misconception that they are receiving loyalty.

Therefore, this study is undertaken with the overarching research question: *Can Hirschman's original model be re-conceptualised for contemporary organisations via a consideration of silence?* In order to guide the research towards an extension of the literature, there are two further sub questions: (a) *how do we incorporate silence into the EVL model in order to distinguish loyalty from disengaged, present members?* (b) *In what way is member silence distinct from enforced silence?*

## **1.3 Structure of the Thesis**

Following this introduction, chapter two presents a review of the literature on Albert Hirschman's seminal model. Chapter three extends the concept of loyalty. This chapter further argues that loyalty is not the main "attitude" motivating voice (Paukstat, Duijn & Wittek, 2011). Exploring the current findings on loyalty, chapter three redefines loyalty as a concept grounded in member engagement, distinguishing it from physically present members in a workforce, as Hirschman seems to suggest.

Chapter four details voice through empirical and conceptual studies, establishing that the primary motivation for voice is contingent upon a cost/benefit analysis rather than a sense of loyalty. In chapters three and four, the dimensions of member voice and member silence are elaborated to specifically focus on how the two concepts interrelate within the current organisational climate. Chapter five unpacks the concept of silence and how it specifically relates to the EVL model on theoretical premises.

Chapter six explores the concept of exit and why traditionally it has been used as the main method of solving organisational problems. This chapter illustrates that exit has been the preferred outcome for managers when responding to the consequences of organisational slack because managers and employers desire to keep their autonomy and power. Having analysed the findings on each of the four main concepts in Hirschman's model, this thesis concludes with presenting a revised conceptual model to extend the original Hirschman EVL model.



## Chapter Two- Literature Review

### 2.1 Introduction

This chapter details the body of literature pertaining to Albert Hirschman's (1970) Exit Voice and Loyalty (EVL) model. By examining the dominant perspectives on the model and providing a critique of its application in the management literature, the first aim of this chapter is to trace the original concepts and how they have evolved over the last four decades of scholarship. The second aim is to identify the limitations of the model when conceptualising it specifically in a contemporary organisational context. The third aim of this chapter is to establish a framework that highlights the gap of literature relating to Hirschman's model, arguing that the integration of silence would add conceptual scope to the model, thereby ultimately contributing to the growing theoretical work in this area.

Hirschman's EVL model has attracted considerable attention since its first appearance in the 1970's. Whilst appearing to be a relatively simple model, its application across various schools of thought stretches across four decades. Specifically in the management literature, theorists have found the model useful in order to identify and understand member behaviour and response to organisational decline. At its core, the EVL model is a framework for understanding the options available to member when responding to declining conditions and the feedback processes in response to decline made available to management, rendering it a powerful communication tool for organisations.

Whilst the model has enjoyed popularity, it has also attracted various criticisms, the most enduring being that the concept of loyalty needs further clarification since the original model collapses two concepts into loyalty. There is an engaged loyalty (or a decision to stay out of a desire to rectify decline), and there is a passive silent non-exit form. This has led to the extension of the original model, the most notable being the Exit, Voice, Loyalty and Neglect model (Rusbult, Zembrodt & Gunn, 1982; Dowding & John, 2011), now an established model in its own right. The need for an additional dimension, such as neglect, has already been highlighted as being

essential in making the model more applicable in the current organisational climate. This chapter will highlight that a further factor of member silence would be a valuable contribution to the growing body of management theory-building research.

This chapter begins with an overview of the EVL model. It then proceeds to present a critique of the past and current literature specifically relating to the model outlines the general criticisms that have been found in its application specifically in the management literature, and finally it considers the current view of Hirschman's work. The chapter presents the argument that integrating silence into the model would contribute to clarifying the questions surrounding why a member remains silent but present within an organisation. The chapter concludes with a summary of the main limitations on the EVL model and what needs to be further analysed to create a deeper conceptual understanding of the options available to members when responding to organisational decline, as well as the impact of these options for management.

## **2.2 Hirschman's Exit, Voice and Loyalty, a Response to decline in firms, organisations and states (EVL) (1970)**

Albert Hirschman was born in 1915 to a German Jewish family. He moved to Paris in 1932, before World War II, around the time when Jewish students were expelled from German universities. Hirschman studied economics in Paris, and later in London at the London School of Economics. In 1941, Hirschman moved with his family to America and then later, in 1952, to Colombia. In his later years, he started working at universities such as Yale, Columbia and Harvard. Described as "not an orthodox thinker... what made Hirschman so original was that he emerged from the margins of the universities so that he was never truly of the universities, this freed him to cross boundaries with great abandonment" (Adelman, 2013, cited in Hirschman, 2013 p. 23-25). In 1970, Hirschman published his most renowned work, *Exit, voice, and loyalty: Responses to decline in firms, organizations, and states* wherein the original EVL model was developed. Largely focused on the interactions of markets, customers and organisations, the EVL model has been described as being academically distinct (Gehlbach, 2006), because it fuses the economic concept of exit with the political concept of voice through the construct of organisational



membership, something that Hirschman argued had not been previously done. He originally endeavoured to use the EVL framework to show both political science and economic schools the usefulness of using the concepts together. This may account for the model's enduring presence in political and economic science (Barry, 1974; Birch, 1975, Laver, 1976; Dowding & John, 2011).

Hirschman's conceptual model emerges from the idea that throughout history society has experienced times of growth and times of decay (Hirschman, 1970). The unique aspect of society is the ability "to take considerable deterioration in its stride" (Hirschman, 1970, p.6). In regards to the organisation, Hirschman argued that as a result of a flourishing society, there has been an increase in "productivity and control over the environment" (Hirschman, 1970, p. 6). Therefore, there will be periods of *slack* or episodes of "occasional decline as well as prolonged mediocrity" (Hirschman, 1970, p.7). These periods were accepted as being one of the "penalties of progress" (Hirschman, 1970, p.7). As a result, whilst society attempts to produce a surplus or grow, explainable events in the organisational cycle tend to create moments described as "reparable lapses" (Hirschman, 1970, p.6). Thus, organisations are "not at liberty not to produce [a surplus] or to produce less of it than is possible; the effect on social behaviour is as simply and rigidly prescribed and constrained as it is in a no surplus subsistence situation" (Hirschman, 1970, p.8).

Other seminal theorists such as Adam Smith (1986 [1776]) and Karl Marx (1992 [1867]) have also examined the idea that society should always produce at surplus and never experience organisational slack. Smith (1986 [1776]) viewed slack through the mechanism of the invisible hand. Despite the intentions of individual actors, the market would tend to equilibrate over time. Decay was a consequence of misjudged decisions that could be capitalised upon by another market player. In contrast, Marx (1992 [1867]) viewed repairable lapses through the prism of inequality. Decay occurred as a result of inequality between capital and labour. It was the decay found within interpersonal relationships in the economic process that he identified as being the explanation for organisational slack.

Hirschman's model still resonates as a powerful foundation for understanding organisational decline and response today. The EVL framework explores the options that a member has in a time of decline, their responses towards organisational

decline and managerial reaction to these responses (Kolarska & Aldrich, 1980; Boroff & Lewin, 1997; Cusack, 2009; Christiansen, 2010; Dowding & John, 2011). As Hirschman (1970) points out:

No matter how well societies basic institutions are devised, failures of some actors to live up to the behaviour which is expected of them is bound to occur, if only for all kinds of accidental reasons (Hirschman, 1970, p. 1).

Hirschman considered that society has always marshalled “from within itself to revert the behaviour required for its proper functioning” (Hirschman, 1970, p. 1). It is with this understanding that decline is given a context. Organisations will always be exposed to circumstances where they may face decline in their production. Therefore, it is important that research be undertaken into repairable lapses (Hirschman, 1970). This area of organisational behaviour has continued to interest researchers and theorists alike because of how change affects the functioning of society as a whole.

The key elements of Hirschman’s work that continues to bear relevance are not only its understanding of organisational member (or customer) response but also the challenge the model poses to classical economic thought on the organisation as an economic and social entity and the need for reparation when organisations enter a state of decline (Graham & Keeley, 1992; Gehlbach, 2006; Hoffmann, 2006; Haarmann, Klenk & Weyrauch, 2010; Dowding & John 2011). Hirschman noted that economists have a lack of interest in the reparation of organisations for two reasons: firstly, economists believe that a firm “falls behind (or gets ahead) for good reason” that occurs beyond the economist’s control (Hirschman, 1970, p. 7). Secondly, economists understand the competitive market system from the perspective of everything being replicable. “As one firm loses in the competitive struggle, its market share is taken up and its factors are hired by others including newcomers” (Hirschman 1970, p. 7). Economists view organisations as ultimately disposable, thereby accounting for their lack of interest in methods of repairing decline. Critics of Hirschman’s work have suggested that one of the failings in Hirschman’s work is the over reliance on this presumption; about how economists view organisations as disposable (Barry, 1974; Birch, 1975; Laver, 1976). Whether it be an over emphasis

or a mere observation, it accounts for Hirschman's addition of a political dimension to what is essentially an economic research.

Hirschman succeeds in merging two contrasting schools of thought: Economics (exit) and Politics (voice). This can also be defined as "market and non-market forces", which may explain why Hirschman has received so much attention within the realm of social sciences (Kolarska & Aldrich, 1980, Farrell & Rusbult, 1981; Rusbult Zembrodt & Gunn, 1982; Leck & Saunders 1992; Farrell & Rusbult, 1992). EVL has also been cited as a "challenge to the usual economic presumption that more degrees of freedom are always to be preferred to fewer" (Williamson, 1976, p. 372).

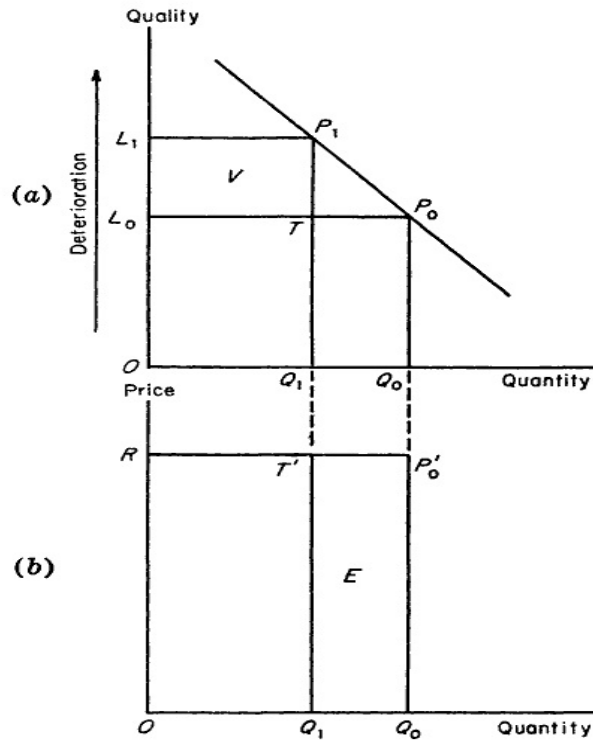
Hirschman likens EVL to a variant on the traditional economic demand function, where a decrease in quality affects change (Hirschman, 1970, p. 23). When a decrease in quality in the product or organisation begins to occur, a member has the choice to either exit or voice their concern. Whether or not exit or voice will be the choice, creating the opportunity for the decline to reverse itself depends on an "exogenous factor, loyalty" (Cannings, 1992, p. 262). To understand Hirschman's model, we must look at it through the lens of a slack economy or the unutilised part of the economy's productive capacity (Hirschman, 1970, p. 10). The point where EVL can come into play is when a taut economy moves to one where there is slack. A taut economy is when a firm is producing a "steadily increasing surplus" where everyone is constantly performing at the "top of their level and are ever expanding" (Hirschman 1970, p. 9). Hirschman argues that where an organisation believes they can permanently stay in a taut economy issues begin to emerge because sustaining optimal surplus permanently is impossible.

Hirschman was particularly interested in the concept of a slack economy because of its direct relevance to a body of research that concerned itself with the "problem of development" (Hirschman, 1970, p. 12). Hirschman explores a cascade of literature beginning with Cyert and March's (1963) *A Behavioural Theory of the Firm*, which introduces the concept of slack; then Harvey Leibenstein's work (1966) that furthers the importance of slack. Hirschman then considers Postan's (1968) work, *A Plague of Economists*, which suggests that Britain's "economic ailments are better understood by focusing on microeconomic slack than on any mistaken

macroeconomic policies” (Hirschman, 1970, p. 12). Hirschman felt a particular “kinship” with this area of economic literature because it explored areas of the same gap that he was researching, in particular how understanding an organisation’s failure is not achieved by looking at the broad economic sphere. Rather, it is understood by examining the “specific failures of its individual cells, management, salesmanship, design or the behaviour of groups of labour” (Hirschman 1970 p. 13 citing Postan 1968, p. 44). EVL is concerned with exactly these individual cells and repairable lapses. Hirschman believes that to get back to a taut economy, an organisation must first understand the slack that is within these individual cells. Hirschman is not interested in “slack from depression or unemployment”. Rather, the slack is:

associated with these phenomena results from malfunctions at the macroeconomic level, which frustrates firms and individuals in their supposedly undiminished zeal to maximise profits and satisfaction (Hirschman, 1970, p. 10).

This is a key concept in understanding the EVL model and how Hirschman intends for it to operate. The model is presented from a competitive market perspective where management tries to reverse the existing slack within their organisation and revert back to a taut normal efficiency. Hirschman represented the relationship between exit and voice diagrammatically. In Hirschman’s figure below, demand is represented as a function of quality measured along the vertical axis.



(Hirschman, 1970, p. 130)

Hirschman originally created the model as a framework to isolate the options available when an organisational member or customer encounters “slack” (Hirschman, 1970, p. 13). He identified that there was little research that analysed how to “lead firms back to normal efficiency, performance and growth standards after they have lapsed from them” (Hirschman, 1970, p. 22). As Hirschman defines slack within an organisation as the “failures of its individual cells”, this definition could relate to multiple failures of an organisation, e.g. poor management, quality deterioration or job dissatisfaction (Hirschman, 1970 p. 13 citing Postan, 1968, p. 44). Hirschman argued that the exit option does not benefit an organisation as it fails to provide the “feedback mechanism” for management that voice does. Hirschman’s model isolates the interaction between exit and voice and the conditions that enhance the voice mechanism to make it more effective. Hirschman argues that, in most situations, Loyalty needs to exist for voice to be effective. Hirschman also argues that depending on the degree of loyalty, the “see-saw” relationship between exit and voice shifts so that there is never an optimal mix of exit and voice present within an organisation (Hirschman, 1970, 1993, p. 178).

### 2.3 Exit, Voice and Loyalty – The model

In Hirschman's original model, the analysis situates the model seen from two vantage points of either customer/consumer or organisational/member satisfaction. As the focus of this work is on the organisational dimension, this chapter reviews the evolution of thought in the management literature regarding Hirschman's work. Therefore, this thesis will only visit Hirschman's model in reference to the relationship between management and organisational members,, not the relationship between customers and organisations.

Hirschman's model consists of three elements: exit, voice and loyalty. When an organisation experiences decline, the model posits that members have two options to express their discontent. They can either choose to exit the organisation or they can choose to express their concerns to management through the voice mechanism. The model asserts that the exercise of the voice mechanism is predicated upon the presence of loyalty.

#### *Exit*

Exit is defined as the decision taken by members to leave an organisation. Economists consider exit to be "uniquely powerful" when solving quality improvement because revenue losses directly draw managerial attention to organisational failures (Hirschman, 1970, p. 21). The traditional belief is that exit is a powerful recuperation mechanism because it alerts management to its failings and forces them to fix the management structure to make it more appealing to stay (Hirschman, 1970; Barry, 1974; Birch, 1975). Hirschman argues that exit is an insufficient recuperation tool because if members exit as a response to organisational decline, on a "small level, revenue will still then be sufficiently high so that the change or drop in quality will go unnoticed and recuperation will not be able to take place" (Hirschman, 1970, p. 22). If members exit on a "mass level then the organisation is nearing bankruptcy and so it will then be a case of too little too late" and therefore no repair will be able to take place (Hirschman, 1970, p. 22).

Hirschman proposes that for exit to work as a method for repairing decline, it needs to occur at an intermediate level. However, he argues that it will not completely alert

management to its true failings because it does not work as a communication tool and thereby inhibits an organisation's capacity to receive feedback (Hirschman, 1970). Hirschman also suggests that after exit has taken place, a member will seek employment in competing firms, thus further extending the impact of the loss of human capital (Hirschman, 1970). As an alternative, the model positions voice as a compensatory tool for management.

### *Voice*

Voice is defined as the decision taken by organisational member to communicate their concerns, and express their ideas and relevant opinions to management through either formal or informal methods (Mayes, & Ganster, 1988; Morrison, & Milliken, 2000; Dyne, Ang, & Botero, 2003; Vakola, & Bouradas, 2005; Flew, 2009; Haarmann, Klenk & Weyrauch, 2010). Voice can come into play "alongside or instead of the exit option" (Hirschman, 1970, p. 30). Voice is described as an "articulation" stemming from a consumer's desire to "attempt to change management practices, policies and outputs of the organisation it belongs to" (Hirschman, 1970, p. 30). Therefore, voice is conceptually distinct from exit as it is an "attempt to change rather than escape from an objectionable state of affairs" (Hirschman, 1970, p. 30). A similar theorisation of organisational member response has also been investigated in subsequent work. Hirschman describes situations where voice will either function "alongside" exit or replace exit entirely (Hirschman, 1970, p. 30). If the decline within an organisation leads an individual to voice their discontent rather than "exiting quietly", it can act as a warning sign in the same way that exit does. When an organisation is experiencing decline, voice can "alert management to its failings" but it must give management some time to respond to the problem to which their attention has been drawn (Hirschman, 1970, p. 34).

Voice can also postpone exit. In certain organisational environments, an individual is not "ready to desert the firm but they are experiencing certain levels of unhappiness" (Hirschman, 1970, p. 34). In this context, voice acts as a tool to postpone or delay exit. From a managerial perspective, this should be a more desirable option because exit is an unreliable feedback mechanism for organisations attempting to solve quality decline. Voice, in this context, is valuable to management because, unlike exit, the voice function gives management time to reverse the decline (Hirschman,

1970). Voice should also be desirable to management because, as noted, exiting members are often employed by a competing organisation which not only gains an advantage but the declining organisation loses its intellectual property (Hirschman, 1970 p. 35).

Hirschman outlines a series of conditions where voice becomes a substitute for exit (Hirschman, 1970, p. 38). The first is when an individual wishes to create change within a company either by attempting to bring it back to its former functioning or exerting their own influences into the organisation. Second, an individual may feel as though the personal cost is too high to exit. Finally, an individual may choose to stay out of loyalty. The voice option “includes different degrees of activity and leadership to attempt to achieve change from within” but no matter what the different degrees are, the voice option is always the decision to “stick with the deteriorating firm” (Hirschman 1970, p. 39). The decision to stay and exercise the voice option is evaluated by an individual according to the likelihood of the firm or organisation electing to reverse the declining circumstances and a member’s willingness to take a chance using the voice option rather than exit (Hirschman, 1970).

Hirschman outlines that there are certain conditions for voice to be effective. Voice will only be effective if the member using it perceives that their ideas or opinions will be favourably received. If members perceive that voice will be effective, it may either postpone exit or reverse decline, fostering attitudes that encourage employees to be more inclined to use voice. The voice option is more likely to be used at an early stage and is dependent on the ability and willingness of the employee to exercise it. Once exit has occurred, the opportunity to use voice is lost. If a member uses the voice option, they still have the exit option to fall back on, making it more powerful in some situations. Exit will be the last resort after voice has failed.

### *Loyalty*

Loyalty is the final dimension of the model. Hirschman defines loyalty as a “special attachment” whereby the individual who possesses it is willing to trade off the certainty of exit for the uncertainties of voice (Hirschman, 1970, p. 76). Hirschman further suggests that a member is loyal because they either want to assist in changing their organisational circumstances or because they are content to remain passively



loyal to their organisation with “the hope that things will get better” (Hirschman, 1970, p. 77). The effect of loyalty on the relationship between exit and voice is that “loyalty holds exit at bay and activates voice” (Hirschman, 1970, p. 77). Loyalty is not to be viewed as an irrational feeling but as a tool, preventing “deterioration becoming cumulative” (Hirschman, 1970, p. 78). Hirschman acknowledges that loyalty is “multilayered” because the varying degrees that a member experiences will ultimately change the conditions as to whether exit or voice is chosen (Hirschman, 1970 p. 78). The conditions where loyalty assists voice and holds exit at bay include circumstances where a member wishes to create change and stop decline (Hirschman, 1970, p.79). It may also be that a sense of strong attachment prevents a member exiting in the early stages of decline. Loyalty will also strengthen the effectiveness of voice when a firm is trying to avoid a member from exiting.

Hirschman’s model builds towards identifying whether there is an optimal mix of exit and voice as far as their effectiveness as feedback mechanisms are concerned. For the model to be effective, it depends on the managerial responsiveness to each function but suggests that finding an optimal mix would be difficult because, like an organisation that is subject to slack, both the exit and voice tools are also subject to decay (Hirschman, 1970, p. 122). Hirschman argues that the model identifies the value of feedback to management and its benefits strategically, especially in the long term. Hirschman identified that often the managerial response favours the:

short term interest to entrench themselves and enhance their freedom to act as they wish, unmolested as far as possible by either desertions or complaints of members, hence management can be relied on to think of a variety of institutional devices aiming at anything but the combination of exit and voice (Hirschman, 1970, p. 93).

The conceptual flaw in Hirschman’s model, identified by various theorists (Barry, 1974; Birch 1975; Kolarska & Aldrich, 1980; Boroff & Lewin, 1997) is its failure to recognise the tension that management are more likely to repress voice and exit simultaneously, accelerating organisational decline.

## 2.4 Overview of criticisms of the model in the management literature

Hirschman's model has been used extensively over the past four decades. Whilst receiving significant popularity, the model has also been heavily criticised. Some of the broad criticisms have included the observation that the model is not easily adaptable across contexts because of the over-reliance on competitive market structure and the limited economic analysis of organisational slack (Barry, 1974; Birch, 1975; Laver, 1976; Dowding & John, 2008). Equally, the question of whether the model is truly functional has been posed (Barry, 1974; Gorden, 1988), stemming from inquiries regarding whether loyalty does indeed enhance voice and whether the voice function is strong enough to work as a communication tool to management to help respond to organisational slack (Minton 1992; Saunders, 1992; Luchak, 2003).

Specifically in the management literature, two main criticisms arise. The first connects with the broad question of the model's applicability as subsequent theorists have argued that, in reality, instead of the voice option being utilised, more often than not silence will be chosen (Wingrove, 1971; Barry, 1974; Rokkan, 1974; Birch, 1975; Laver, 1976; Kolarska & Aldrich, 1980; Gorden, 1988). Barry (1974) and Birch (1975) also suggest that Hirschman effectively collapses two separate choices into one with loyalty, demonstrating that there is firstly a choice between exit and non-exit and a further choice between voice and silence. One choice is between exit (leaving) and non-exit (staying); the other is between voice (activity, participation) and silence (in-activity, non-participation) (Barry, 1974; Birch, 1975; Laver, 1976; Kolarska & Aldrich, 1980; Gorden, 1988). Barry argues that:

in any situation, one choice has to be made out of each pair of options, even if only by default. Thus, as well as silent (exit) and non-exiting (voice), there is also silent non-exit, and this may well be the rational course to follow if exit is unattractive (Barry, 1974, p. 91).

Barry highlights that a different definition of loyalty emerges challenging Hirschman's original analysis. Barry identifies that this silent choice could be considered loyalty within Hirschman's model as a member decides to stay and not use exit, but it is not resulting from an attachment as originally outlined in the model (Barry, 1974, p. 97).

The second criticism is that Hirschman's definition of loyalty is too broad and multidimensional so that when applying the model to various contexts, the model becomes unusable because it fails to capture all situations and reactions (Barry, 1974; Birch, 1975; Laver, 1976; Kolarska and Aldrich, 1980; Gorden, 1988). To address this shortcoming, the model has been reconceptualised or extended across an array of schools of thought such as politics (Ross, 1988; Sharp, 1984; Eubank, Gangopdhay & Weinberg, 1996; Kato, 1998), health sciences (Dowding, John, Mergoupis, & Vugt, 2000; Dowding & John, 2011), unionism (Allen, 1984; Miller & Mulvey, 1991; Bednar, 2007), psychology (Laponce, 1974; Rokkan, 1974; Burris, Detert & Chiaburu, 2008) and organisational literature (Williamson, 1976; Kolarska & Aldrich, 1980; Farrell & Rusbult, 1981; Rusbult Zembrodt & Gunn, 1982; Withey & Copper 1989; Farrell, & Rusbult, 1992; Leck & Saunders, 1992; Witt, 2011). Hirschman also revisited his work, identifying the value in further empirical and conceptual development (Hirschman, 1978, 1980, 1993). Despite the range of contexts in which the model has been used, the issues of how loyalty should be understood, defined and observed in practice remain a continuing source of scholarly inquiry precisely because of the broad definition offered up in the original model. More contemporary views of loyalty have so far as to challenge the positioning of loyalty as a predicative characteristic that will increase a member's likelihood of electing voice before exit (Gehlbach, 2006), instead suggesting that loyalty might be more usefully seen as a potential response "in its own right, on a par with exit and voice" (Clark, Golder & Golder, 2016, p. 2).

In 1980 and 1993, Hirschman revisited his analysis to address conditions of exit and voice not identified in his original model. In 1993, Hirschman returned to the generalisation that exit "tends to undermine voice" (Hirschman, 1993, p.176). Using the German Democratic Republic in 1989 as an example, Hirschman identifies that the "sea saw pattern" of exit and voice can involve situations where voice can undermine exit" (Hirschman, 1993, p.176). Thus, rather than seeing voice as an unproblematic preamble to exit in the event that voice is deemed ineffective, the subsequent consideration of these two functions conceded that voice could also potentially inhibit or arrest exit before it eventuated. In 1980, Hirschman explored the cost of voice, suggesting when there is a benefit as far as policy implementation is concerned, there is a possibility that the cost of raising voice could become

costless. Hirschman generalises in his original model that exit is costless and voice carries a higher cost. By extending the analysis, he highlights that, especially in the political sphere, the cost of voice could become a benefit if it is channelled towards creating a policy in the “interests of public good” (Hirschman, 1980, p. 433). Hirschman also addresses the limitation that the model is largely explored from the “bottom up” (Hirschman, 1980, p. 440). Whilst he acknowledges in his original analysis that there is a possibility that exit and voice could be “manipulated as management tools” and that “attempts to restrict exit whilst simultaneously choking voice go hand in hand with one another” (Hirschman, 1980, p. 440-442), Hirschman identifies that there may be a desire by management to manipulate exit or voice with no mention of loyalty. Because the desire to retain power is an important element of the interaction between the concepts, this dynamic should not be overlooked (Hirschman, 1970, 1980).

When adapting or extending the model in an organisational context, theorists found that voice and loyalty needed to be further defined to encapsulate all the variables when applying the model to employer/ member dynamic. Because the model fails “to formally develop the micro foundations of the relationship between exit and voice, this has led to confusion when applying the model across the various schools of thought” (Gehlbach, 2006, p. 396). In the 1980s, theorists further defined the variables of exit, voice and loyalty and conceptually broadened the model to adapt more specifically to the management literature (Kolarsha & Aldrich, 1980; Farrell & Rusbult, 1981; Rusbult, Zembrodt & Gunn, 1982; Farrell, 1983; Rusbult, Johnson & Morrow, 1986; Rusbult, Farrell, Rogers & Mainous, 1988). This theoretical development continued into the (Leck & Saunders, 1992; Saunders, Sheppard, Knight, & Roth, 1992; Drigotas, Whitney, & Rusbult, 1995). It should be noted that it was in the 1980s that the need for a fourth dimension was identified in order to encapsulate all the options available to members when responding to deteriorating circumstances.

The first re-conceptualisation of the EVL model was created by Rusbult, Zembrodt and Gunn (1982). They introduced the element of neglect through the lens of romantic involvements, thereby constructing the EVLN model. Likened to exit, neglect is understood as a passive reaction to decline in conditions rather than as a

proactive behavioural response such as voice (Clark et al., 2016). In 1988, Rusbult, Farrell, Rogers and Mainous (1988) furthered the neglect concept specifically to understand member behaviour in response to job satisfaction. In the EVLN model, neglect is defined as “passively allowing conditions to deteriorate through reduced interest or effort, chronic lateness or absences, using company time for personal business, or increased errors” (Rusbult, Farrell, Rogers, Mainous, 1988, p. 601). The neglect function suggests that a further factor is required when adapting Hirschman’s original EVL model precisely because, as previously noted, there are two elements within loyalty; an “active/passive and constructive/deconstructive element (Farrell, 1983, p. 605). As such, understanding which of these two possibilities is at play is made possible through the identification of neglect. Since its creation, theorists have used the EVLN model as a foundational premise for exploring employee reactions and behaviours within the workplace (Farrell, 1983; Withey & Cooper, 1989; Leck & Saunders, 1992; Naus, Van Iterson, & Roe, 2007). Exit, voice, loyalty and neglect is now an established framework and consistently used in the literature to theorise employee or member responses to dissatisfaction.

## **2.5 Exit, Voice & Loyalty in the current literature**

The current literature identifies that exit, voice, loyalty (and neglect) is still an enduring platform to help identify and understand member or (in the management context) employee behaviour (Luchak & Gellatly, 1996; Boroff & Lewin 1997; Turnley & Feldman, 1999; Dowding, John, Mergoupis, & Van Vugt, 2000; Luchak, 2003; Vugt Van, Dowding, John, & Van Dijk, 2003; Gehlbach, 2006; Naus, Van Iterson & Roe, 2007; Dowding & John, 2008; Si, Wei & Li, 2008; Allen & Tüselmann, 2009; Zuideau 2009; Berntson, Naswall & Sverke, 2010; Mellahi, Budhwar & Li, 2010; Dowding & John, 2011; Guillon & Cezanne, 2014). The concerns that the earlier critics identified in Hirschman’s model are still raised in the current literature, with theorists identifying the need to extend on the analysis of concepts such as loyalty and voice to understand ongoing issues involving different types of employee/member loyalty, how employees react using the different elements and the overall relevance of the model to contemporary organisational culture (Boroff & Lewin, 1997; Luchak, 2003; Si, Wei & Li, 2008; Allen & Tüselmann, 2009; Mellahi, Budhwar & Li, 2010; Guillon & Cezanne, 2014) The

current management literature has also focused on adapting the model, either as a reconceptualisation or as an addition, identifying that, especially in the current organisational climate, the model still requires extension to encapsulate all the options available to employees responding to organisational situations (Dowding et al., 2000; Vugt Van et al., 2003; Gehlbach, 2006; Naus et al., 2007; Dowding & John, 2008; Allen & Tüselmann, 2009; Berntson, Naswall, Sverke, 2010; Dowding & John, 2011).

The work of Naus, Van Iterson and Roe (2007) and Berntson, Naswall and Sverke (2010) illustrate more recent developments in the contemporary organisational climate and the overall impact of employees who no longer hold the expectation of life long security. Naus, Van Iterson and Roe's (2007) work offers a reconceptualisation of the EVLN model by introducing the response of organisational cynicism. Organisational cynicism is defined as "a self-defensive attitude directed against the employing organisation" which employees use as a way of detaching and protecting themselves from organisational management (Naus, Van Iterson & Roe, 2007, p. 685). Naus, Van Iterson and Roe's work is particularly relevant because it highlights a common problem for contemporary management where "management are faced with the dilemma of the necessity of fostering organisational culture" and "favourable work attitudes being a necessity to enhancing organisational success" (Naus, Van Iterson & Roe, 2007, p. 685). Simultaneously, there is also a "great necessity to develop organisational strategies that bring job insecurity through outsourcing or downsizing" (Naus, Van Iterson & Roe, 2007, p. 685).

The work of Scott Gehlbach (2006) also isolates this problem as an underlying theme in his theoretical framework. Gehlbach (2006) reconceptualises Hirschman's model using game-theory modelling [see also Slapin, (2009) and Clark et al. (2016)], and explores the power relationship between management and employee and the overall implications for exit, voice and loyalty. The model provides a framework for thinking about the decision-making process within organisations, which leads to the suppression of voice or exit (Gehlbach, 2006, p. 397). Gehlbach argues that "leaders typically have an incentive to suppress voice" because if employees do not voice their concerns over policy, then leadership does not have to be placed in a situation where they have to bargain with employees (Gehlbach, 2006, p. 397). He suggests

that management “may or may not” want to suppress exit because “doing so reduces what must be surrendered to individuals within the organisation, but increases the probability that individuals find their common voice” (Gehlbach, 2006, p. 397).

Gehlbach’s (2006) model explores a relationship between exit and voice that Hirschman does not. When exit is costly to an organisation, this increases the bargaining power and the effectiveness of voice. Therefore, the model suggests that if voice is already established then exit can increase the effectiveness of voice (Gehlbach, 2006, p. 397). If voice has not been established and employees are still deciding whether or not to express their dissatisfaction vocally, then leaders can organise themselves so that they can manipulate exit to increase the attractiveness to employees to remain silent because employees will decide that voicing concerns over policy is too costly. Gehlbach’s model develops the concept of loyalty further. Where Hirschman defined loyalty as “encouraging voice”, Gehlbach argues “whether loyalty results in greater welfare for an organisation’s employees depends on its nature” (Gehlbach, 2006, p.398). The cost of loyalty can be high or on a similar scale to exit, which means that loyalty can actually reduce employee welfare. When loyalty is perceived to be of a lower personal cost than raising voice, employee members may feel it is better to stay silent and be “loyal” (Gehlbach, 2006, p. 398).

In the work of Berntson, Naswall and Sverke (2010), the authors argue “employable individuals perceive themselves to have more opportunities in the labour market, which makes it more likely that they detach themselves from the organisation more quickly than individuals who do not feel employable” (Berntson, Naswall & Sverke 2010, p. 219). Using a series of questionnaires on a sample of white-collar service sector employees, they explored the theory that employees with different levels of employability respond differently to job insecurity. They found that job insecurity had a dominant effect on exit, voice and loyalty, but not on neglect (Berntson, Naswall, Sverke, 2010, p. 223). Their empirical findings suggested that the overall impact on the exit function was that employees who perceived themselves to be highly employable would be more likely to engage in exit and had “stronger intentions to quit” compared with employees who perceived themselves as less employable (Berntson, Naswall, Sverke, 2010, p. 224). Employees engaging in the

loyalty mechanism “perceived themselves as less employable” (Berntson, Naswall, Sverke, 2010, p. 224). Ultimately, their findings suggest that when employees feel insecure they engage more in exit and less in the voice and loyalty functions and that employees no longer respond in the same way to uncertainty (Berntson, Naswall, Sverke 2010, p. 216). This work highlights that the EVL model still has value because it is essential to management to understand the thought process behind decisions of employees and their reaction to organisational decisions. Berntson, Naswall, Sverke (2010) argue that there is a cultural shift where the “focus of the employees is directed away from the organisation towards their own career development” and an employee’s beliefs about their possibilities of attaining new employment, i.e. their sense of employability, is becoming “a feature of greater importance” (Berntson, Naswall, Sverke 2010, p. 216).

### *Silence*

As identified above, the concept of silence is not new yet remains largely unintegrated in current extensions of the EVL(N) model. Theorists who have touched on or explored the concept include Barry (1974), Birch (1975), Laver (1976), Kolarska and Aldrich, (1980) and Gorden (1988). From the trajectory of the management literature to date, the likelihood that members will choose to be silent and wait for the appropriate time to exit is implied in Hirschman’s model but this possibility is not formally constructed. Organisational silence has been defined as “the employee’s choice to ‘withhold their opinions and concerns about organisational problems’” (Morrison & Milliken, 2000, p. 707). Pinder and Harlos (2001) define silence as withholding “genuine expression” about one’s organisational circumstances to persons capable of effecting changes (Pinder & Harlos, 2001, p. 334). Organisational silence as an established concept exists already in the current management literature (Mintzberg & Westley, 1992; Beer & Eisenstat, 2000; Pinder & Harlos, 2001; Weber & Weber, 2001; Zhou & George, 2001; Milliken, Morrison & Hewlin, 2003; Dyne, Ang, & Botero, 2003; Vakola & Bouradas, 2005). Organisational silence has been suggested to occur from fear of personal career and reputation cost, an organisational culture that is intolerant of dissent, the desire not to harm, the feeling that they are not valued and managerial fear of inadequacy (Eistest & Beer, 2000; Morrison & Milliken, 2000, 2003; Vakola



& Bouradas, 2005). If an organisational culture experiences silence, it is often because of “powerful norms and games” (Morrison & Milliken, 2000, p.7) that prevent employees from speaking their concerns about the organisation. If an organisation suppresses voice, it is not so much a “product of multiple, unconnected individual choices and more a product within organisation and forces stemming from management that systematically reinforce silence” (Morrison & Milliken, 2000, p. 7).

Theorists argue that for silence to be reversed in an organisation, cultural change needs to occur that accepts voice and this will only come from the direction of senior leadership (Eitest & Beer 2000; Morrison & Milliken, 2000, 2003; Vakola & Bouradas, 2005). The current research also suggests that the choice to be silent is still preferable over voice for employees (Beer & Eisenstat, 2000; Milliken, Morrison & Hewlin, 2003; Vakola & Bouradas, 2005; Dyne, Ang, & Botero, 2003). Previous studies have identified that silence can lead to poor organisational commitment, decreased job satisfaction, motivation, morale, trust and productivity (Beer & Eisenstat, 2000; Dyne et al., 2003; Vakola & Bouradas, 2005). Other studies have also found evidence that management, through the organisational tools available to them, can create informal silent dissent policies if they desire (Hennestad, 1990; Saunders et al., 1992; Kotter, 1996; Kassing, 1998, 2002; Kassing & Avtgis, 1999; Vakola & Bouradas, 2005). The concept of silence has two potential attributes within the organisational setting. First, it can be utilised as a self-defence mode of behaviour for employees who elect to remain in a declining organisation because they are not confident of their capacity to either voice or exit. Second, silence can be manipulated through managerial process and structure to enforce silent compliance among employees. The risk of this second attribute for management is that the resultant silence is then misconstrued as loyalty.

Hirschman’s framework is difficult to apply to an organisation as its main premise is to act as a communication tool to provide management with feedback when faced with organisational challenges. In scenarios where the conditions for communication are obfuscated or rendered inert due to either member or managerial incapacities to cultivate real loyalty and voice, the model essentially halts (and the default becomes exit). The integration of silence into the model takes a powerful step towards

adapting this communication tool to a more applicable framework for mapping and interpreting the intricacies of member/management relationships and organisational dynamics. Silence enables us to investigate the ambivalences and uncertainties that exist at the interstices of organisational life. While neglect goes some way towards directing our attention to these “grey areas” of member inertia and managerial manipulation, it offers us little insight into how neglect manifests and what its antecedents may be. The integration of silence into the model addresses some of these shortcomings, as it accounts for both the managerial and member enactments of neglect and the behaviours that potentially constitute neglect.

## **2.6 Conclusion**

This chapter has provided an overview of Hirschman’s model, identified the key criticisms of the model, and examined how theorists have extended the model over time through such additions as neglect and the less integrated element of silence. In the management literature, one of the main limitations identified is that there should be a tacit function of silence that represents another non-exit option. This perspective mirrors the earlier work of Rusbult, Zembrodt and Gunn (1982) in their addition of neglect as a potential response to decline (Rusbult & Lowery, 1985). Neglect shows the destructive passive behaviour displayed by an employee when detaching from an organisation. Therefore, by formalising neglect in the model, this allows management to see the warning signs. The EVLN model, now predominant in its own right, is useful for understanding behaviour but fails to encapsulate the actual decision-making process for an employee when facing decline and making the initial decision as to what option of the model they should engage in. Including silence as another dimension would better elaborate the actual behaviour enacted by employees when they are “neglecting” their organisation.

Equally, Gehlbach’s (2006) later re-conceptualisation formalises the question, briefly flagged by Hirschman, of how management can manipulate the model to enforce silence and prevent exit. As the general organisational silence literature has identified, management can have organisational structures in place to create a culture of silence, often maintained to preserve their autonomy and decision-making power (Dundon, Wilkinson, Marchington & Ackers, 2005; Dundon & Gollan, 2007). The

integration of organisational silence as a further dimension to the EVL model would contribute to the present gap thus enabling us to identify why it is often the case that members will view the cost of voice as being too high and choose to remain silent waiting for the right time to exit (Barry, 1974). There is great value in further identifying why, if a culture of silence is largely destructive and ultimately harmful for an organisation, management continues to engage in practices that enforce silence. Indeed, if viewing it through the lens of Hirschman, there is value in shifting the theoretical focus to why management would desire their members to engage in silence and stay instead of exit. This would address the fundamental limitations of Hirschman's model as seen within the management literature and thus enhance the value of the original model.

This examination of Hirschman's EVL model and its continuing prevalence in the literature has highlighted three key thematic outcomes that require further analysis. The first theme is that the concept of loyalty requires further definition to help clarify its dual nature, as first described by Hirschman. Separating engaged loyalty from disengaged loyalty would help explain why silence should be included in the EVL model as it would encapsulate the passive non-exit option but be distinct from constructive employee loyalty. The second theme is that silence needs to be further defined and formalised so as to be included in the model. The third theme begs the question as to why management would desire to enforce silence and believe they are receiving loyalty in return. In order to address some of these elements, this study further explores each individual concept of the model and analyse each concept separately and as part of the existing model. It will then integrate the concept of silence, showing how it will sit within the existing model and provide an overview for further research. Thus, this thesis aims to make the model more applicable to the current management literature by contributing to the development of a broader conceptual framework.

## Chapter 3 - Loyalty

### 3.1 Introduction

This chapter details the body of literature relating to Hirschman's concept of loyalty. The objective of this chapter is to visit existing definitions of loyalty in order to further elaborate this key element of the EVL model. By exploring the key themes underpinning loyalty through the lens of workplace and organisational studies, this chapter provides a more detailed understanding of the different elements of employee loyalty for future research within organisational fields. This chapter advances the argument that Hirschman's original view, that loyalty functions, first and foremost, as a driver for voice and a brake on exit, does not fully account for an member's sense of loyalty. Rather, loyalty takes several forms (as demonstrated in Meyer and Allen's (1991) three type model), not all of which are born out of a proactive desire to remedy organisational decline. This contention supports the subsequent argument sustained in the following chapter that because loyalty reflects different motivations, it should not be conflated with silence.

This chapter begins with an overview of Hirschman's (1970) loyalty concept. It then considers some of the scholarly critique of the original Hirschman conceptualisation of loyalty. Through this analysis it is identified that loyalty is a multidimensional construct that changes character depending on the situation in which it is present. The literature suggests that we need to be mindful of the possible motivations for loyalty. The chapter then proceeds to distinguish the attitudinal and behavioural elements of loyalty, as defined through the research, to identify where loyalty has been adapted. This chapter ultimately argues, based on the current literature, that there is still a need to define loyalty further in order to make it adaptable to different management studies. By this analysis it is argued that, although loyalty was originally posited by Hirschman as the prime explanatory factor for the choice between exit and voice, it is more accurate to see loyalty as one component of a larger cost benefit analysis.

The chapter presents an overview of Meyer and Allen's (1990, 1991) three-type organisational commitment model as the basis for proposing a new way of

conceptualising loyalty. It is suggested that by using Meyer and Allen's (1991) framework, a more specific definition for examining loyalty in organisational situations can be constructed. This chapter argues that management should desire engaged loyalty from their employees and also be aware that there is an disengaged form of loyalty which is evident in the Meyer model. By identifying this difference, this chapter highlights that there is value in further research so as to better apprehend both the different forms of loyalty present within an organisation and how management can better cultivate positive forms of employee loyalty.

### **3.2 Hirschman's Loyalty**

Loyalty is the final concept described in Hirschman's model. Hirschman defines loyalty as a "special attachment" (Hirschman, 1970, p. 77). Loyalty is introduced to explain why, in some situations, the voice option will be used instead of exit, even though exit would appear to be the more logical or preferable option (Barry, 1974; Birch, 1975). The model suggests that "loyalty holds exit at bay and activates voice" (Hirschman, 1970, p. 78). Whilst Hirschman acknowledges that loyalty is multilayered and is shown to have an emotive dimension, he argues that loyalty is essentially functional because it serves a purpose when facing challenges within the workplace (Hirschman, 1970, pp. 77-79). A loyal organisational member is described as either wanting to influence the organisation in some way or as someone who will "stay in the hope that things will get better" (Hirschman, 1970, p. 78). Hirschman suggests that loyalty is useful because it opens up "new ways of exerting influence and pressure towards recovery" for members, especially because it "raises the [personal] cost of exit" (Hirschman, 1970, p. 80).

Loyalty is used by Hirschman to explain how voice would be utilised in a competitive organisational environment. Hirschman defined the conditions under which voice would be chosen as being either the extent to which members were willing to trade off the certainty of exit against the uncertainties of voice, or, the estimate members have of their ability to influence the organisation (Hirschman, 1970, p. 77). In the contemporary organisational context where rigid hierarchical communication structures exist (Morrison & Milliken, 2000), "exit is a wide open

option and voice is largely non-existent” (Hirschman, 1970, p.77). Loyalty thus steps in as the mitigating explanation for how voice is developed, chosen and used.

We can draw two conclusions from this analysis. First, a loyal organisational member will stay for one of two reasons. First, they passively stay believing that undesirable circumstances will change, or they actively stay to provide input themselves to change organisational circumstances. Second, an individual who is loyal can remain so without desiring to be influential but “hardly without the expectation that someone will act or something will happen to improve matters” (Hirschman, 1970, p. 78). One of the unique aspects of loyalty in Hirschman’s model is that it also encapsulates the scenario of an individual having the desire to change or to influence an organisation. The individual wishes to become influential enough to reverse deteriorating circumstances within an organisation. Thus, the loyalty concept can be broken down into two distinct elements: Firstly, it has the ability to “hold exit at bay”, become an exit tax (Hirschman, 1970; Barry, 1970) and therefore motivate the voice function. Secondly, as subsequent theorists have highlighted (Barry, 1974; Birch, 1975; Kolarska & Aldrich, 1980; Farrell, 1983; Withey & Cooper, 1986), loyalty can also function as an alternative for members instead of voice and exit.

Hirschman’s model maps the process involved when employees react to slack, which could also be defined as responding to organisational policies or management (Hirschman, 1970, p. 77). This analysis specifically focuses on the conditions under which the model operates in employee and management relations. According to Hirschman, loyalty is useful because a loyal member will use voice first to raise concerns and, then, if conditions continue to worsen, choose the exit option (Hirschman, 1970, p. 88). This is described as the better option because management is given the chance to rectify failings and respond to member feedback as voice has been utilised (Hirschman, 1970). Hirschman conceptualises this as an exit barrier (Hirschman, 1970, p. 88). In the circumstance where an employee disagrees with management over a policy, there will be a certain level of unhappiness experienced by the employee before exit. A loyal employee will react first using their voice. If nothing is done they will use the threat of exit. If, after this point, nothing has changed the loyalist will then exit. This is the condition under which loyalty acts as a

brake to exit, as there is the interim pause to leverage voice in the hope that circumstances improve as a result. Therefore, loyalty serves a functional purpose in that loyalty activates voice which can then signal deterioration early enough to stop it being “cumulative” (Hirschman, 1970, p. 79). Loyalty has the capacity to postpone exit, strengthen voice, and may save the firm from the dangers of excessive or premature employee exit.

The model also highlights the situation where loyalty creates bargaining power for organisational members. From a management perspective, where employees can leverage a vast availability of career opportunities, it pays for an organisation to cultivate loyalty. Because loyalty can put management in a situation where exit is costly for the organisation and accumulate bargaining power among employees, management may want to reduce this dynamic to preserve autonomy. This is where Hirschman suggests that there are flaws apparent in the model (Hirschman, 1970, p. 122). The likelihood of voice being effective in the situation where loyalty is used as a threat is suggested to be stronger. Under the condition where voice has failed the first time, employees can capture managerial attention and force them to listen to employee discontent. Management is also alerted to deteriorating circumstances and is given time to recuperate them. This situation is theorised as an anomaly to the norm. Typically, management do not often allow employees to accumulate bargaining power. Hirschman acknowledges that organisations would typically avoid this scenario at all costs (Hirschman, 1970, p. 122; Hirschman, 1993). Theorists have argued that, although Hirschman identifies this reality as part of his analysis, when applying the model specifically to management theory, he underestimates the extent to which this manipulation is effective and how acutely in organisational environments managerial denial of bargaining power affects loyalty (Barry, 1974; Birch, 1975; Graham & Keeley, 1992; Gehlbach, 2006). This raises the question of whether management can manipulate the cost of exit and voice to create unconscious loyalty? Hirschman suggests that by raising the associated costs of exit and voice, this affords an opportunity for management to create unconscious loyalty behaviour. He predicts that this will result in two possibilities being either loud collective voice or a failed organisation because it has repressed both recuperation methods.

### **3.3 Hirschman's loyalty in the management literature**

Arguably, loyalty is the most controversial and criticised element in Hirschman's model (Laver, 1976; Withey, & Cooper, 1989; Cannings, 1992; Graham & Keeley, 1992; Minton, 1992; Leck & Saunders, 1992; Hoffmann, 2006; Pauksztat, Duijn & Wittek, 2011). The main criticism is that because it has both active and passive elements, its functionality needs further definition. On the one hand, loyalty is portrayed as an attitude and a bargaining power against exit, whilst simultaneously giving rise to voice (Hirschman, 1970). The analysis also describes situations where the presence of loyalty will act as a barrier to members initially exiting, which may give organisations time to arrest what ever deterioration they are experiencing. On the other hand, loyalty is attributed a behavioural, passive nature where members "will wait, patiently in the hope that things might get better" (Hirschman, 1970, p. 78). While this multivalent theorisation offers some key insights into how loyalty may work as a driver for either strong voice or comparative passivity among employees, this nonetheless renders the concept somewhat ambiguous at the level of application. Therefore, the literature has called for a more clearly articulated definition of loyalty to understand its multifunctional purpose (Rusbult, Farrell, Rogers & Mainous, 1988; Withey & Cooper, 1989; Graham & Keeley, 1992; Leck & Saunders 1992; Dowding & John, 2011; Pauksztat, Duijn, & Wittek, 2011).

Other critiques of the model include the observation that loyalty will not enhance voice and will instead enable silence (Barry, 1974; Birch, 1975; Klein, 1980; Gehlbach, 2006; Dowding & John, 2011) Early theoretical work suggested that loyalty may not be a stimulant of voice (Barry, 1974; Birch, 1975; Klein, 1980). Klein (1980) argues that, on economic premises, regardless of whether or not loyalty is present, silence would be the more likely outcome because of the associated costs of voice (Klein, 1980). Barry (1974), suggests that loyalty is more "conditional than Hirschman's analysis allows" and argues that voice will be chosen if it is perceived to be the best available option (Barry, 1974, p. 97). Rather than loyalty motivating voice, it will be the perceived effectiveness of the voice function that motivates a member to use it (Barry, 1974, p. 89). Barry suggests that instead of loyalty being a stand-alone concept, it would be more useful viewed as a factor impacting a sequence of decision-making steps (Barry, 1974; Birch, 1975). The empirical



findings of Boroff and Lewin (1997) and the more recent work of Dowding and John (2011) also contest Hirschman's theory. Boroff and Lewin (1997) tested the EVL model on employees who believed they had been treated unfairly in the past. The results showed a strong negative relationship between loyalty and the use of voice channels such as grievance procedures and also exit (Boroff & Lewin, 1997). Their conclusions suggest that loyal employees often "suffer in silence" (Boroff & Lewin, 1997, p. 60). Dowding and John (2011) use the concept of trust as a way of conceptualising loyalty. In their survey of individuals responding to health services, they found that trust increased collective voice and decreased individual voice (Dowding & John, 2011, p. 1415). They argue that this might be because when "individuals were looking after their own interests they didn't trust the system to improve it" (Dowding & John, 2011, p. 1415). This literature therefore identifies that there are situations where loyalty will not motivate voice and, sometimes, it will hinder it. This supports the ongoing view that the application of Hirschman's loyalty concept requires further analysis to understand its real "nature" (Gehlbach, 2006; Pauksztat et al., 2011).

In the management literature one area where the loyalty concept has been specifically challenged is around the issue of whether or not it is an attitude or behavioural reaction when dealing with (dis)satisfaction. There has also been debate about whether or not loyalty is passive, reactive or conscious/ unconscious in nature (Rusbult, Farrell, Rogers & Mainous, 1988; Withey & Cooper, 1989; Leck & Saunders, 1992). These questions surrounding the nature of loyalty are highly relevant in organisational behaviour research to understand if it is indeed loyalty that motivates an employee to utilise voice and if so, whether this ultimately increases organisational performance. It is evident from the literature that further definition is required when applying loyalty to the realities of the organisational setting (Rusbult, Farrell, Rogers & Mainous, 1988; Withey & Cooper, 1989; Leck & Saunders 1992).

In the organisational literature of the 1980s and 1990s loyalty was theorised and empirically tested to assess its attitudinal or behavioural dimensions (Farrell, 1983; Graham & Keeley, 1992; Leck & Saunders, 1992). The purpose of the research was to seek for a deeper understanding of employee reactions, specifically when responding to dissatisfaction. The earliest re-conceptualisation of Hirschman's

loyalty was Rusbult's (1982) Exit, Voice, Loyalty and Neglect (EVLN) model (Rusbult, Zembrodt & Gunn, 1982; Rusbult & Zembrodt, 1983; Rusbult, Johnson & Morrow, 1986; Rusbult, Farrell, Rogers & Mainous, 1988). Whilst the initial model was created in order to explore romantic attachments and the complexities within relationships, the neglect concept has been subsequently adapted in the management literature and recognised as an extension to the framework. Neglect is distinct from loyalty because it is not directed at recovery. It is chosen when an individual believes that change is unlikely and therefore engages in passive deconstructive behaviours such as "putting in less effort" (Withey & Cooper, 1989, p. 522). Rusbult's et al., (1988), model developed the original EVL model through an understanding of employee behaviour relative to job satisfaction. In this study, neglect mirrors loyalty as a passive concept but nuances the original view of loyalty by demonstrating that employees who choose neglect will stay without waiting for conditions to improve (Rusbult, Farrell, Rogers & Mainous, 1988, p. 601). Employees experiencing low job satisfaction were more likely to engage in the neglect, exit and loyalty options. The empirical findings of Farrell (1983) suggest that loyalty, when adapted to a workplace, has "active/passive and constructive/deconstructive" elements (Farrell, 1983, p. 605). This distinction highlights that, when experiencing dissatisfaction, members will choose to remain loyal and actively participate in returning to favourable conditions or be passively loyal, waiting for the right time to exit (Farrell, 1983, p. 605). In contrast, voice was found to be a constructive, active element rather than embodying any passive dimension (Farrell, 1983, p. 605).

Extending this early work, Withey & Cooper (1989) analyse associated costs attached to the decisions of exit, voice, loyalty and neglect, arguing that they individually have both direct and indirect costs. They define the direct costs of exit to include, "lost income and pension benefits, lost psychological investment, and skills that atrophy when they aren't transferable" (Withey & Cooper, 1989, p. 523). The indirect costs are the "unpleasant things that flow from the actions" (Withey & Cooper, 1989, p. 523). Voice's indirect costs are outlined as "the possibility of retaliation, loss of reputation, and the emotional costs of confronting people with power" (Withey & Cooper, 1989, p. 523). Neglect's indirect costs are defined as "blocked opportunities, loss of reputation, and a sense of failure" (Withey & Cooper, 1989, p. 523). Loyalty's costs are defined as "the emotional costs of feeling that

something more active may be called for (Withey & Cooper, 1989, p. 523). Withey and Cooper were among the first to empirically substantiate the perceived costs associated with exit and voice that impact on the decision to choose neglect or loyalty. Their findings suggest that, in contrast with Hirschman's original analysis, loyalty does not necessarily involve patiently waiting for conditions to improve but rather, it involves waiting for the right time to choose the exit option. Organisational commitment and the availability of another option, such as a different job, impacted heavily on members' decisions to exit and, if not available, then loyalty or neglect were chosen (Withey & Cooper, 1989, p. 537).

Leck and Saunders' (1992) research, building on Farrell (1983) and Withey and Cooper (1989), also identify a dual definition of loyalty; the attitudinal loyalty that motivates voice and discourages exit and a "patient loyalty" which captures the behavioural nature of loyalty (Leck & Saunders, 1992, p. 222). Their findings support the view that work satisfaction is a key indicator of whether the voice or loyalty option will be chosen. Their empirical findings supported the hypothesis of "loyalty patience" as behaviour (Leck & Saunders, 1992, p. 227). Loyalty, as an attitude, was found to defer exit and neglect and promote voice and "loyalty patience" (Leck & Saunders, 1992, p. 226). Their findings consolidate the observation that loyalty can be both attitudinal and behavioural. This suggests that loyalty is conceptually broad when contextualised in workplace dynamics and can evoke a range of potential responses from employees. Consequently, Graham and Keeley, (1992) findings suggest there are three conceptual elements attached to Hirschman's loyalty dimension: unconscious; passive and reformist (Graham & Keeley, 1992, p. 196). Their work identifies that what changes the nature of loyalty is the purpose behind it and that organisational characteristics such as "culture and governance systems fostering decision making channels" play a key factor in the type of loyalty generated (Graham & Keeley, 1992, p. 197).

Whilst the literature remains concerned with establishing loyalty as either attitudinal (Guest & Cornway, 2004; Naus et al., 2007) or behavioural (Turnley & Feldman, 1999), current work has focused on the specific correlation between employee loyalty and organisational performance (Bhatnagar, 2007; Yee, Yeung & Cheng, 2010; Guillon & Cezanne, 2014); organisational commitment (Meyer & Allen, 1991;

Meyer, Becker & Vandenberghe, 2004; Chaudhry, Wayne & Schalk, 2009; Johnson, Groff & Taing, 2009; Jabeen, Behery & Abu Elanain, 2015) and adapting to change (Saunders & Thornhill, 2003; Akhtar, Bal & Long, 2016). Generally, studies have found that where loyalty is present among employees, there is a correlation with desirable work outputs such as high performance, commitment and work engagement (Bhatnagar, 2007; Chaudhry, Wayne & Schalk, 2009; Guillon & Cezanne, 2014). The literature highlights the passive/active constructive/deconstructive elements within Hirschman's concept. If loyalty is to ultimately become a tool used to encourage voice and prevent organisational decline, loyalty should be a constructive concept for organisational management. The current literature highlights that establishing the concept of loyalty remains complex and that its definition can change depending on the context in which it is examined (Guillon & Cezanne, 2014). Theorists have used the concept of organisational commitment as a way of focusing on the active and passive elements of loyalty operating within a workforce.

### **3.4 Organisational Commitment**

Organisational commitment is generally defined as “a psychological force that binds employees to their organisation and makes turnover less likely” (Johnson et al., 2009, p. 432). Whilst Hirschman argues that loyalty is valuable to further understand and enable voice, subsequent research has explored loyalty as a predictor for employee satisfaction and the overall motive is to increase employee performance (Bhatnagar, 2007; Yee, Yeung & Cheng, 2010; Guillon & Cezanne, 2014). Organisational commitment as a concept has received significant attention within the management literature (Meyer, Allen & Smith, 1993; Hackett, Bycio & Hausdorf, 1994; Iverson & Buttigieg; 1999; Lee, Carswell & Allen, 2000; Meyer, Becker & Vandenberghe, 2004). This may be because understanding the nature of loyalty through the lens of work productivity is more motivating for management rather than just focusing on fostering voice initiations. Meyer and Allen (1990, 1991) were among the first to conceptualise organisational commitment beyond behavioural and attitudinal parameters. As Iverson & Buttigieg note:

They developed alternative scales for affective and continuance commitment, as well as a third scale designed to measure normative commitment.

Although there is little support in the literature for the existence of a normative commitment scale, it has been found to be distinct from affective commitment (Iverson & Buttigieg, 1999, p. 308).

Over the past two decades, in the organisational commitment literature Meyer and Allen's work has been the most foundational in terms of theory development. Their work identifies that an employee will feel committed towards an organisation for one of the following reasons: out of attachment; because they evaluate the perceived costs of leaving; or through having feelings of obligation (Meyer & Allen, 1990, 1991, 1997). The model suggests that, "an employee's willingness to contribute to organisational effectiveness will be influenced by the nature of the commitment they experience" (Meyer & Allen, 1991, p. 74).

Meyer and Allen's work was one of the first studies to recognise typologies of different types of organisational commitment and to trace an employee experience of these different states at varying times (Meyer & Allen, 1991, p. 68). The first typology of *affective commitment* describes an employee who continues with employment because they desire to. The second typology of *continuance commitment* defines an employee who continues their employment because of the associated costs in leaving it. Finally, the third typology, *normative commitment*, is a feeling of obligation to stay in the current employment (Meyer & Allen, 1991). By typologising three different forms of commitment, Meyer and Allen separate the active and passive elements and further distinguish the behavioural dimensions and impact on employee satisfaction. This is a useful conceptualisation when viewing Hirschman's EVL model because it assists in identifying types of loyalty in specific organisational contexts. In Hirschman's original analysis, loyalty is defined as a special attachment but he also describes how the model operates in situations where loyalty is constituted as non-exit rather than an active commitment to the organisation, staying because the costs of exit are high (Hirschman, 1970, p. 97). As Barry (1974), has identified, Hirschman's form of loyalty conflates two employee choices within the one concept - remaining loyal and voicing concerns or staying and remaining silent (Barry, 1974). Loyalty's fundamental function, argued by Hirschman, is to encourage voice. It is valuable to management because it serves a purpose when organisations are facing challenges. Because the current empirical

work has found evidence to the contrary (Paukstat et al., 2011), it can be argued that it would only be the proactive form of loyalty that would be valuable to management. The other form, silent loyalty, as described by Barry, requires further analysis and definition. Using the Meyer and Allen framework enables us to distinguish between a loyal person who is staying out of a desire for conditions to improve versus a passive employee presence.

Since its publication, Meyer and Allen's model has been tested to determine the correlation between affective, continuance and normative commitment and work productivity (Meyer, Allen, & Gellatly, 1990; Dunham, Grube & Casteneda, 1994; Hackett, Bycio & Hausdorf, 1994; Meyer, Stanley, Herscovitch & Topolnytsky, 2002). Meyer and Allen (1991) highlight that job performance and the three different types of commitment are not uniformly linked. Job performance and affective commitment showed a strong correlation in comparison with continuous and normative which were inconclusive. Thus, as a generalisation, employees with strong affective commitment remain with the organisation because they want to. Employees with continuance commitment stay based on the costs associated with leaving. Employees with strong normative commitment remain because they feel they ought to do so (Meyer & Allen, 1991, p. 253).

Since the model was created in the ,1990s theorists have built on this framework to undertake further research in the realms of organisational commitment (Meyer, Allen & Smith, 1993; Hackett, Bycio & Hausdoff, 1994; Iverson & Buttigieg, 1999; Lee, Carswell & Allen, 2000; Meyer, Becker, & Vandenberghe, 2004). The empirical evidence derived from subsequent research supports the theory that there are three distinct forms of organisational commitment which have different impacts on employee performance. Specifically, it was concluded in Meyer, Stanley, Herscovitch and Topolnytsky's (2002) work that there was a "correlation between the different types of commitment and organisational outcomes deemed desirable and undesirable to management, such as employee turnover, absenteeism, performance and employee wellbeing" (Meyer et al., 2002, p. 38). Affective commitment strongly correlated with desirable work outputs such as attendance, job performance and overall job satisfaction (Meyer et al., 2002, p. 39). In regards to job performance, only affective and normative commitment were positively correlated.

Continuous contrastingly showed a negative correlation, indicating that employees who are experiencing affective and normative commitment are more likely to display high job performance as opposed to those who display continuous commitment. There was a negative correlation between employee turnover and all three types of commitment (Meyer et al., 2002, p. 39). Meyer et al.'s (2002), findings are interesting in that even though there was a strong correlation between affective commitment and normative commitment with job performance, all three types of loyalty were negatively related to employee turnover, suggesting that there may be employees who are committed in the context of being present within an organisation but not necessarily engaged in their own individual productivity.

Iverson and Buttigieg's (1999) research tested the three dimensions of commitment on the workplace outcomes of turnover, absenteeism and acceptance of change. Their findings also support the theory that, generally, continuous commitment foregrounded undesirable outcomes such as high absenteeism and high turnover. Similar to Meyer et al., (2002) findings, it was evident in this research that there were stronger linkages between affective and normative commitment to "desirable" workplace outcomes. This also resonates with other theorists who have found similar results on workplace variables such as job satisfaction (Hackett, Bycio & Hausdorf, 1994) and motivation (Meyer, Becker & Vandenberghe, 2004). The organisational commitment research thus shows that affective, normative and continuous commitment has "distinctive outcomes and that not all types of commitment may be beneficial for organisations" (Iverson & Buttigieg, 1999 p. 304). Iverson and Buttigieg's (1999) findings specifically raised "two important questions: can commitment be managed? If so, how can an organisation develop the 'right kind' of commitment?" (Iverson & Buttigieg, 1999, p. 326). While these critical questions remain outside of the scope of this research, they nonetheless provide a fruitful path for future research.

### **3.5 Conclusion**

In reviewing the behavioural distinctions between affective, continuous and normative commitment, it is clear that there is a type of commitment that shows a positive relationship with employee productivity and employee wellbeing. In Meyer

and Allen's (1991), model this is theorised as attitudinal commitment. In contrast, normative and continuous commitment correlate with negative work outcomes such as low work productive and high turnover. From a strategic business perspective, this suggests that management should cultivate certain types of commitment because as identified above, it has been established that there are active and passive elements in Hirschman's loyalty concept (Rusbult, Farrell, Rogers & Mainous, 1988; Withey & Cooper, 1989; Leck & Saunders, 1992). When empirically testing loyalty, overall the findings suggest that employees who are actively loyal are also more motivated to engage in the voice function (Farrell, 1983; Leck & Saunders, 1992). From this it can be concluded that it is important to theorise loyalty as having both an active/constructive nature and a passive/deconstructive nature. The active/constructive nature helps theorists understand situations where employees raise voice and foster proactive organisational change. The passive/deconstructive nature helps define employees who remain within an organisation silently waiting for a better option.

As originally identified in Hirschman's framework, an organisation may be motivated to manipulate certain organisational elements to foster "unconscious loyalty" (Hirschman, 1970). If we extrapolate Meyer and Allen's (1991) framework for organisational commitment and apply it to Hirschman's loyalty concept, we see that there are specific linkages. Both are multidimensional and can be conceptualised as having a dual engaged and disengaged nature. Consequently, there would be value in managers fostering certain types of loyalty. Drawing on Iverson and Buttigieg, (1999) and Meyer et al., (2002) work, it is apparent that management should desire engaged attitudinal and normative commitment over the disengaged continuous form and also be aware that there is a distinction between all three. The same can be said of Hirschman's positioning of loyalty. In the original model, provision is made for the possibility of unconscious, disengaged silence yet this goes essentially untreated or unaccounted for in the EVL analysis. From the literature, it is evident that such a form of loyalty exists and that it is destructive to an organisation's performance. Thus, organisations should not desire this type of loyalty or mistake disengaged loyalty as a form of support or compliance.

By looking at commitment in a more specific organisational context, we are able to see how loyalty operates, thereby giving it a more specific definition. In the EVL model, two types of loyalty are described: the passive form characterised by waiting



for situations to improve and an active form where voice is used to drive organisational change. Distinguishing these different forms of loyalty allows the model to be more adaptable in the management literature. This also highlights that there is value in further theoretical and empirical research to explore the different forms of loyalty and how management can foster positive forms of employee loyalty.

## Chapter 4 – Voice

### 4.1 Introduction

This chapter details the theoretical developments on employee voice as defined in the original EVL framework and in the current management literature. Hirschman's analysis defined voice as a feedback mechanism for management utilised by employees desiring to change rather than escape from declining circumstances. Voice is suggested to be enacted by loyalty and ultimately generalises that voice should be positioned as an appropriate method of assisting organisations in repairing performance related issues. The first section of this chapter provides an overview of the voice mechanism, how it operates within the model and how it has been adapted in the literature.

The second section of this chapter uses the established work of Jeffery Kassing's (2002) dissent scale to give a context for how employee voice is used in the current organisational climate, thus offering an explanation for why certain strategies are taken by employees when they voice upwards. It is important to clarify that in this chapter the concept of voice is discussed through the prism of individual voice as opposed to collective, unionised forms. Collective voice has already been extensively discussed over the past four decades. The current literature has moved towards developing a deeper conceptual and empirical understanding of individual employee voice and its overall impact within the management/employee context (Dundon et al., 2005).

Existing research on individual voice highlights the key role of managerial response to voice channels as being pivotal for fostering employee voice. Whilst Hirschman argues that voice is fostered by loyalty, the argument presented in this chapter challenges this view of loyalty as the primary motivator for voice, arguing instead that the perception of how voice will be received is the defining motive for choosing to communicate to management. The final section of this chapter builds on this argument, showing that management and the concepts of power and autonomy underpin the likelihood of employee voice being leveraged. The chapter concludes

that it is the perception of costs associated with voice rather than organisational loyalty that fosters voice. By extending this finding to managerial contexts, more avenues for fostering voice channel structures can be created.

#### **4.2 Conditions for Voice as defined in Hirschman's Framework**

Hirschman defines the voice mechanism as the customer (or, extending this, the organisational member) making “an attempt at changing the practices, policies and outputs of the firm from which one belongs to... therefore, voice is an attempt to change rather than escape from” the organisation (Hirschman, 1970, p. 30). Hence, voice is a basic element seen from the perspective of repairing lapses of efficiency (Hirschman, 1970, p. 30). This position has stayed largely consistent over the past four decades including in Hirschman's later revisitations (Hirschman, 1978, 1980, 1993). Hirschman highlights that “if the decline within an organisation leads an individual to voice their discontent rather than “exiting quietly” (Hirschman, 1970, p.34), it can act in the same way that exit does. When an organisation experiences decline, voice can “alert management to its failings” but it must give management some time to respond to the problem to which they have been alerted (Hirschman, 1970, p. 34). Hirschman identifies that, like the exit function, the “effectiveness of voice will increase, up to a certain point with its volume, but voice, like exit, can be overdone” (Hirschman, 1970, p. 31). At a certain point, there becomes too much voice “that hinders rather than help whatever efforts at recovery are undertaken” (Hirschman, 1970, p. 31).

In certain organisational environments, an individual is not “ready to desert the firm but they are experiencing certain levels of unhappiness” (Hirschman, 1970, p. 34). In this scenario, voice acts as a tool to postpone or delay exit. From a managerial perspective, this should be a more desirable option over exit because voice provides more specific feedback on the specific dimensions of deterioration and gives management time to reverse the decline (Hirschman, 1970).

Hirschman illuminates three key conditions under which voice becomes a substitute for exit (Hirschman, 1970, p. 38). The first condition emerges when an individual wishes to create change within a company either by attempting to bring it back to its former functioning or exerting their own influence on the organisation. In this first

condition, an employee continues to feel a sense of commitment to the recuperation of the organisation, seeing the opportunity to either enhance organisational functionality or potentially empower his or her own position. The second condition emerges when an individual may feel as though the personal cost associated with exit is too high. In this scenario, the member does not necessarily experience a high degree of commitment to the recuperation of the firm but cannot envisage a viable path out. Such a condition can potentially lead either to a passive form of silence or the exercise of voice. The third condition under which voice is utilised may be when an individual stays out of loyalty. Similar to the first condition, a loyal member is committed to the recuperation of the firm. However, the member's sense of loyalty may lead to the use of voice for altruistic ends rather than seeing voice as an opportunity for self-advancement.

The voice option "includes different degrees of activity and leadership to attempt to achieve change from within" but no matter what the different degrees are, the voice option is always the decision to "stick with the deteriorating firm" (Hirschman 1970, p. 39). The decision to stay and exercise the voice option is evaluated by an individual according to the likelihood of the organisation to reverse the declining circumstances. One other factor that may affect the member's decision to exercise voice is the perceived confidence and willingness of an organisation to accept the feedback positively rather than encouraging exit (Hirschman, 1970). Hirschman does, briefly, identify that "in comparison with the exit option, voice is costly and conditioned on the influence and bargaining power members can bring within the firm" (Hirschman, 1970, p. 40). Therefore voice often holds exit at bay because of the cost or the degree of investment enacted by member in order to voice. Hirschman suggests there are certain conditions for voice to be effective. Voice will only be effective if the person using it perceives that their ideas or opinions will be favourably received. If members perceive that voice will be effective, it may either postpone exit or reverse decline. The voice option is more likely to be used at an early stage of decline and it is dependent on the ability and willingness of the member to exercise it. Once exit has occurred, the opportunity to use voice is lost. If a member uses the voice option, they still have the exit option to fall back on, thereby making voice more powerful. In some situations, exit will be the last resort after voice has failed. Hirschman also identifies that management can "strip the

members of weapons which they can wield, be they exit or voice and to convert, as it were, what should be a feedback into a safety valve” (Hirschman, 1970, p. 124). Voice, in this circumstance, “can become mere blowing off steam” (Hirschman, 1970, p. 124).

While Hirschman initially positioned voice as a vital feedback mechanism for management and a possible leverage point for members, subsequent research has stressed the reality that members will elect to use voice based on the perception of how it will be received and the associated costs of using it (Barry, 1974; Birch, 1975; Kolarska & Aldrich, 1980). As Barry (1974) identified within the EVL framework, the decision is scaled on degrees of voice, i.e. low to high, and the perception of “high and low probability of improvement” (Barry, 1974, p. 89). If voice is considered to be unattractive, silence will be chosen in its place (Barry, 1974, p. 91). This strand of the literature (discussed in more detail below) underpins the argument presented here that member loyalty is subordinate to the issue of associated costs when making the decision to utilise voice.

### **4.3 Hirschman’s Voice in the literature**

The concept of member or employee voice has been explored in various disciplines. To date, employee voice has been considered in the context of industrial relations (Freeman, 1980; Allen, 1984; Freeman & Medoff, 1984; Luchak & Gellantly, 1996; Boroff & Lewin, 1997; Dowding, John, Mergoupis, & Vugt, 2000, Dundon et al., 2005; Dowding & John, 2008); sociology and the humanities (Rokkan 1974; Klein, 1980; Flew, 2009; Szabo, 2009); politics (Farrell, 1983; Ross, 1988; Farrell & Rusbult, 1992; Saunders, 1992; Vugt, John, Dowding, & Dijk, 2003; Witt, 2011) and in organisational theory (Rusbult, Zembrodt & Gunn 1982; Van Dyne & LePine, 1988; Rusbult, Farrell, Rogers & Manious, 1988; Saunders, Sheppard, Knight & Roth, 1992; Hoffmann, 2006; Naus, Van Iterson, & Roe, 2007; Zuindeau, 2009).

Voice has been empirically tested to develop a deeper understanding of how it operates within the workforce (Rusbult, Zembrodt & Gunn, 1982; Rusbult, Farrell, Rogers & Manious 1988; Farrell & Rusbult, 1992, Van Dyne & LePine 1998; Kassing & Avtgis, 1999; Dutton, Ashford, Lawrence & Miner-Rubino, 2002; Islam & Zyphur, 2005; Hoffmann, 2006; Naus, Van Iterson & Roe, 2007; Burriss, Detert &

Chiaburu, 2008). The issue of employee voice has also been established as a dominant thread in management literature (Kassing, 2000, 2002; Dundon et al., 2005; Islam & Zyphur, 2005; Fletcher & Watson, 2007; Burris, Detert & Chiabur, 2008; Allen & Tüselmann, 2009; Garner & Garner, 2011; Tangirala & Ramanujam, 2012).

Hirschman's conceptualisation of voice has provided a foundational framework for exploring employee voice and how it operates within an organisation. Work in the 1980s and early 1990s (Rusbult, Zembrodt & Gunn, 1982; Farrell, 1983; Gorden, 1988; Rusbult, Farrell, Rogers & Mainous, 1988; Withey & Cooper, 1989; Graham & Keeley, 1992; Saunders, Sheppard, Knight & Roth, 1992) followed three scholarly trajectories. The first endeavoured to understand the ability of voice to act as a feedback mechanism to management and be either a constructive/deconstructive tool for organisations (Farrell, 1983; Gorden 1988). The second trajectory considered whether voice could be approached as a behavioural indicator of employee satisfaction (Rusbult, Zembrodt & Gunn, 1982; Rusbult, Farrell, Rogers & Mainous, 1988) and the third investigated if loyalty was an enhancer of employee voice (Withey & Cooper, 1989; Graham & Keeley, 1992; Saunders, Sheppard, Knight & Roth, 1992). While Hirschman argued that loyalty was the biggest factor when employees decided whether or not to voice, the more current findings of various empirical and theoretical results imply that, although loyalty is a factor, it is the perception of cost and management involvement that directly influences willingness to utilise voice (Boroff & Lewin, 1997; Pauksztat et al., 2011). Given the groundswell of literature that supports the view that loyalty is subordinate to costs, it is argued here that associated costs provide a more compelling explanation for why employees engage in voice.

Farrell's (1983) was one of the first studies to empirically test each element of Hirschman's model to identify constructive and deconstructive responses to dissatisfaction. The results identified voice as the most constructive response to job dissatisfaction, thus contrasting with Hirschman's analysis that suggested loyalty was the driving factor for voice (Farrell, 1983, p. 604). Gorden's (1988) work extends this early research by further nuancing the nature of voice to extrapolate its potential for either positive or negative manifestation. He suggests that while the

positive use of voice confirms Farrell's study, there is nonetheless scope for negative manifestations of voice as well. Using the Exit, Voice, Loyalty & Neglect model, Gorden (1988) reframed employee voice to show its "constructive /destructive and active/passive" nature (Gorden, 1988, p. 284). Whilst Hirschman emphasised that too much voice can be harmful, this later work specifically highlights that although there is the constructive element of voice (such as engagement, feedback and solution solving), there is also a destructive element, including "complaining, verbal aggression, bad mouthing, antagonistic exit" which is why organisations often view employee voice as problematic and harmful (Gorden, 1988, p. 285). Gorden's work expands the role of employee voice suggesting that active voice may "correct activities and/or purify an image of the employing organization; that correcting may entail argument and negotiation, coalition formation" (Gorden, 1988, p. 285). By contrast, the destructive nature of voice can range from "actively bad-mouthing to passive psychic withdrawal" (Gorden, 1988, p. 285). Exploring the behavioural element of employee voice, Rusbult, et al., (1988) defined voice as "not just vocalising to discover solutions but also taking unilateral action to solve problems" (Rusbult, et al., 1988, p. 602). This work studied under what circumstances an employee is likely to engage in voice. Although their findings were not conclusive, the results ultimately suggested that "employees with high levels of overall job satisfaction and high prior satisfaction were to be more likely to engage in voice and loyalty" (Rusbult, et al., 1988, p. 609). When interpreted in the context of Gorden's findings, study would suggest that antecedent work conditions and job satisfaction dictate the likelihood of positive voice manifestations.

Researchers have also been concerned with what specifically motivates employees to engage with the voice mechanism (Graham & Keeley, 1989; Withey & Cooper 1989; Saunders, Sheppard, Knight & Roth 1992). Saunders, Sheppard, Knight & Roth (1992), studied how the use of employee voice is predicated upon the extent to which employees believe management will respond favourably. Their work outlines four factors that impact employee voice: 1. how the voice feedback will be received; 2; work satisfaction levels; 3. satisfaction with their supervisor and 4; levels of organisational commitment. Their findings suggested that there is a strong correlation between how voice will be received and the decision to utilise the voice mechanism. They also found "that changing supervisors may temporarily reduce the

likelihood that employees will voice” suggesting that it is the relationship between a manager and an employee that will directly affect an employee’s decision to voice (Saunders, et al., 1992, p. 250). Their overall findings on satisfaction with work and organisational commitment “were not significant predictors of employee likelihood to voice” (Saunders et al., 1992, p. 251). Withey and Cooper (1989) also support this finding, showing that when the cost of voice is low, it is more likely to be used. Their empirical results supported the proposition that “voice was more likely when the costs of voice were low, prior satisfaction was high, and individuals believed improvement was possible” (Withey & Cooper, 1989, p. 530).

Subsequent studies have also found alternative views of how voice is used – or not. Boroff and Lewin (1997) found that employees who possess loyalty are more likely to not exit but also not to voice. Pauksztat et al., (2011) demonstrate how, because loyalty is typically conceptualised as concern for the welfare of the organisation, it has been theorised to provide motivation for voice. However, they contradict this view. Consistent with the argument presented here, they posit that “the perceived effectiveness and the costs of voice are considered to directly affect employees’ decision whether to speak up” (Pauksztat et al., 2011, p. 525). Thus, their findings contradict the dominant view of loyalty and challenge some of the core assumptions embedded in the original EVL model. They found that employees with “many close social relations” were more likely to speak up about less serious issues, but they were less likely to voice when serious problems occurred (Pauksztat et al., 2011, p. 540). In principle, this more contemporary view of voice is consistent with the trajectory of the past four decades, furthering the belief that while loyalty may motivate voice, it is not the reason it is chosen. Whether or not voice is chosen is dependent on the perceived cost to use it.

#### **4.4 Individual Employee Voice**

Generally, employee voice can be categorised into two forms - collective and individual. Previous empirical research has shown how employee voice can foster a culture with low absenteeism, high engagement, low turnover and management accountability through organised voice channels such as unionism (Freeman, 1980; Freeman & Medoff, 1984; Boroff & Lewin 1997). Voice, in its collective form, has

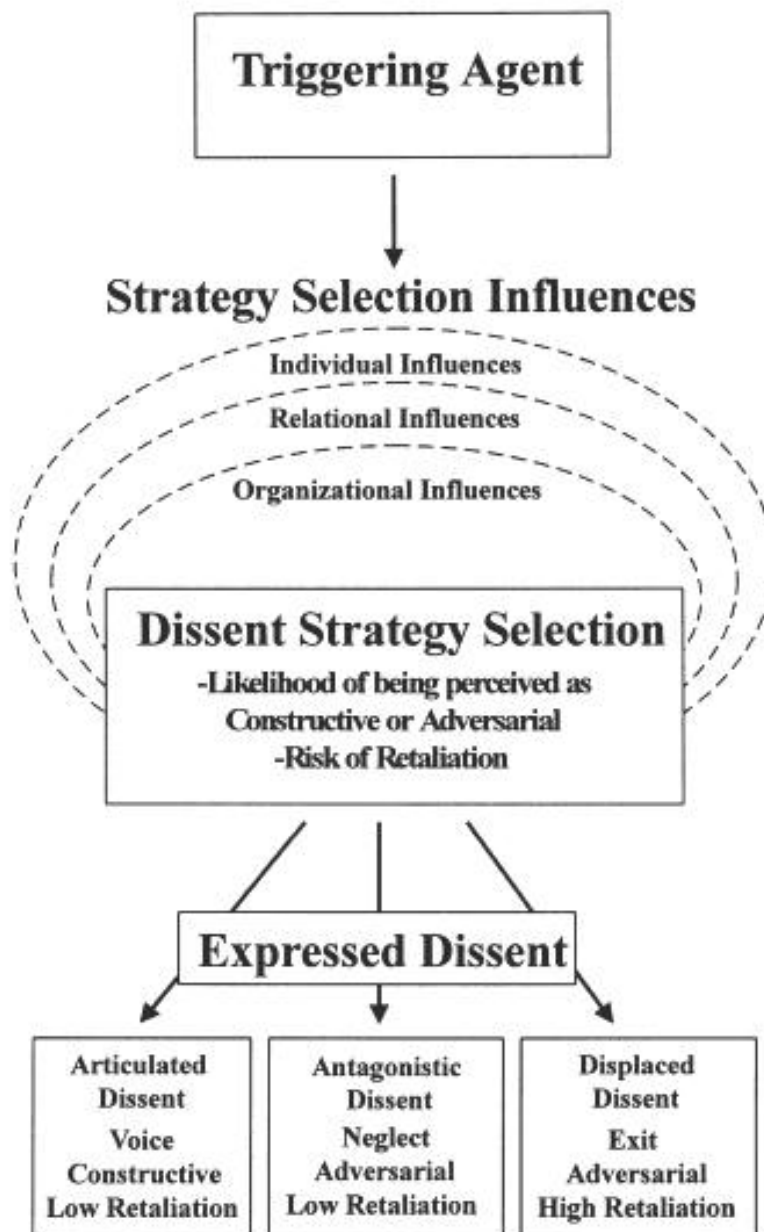


already been well established and is understood to be an external, regulated process, supported by legislation and policy, as organised voice channels. Unionism is at the forefront of collective employee voice. The harnessing of structures such as union movements that seek to achieve voice channels through legislation and policy has dominated the understanding of collective voice and its practice (Dundon et al., 2005; Dundon & Gollan, 2007). Whilst many theorists have explored the collective nature of voice, the analysis of individual of voice is still of great interest, as is the linkage between voice and productivity. Employee voice needs to be further explored and defined at the individual level to help identify how voice might be further utilised, and to illuminate further the understanding employee voice in day-to-day dynamics and decision-making processes (Dundon et al., 2005).

In the organisational literature, individual voice becomes reconceptualised as various expressions of employee sentiments such as dissatisfaction, desire to change and enhancing the organisation. These sentiments range from dissent (Kassing, 1997, 1998, 2002, 2005, 2006, 2007, 2008, 2009; Kassing & Avtgis, 1999; Kassing & Kava 2013); voice selling (Dutton, et al., 2002) and organisational citizenship (Wilkinson & Fay, 2011). Voice has also been traditionally concerned with expressing employee grievance, engagement, performance and participation (Edmondson, 2003; Wilkinson & Fay, 2011). Understanding how employees use different voice channels, communicate upwards, and what the motivation behind voice is, has become a focus point in the current management literature to explain the structural limitations and functionality of voice.

The introduction of dissent is a key contributor to understanding why employees utilise voice. The work of Jeffery Kassing over the past two decades has evolved the concept of dissent, an expression of voice argued to be distinct from voice because it “involves the expression of disagreement or contradictory opinions about workplace policies and practices (Kassing, 2009, p. 314). Kassing argues that “employee voice is a broader construct that subsumes employee dissent” (Kassing, 2009, p. 314) and that “dissent is a unique subset of employee voice that entails the expression of disagreement or contradictory opinions in the workplace” (Kassing, 1998, p. 183). Communication behaviours that encompass dissent include “agreement, offering suggestions, engaging in an argument and providing support” (Kassing 1998, p.

184). It is suggested that this occurs for various “psychological, political and participation” reasons often stemming from a dissent triggering event (Kassing, 1998, p. 184). This finding is seminal in positioning the argument that the process of evaluating the associated costs of voice is more significant than relying on the notion of loyalty for explaining why voice is used. Kassing’s findings imply that voice is preceded by a sense of discontent or emerging organisational problems that may impact on the employee. In turn, the extent to which employees elect to engage in voice might be conceived of as a series of strategic decisions regarding how to navigate or apprehend dissent, and what the most advantageous use of voice may be. Below is a visual model from Kassing’s (1997) work:



*(Kassing, 1997, p. 323)*

This model shows how “employees consider how dissent will be received and responded to when making their actual selection of a dissent strategy. This choice is informed, though, by the backdrop of individual, relational and organizational influences. I contend that employees will choose one of three strategies for the expression of dissent: articulated, antagonistic, or displaced” (Kassing, 1997, p. 325).

Kassing and Armstrong (2002) created an operationalised typology of dissent triggering events that included employee treatment, organisational change, decision making, inefficiency, role responsibility, resources, ethics, performance evaluation, and endangerment of employees and customers (Kassing & Armstrong, 2002, p. 44). The dissent scale (2002) is discussed here as a core framework to support the argument presented in this thesis that the perception of costs associated with voice (more than organisational loyalty and commitment) fosters voice. The dissent scale maps how employees communicate upwardly to management and consists of five elements as set out below:

<b>Element</b>	<b>Action</b>
Direct Factual Appeal	Supporting one's dissent claim with factual information derived from evidence
Repetition	Repeating communication of the same issue in a specific time period
Solution Presentation	Providing solutions to address the dissent triggering issues
Circumvention	Expressing one's dissent to someone higher in the chain of command than one's immediate supervisor
Threatening Resignation	Using the threat of resignation as a form of leverage to management

**(Kassing, 2002, p. 196)**

In 2006, Kassing empirically tested the model to evaluate managerial responsiveness and the perceived level of competence associated with each employee approach. It was found that management perceived "direct factual" and "solution presenting" as more competent methods of employee dissent expression (Kassing, 2006, p. 231). In 2007, Kassing conducted further testing of circumvention, finding that the relationship with managers deteriorated if employees decided to use this method of communication (Kassing, 2007, p. 62). In 2009, Kassing evaluated the use of repetition by employees. Subsequent testing found that "the general pattern that emerged indicates that employees stall the use of competent, less face-threatening tactics at a certain level as repetition unfolds" and more resort to confrontational methods if the problem is prolonged (Kassing, 2009, p. 430). In 2008, Kassing studied what the decisions were for an employee evaluating whether or not to dissent. This survey identified organisational climate, organisational attachment and

perception/retaliation as specific factors in whether or not employees voiced upwards (Kassing, 2008 p. 346). Based on these factors, any one of the dissent strategies identified in the dissent scale could be adopted. The results suggest that organisational climate and organisational attachment were strong considerations for the individual. Retaliation was found to have a strong correlation when employees considered relational aspects (Kassing, 2008, p. 351).

Kassing's five strategies for articulating dissent within the management/ employee dynamic gives us a point of departure for theorising what happens when employees want change to come about and how they act in light of the potential repercussions from management. Kassing's work also highlights that, for employees deciding to dissent upwards, there are specific factors considered before a strategy is leveraged. Finally, it has been empirically found that management are more receptive to the strategies of direct factual appeal and solution solving. This work demonstrates the necessity for further research into how management can be receptive to all voice channels in order to receive all messages about their organisations and the internal issues within it. This work also highlights the essential part management plays in the fostering of voice channels from employees within organisations.

However, the most important contribution that Kassing's work makes to the argument presented here is that it's the associated costs rather than loyalty that motivate the decision to voice. These costs are dependent on conditions of climate, attachment and retaliation as the basis for strategy selection i.e. direct factual appeal, solution presenting etc. While organisational conditions influence the strategy adopted, the strategies themselves represent differing levels of associated cost. While direct factual appeal, solution presenting and repetition constitute comparatively low risk options as they represent little challenge to the organisation (and therefore, in the cases of direct appeal and solution presenting, are unsurprisingly preferred by management), circumvention and threat of resignation present as high risk options undertaken by employees who feel they have 'little to lose'. While it could be argued that direct appeal and solution presenting may be motivated by a sense of loyalty, the other options do not. Even in the instances of direct appeal and solution presenting, it is equally probable that such voice strategies are adopted precisely because employees understand that they are seen as preferable by management – thereby

representing a lower level of risk or cost to the individual if adopted. In all instances then, Kassing's scale points to differing levels of perceived cost rather than degrees of loyalty.

#### **4.5 The impact of management on Voice**

If the current literature supports the argument presented here that voice is determined by associated cost rather than loyalty, this inevitably leads to the issue of managerial receptiveness. What are the managerial conditions that either reduce or promote a culture of risk or cost when employees engage in voice? The current literature on employee voice has considered the specific role that management plays in fostering voice channels and the perception of how voice is received by management. Tangirala & Ramanujam (2012), explore how "employees' sense of personal and positive attitudes at work motivate them to engage in change oriented behaviours" (Tangirala & Ramanujam, 2012, p. 252). They argue that a "key conceptual element of employees using voice is how to direct it towards leaders who have greater influence/power and are perceived as a more useful source of support" (Tangirala & Ramanujam, 2012, p. 253). Their results found that the effects of managerial consultations on employees' upward voice via their perceived influence were stronger when managers were seen to have a higher status (Tangirala & Ramanujam, 2012, p. 272). These findings support the view that consultation fosters voice channels and the "employee's sense of influence at work". It can be concluded, then, that voice is a predictor of communication (Tangirala & Ramanujam, 2012, p. 253).

Detert and Burris (2007) also investigated the importance of management receiving voice, identifying that "many individuals do not work in environments where they perceive it safe to speak up (Detert & Burris, 2007, p. 869). They argued that organisational context was a main factor impacting the likelihood of employee voice. Their work specifically focused on leadership behaviour and whether it was a predictor of employee voice. Building on Hirschman's original proposition that voice stems from some form of dissatisfaction, the results found that "initial motivation to speak up is likely to manifest in behaviour only when the net perceived benefits outweigh potential costs" (Detert & Burris, 2007, p. 870). The positive costs associated with voice were outlined as problem solving, promotion, and recognition.

The negative costs were demotion or termination and humiliation (Detert & Burris, 2007, p. 870). Their data found that high performing employees were more willing to voice as opposed to low performers who were less inclined to voice.

Milliken, Morrison & Hewlin (2003) investigated how employees perceived management responsiveness to voice. They suggested that “before deciding whether to speak up about a particular issue, employees must develop a cognitive map of the organisation’s communication norms, a map of what one can and cannot say, and of what may happen as a result of different forms of communication” (Milliken, Morrison & Hewlin, 2003, p. 1458). Their findings generally support the theory that many employees do not raise voice because of a perception of how the message will be received by management (Milliken, Morrison & Hewlin, 2003; Dyne, Ang & Botero, 2003).

While the current literature has found that a dominant question to be answered resides in how employees use voice, theorists have also furthered this line of inquiry by showing that organisational power is a barrier inhibiting voice channels working within organisational structures (Allen & Tüselmann, 2009). Edmondson (2003) defines organisational power as a barrier to speaking up. “Power, defined as the capability of one organisation member to direct the behaviour of others inhibits the upward flow of information in organisations” and often can have “silencing effects” (Edmondson, 2003, p. 1423). Although voice is generally thought of as a two-way communication channel between employee and manager, (Dundon et al. 2005), it is management that has the power to make it ultimately a top down communication (Dundon et al., 2005; Dundon & Gollan, 2007). Management has the ability to exert influence and to place control measures on voice channels, thereby holding the ultimate control over the effectiveness of voice within an organisation (Allen & Tüselmann, 2009). It is therefore managerial power and how management uses this power that fosters voice channels and dictates the receptiveness of management in hearing voice.

#### **4.6 Conclusion**

Since its first conceptualisation, Hirschman’s EVL model theorised loyalty as the main motivator for customers or, more importantly, organisational members

expressing voice. Consistent with an emergent thread of scholarly inquiry, this chapter asserts that whilst loyalty is still a motivator for voice, it is not the ultimate decider. Instead, the perceived cost is the primary predictor of whether voice will be enacted by members. As Kassing's work shows, voice is often a consequence of some form of dissent at which point certain strategic decisions will be taken as to how to voice discontent or draw attention to emerging organisational issues. The question of cost intervenes at this strategic decision-making moment and will potentially drive the choice of approach. Equally, the question of how silence might also be utilised as a response to organisational decline enters as a consideration (and will be discussed in subsequent chapters). It is viable to suggest that if dissent is experienced, then the resultant approach taken may be one of silence if the member deems that voice represents too high a cost option or alternatively if exit is being considered. These possibilities will be considered in the ensuing discussion.

Existing research on individual voice highlights the key factor of managerial response to voice channels as being vital for fostering employee voice. Whilst Hirschman's model assumes that organisational management and the use of hierarchical power could act as a barrier to voice, subsequent literature identifies that it is a central premise when adapting the model to the managerial context. As highlighted above, there is room for further research in understanding the barriers impacting voice channels, in particular those created by management. The understanding of voice would be enhanced by further research to develop models on how management interprets voice when it is received and how to create a culture where members are more willing to communicate problems and ideas.



## Chapter Five- Silence

### 5.1 Introduction

This chapter details the body of literature pertaining to member or employee silence theory in order to show how salient the integration of silence is into the original EVL model, both for explaining some of the striking gaps in Hirschman's work and for evolving the original model in light of contemporary scholarly developments. By examining the dominant perspectives in the management literature, the first objective of this chapter is to provide an overview of the current literature and the key themes identified over the past two decades. Following this, the second aim of this chapter is to establish that there are two conceptual elements of member silence: the first being that silence is an active decision to withdraw information; and the second being that there are situations where management enforces a culture of silence by way of management tools and creating organisational voice barriers. Finally, the third objective of this chapter is to argue that silence should be integrated into the EVL model to make it more relevant to the current organisational climate. The integration of silence into the EVL model also represents a significant theoretical extension of the original model, in light of contemporary theoretical developments in the management literature. It is important to clarify that this chapter uses non-union employee representation literature for the purposes of highlighting silence in its broader 21st century organisational context.

Existing research has highlighted why organisational silence occurs, its effect on organisational culture and the issues associated with an employee who chooses to remain silent (Mintzberg & Westley, 1992; Beer & Eisenstat, 2000; Morrison & Milliken, 2000; Pinder & Harlos, 2001; Weber & Weber, 2001; Dyne, Ang, & Botero, 2003; Milliken, Morrison & Hewlin, 2003). The general definition of organisational silence is the act of withholding information (Pinder & Harlos, 2001; Dyne, Ang, & Botero, 2003). While previous research has considered employee choice, more contemporary work has extended towards understanding why management would desire silence and encourage its existence.

There is a growing need to further develop our understanding of silence and incorporate the concept into Hirschman's model to encapsulate the circumstances where silence occurs either by choice, default choice or force. This has been previously identified in the literature but never formally defined. This chapter will outline the conceptual gap in Hirschman's model where silence could be added to fill the "silent non-exit" option originally identified by Barry, (1974), which suggests that silence may be the most rational option if exit is unattractive (Barry, 1974, p. 91). The ensuing chapter on exit will then explore how silence can be included functionally within Hirschman's model.

This chapter begins with an overview of the employee silence research and presents the established definitions within the management literature. Following this, the chapter will provide an overview of the literature describing the motivations of silence and the issues that employees choose to remain silent about. This chapter then explores the situations where silence occurs as a result of management prerogative. The conclusion of this chapter will provide a contention as to why silence would be useful as a further dimension in Hirschman's EVL model.

## **5.2 Defining Silence**

The general consensus of the definition of "employee silence" is the individual act of withholding information (Pinder & Harlos, 2001; Dyne, Ang & Botero, 2003, p. 1361). Organisational silence has only recently developed as a distinct concept, receiving particular attention within Morrison and Milliken's conceptual work in 2000. Before this, previous literature approached silence as a contrast or an opposite to the voice function (Graham & Keeley, 1989; Withey & Cooper 1989; Saunders, Sheppard, Knight & Roth 1992). There remains debate as to whether silence is a stand-alone concept distinct from voice, worthy of its own study, or whether it is merely a facet of the voice construct (Morrison 2011, 2014). The debate originates from the fact that silence and voice are measured in the same way; the employee's perception of the consequences of using their voice. Generally it has been theorised that silence emerges as an outcome of the decision to raise voice, rather than having its own decision-making process (Dyne et al., 2003; Morrison, 2011; Brinsfield, 2013). However, the other side of this debate sustains the view, as it is contended

here, that indeed the decision to remain silent requires the same degree of cost/benefit analysis as the decision to voice. Rather than seeing silence as an inevitable, and unconscious, consequence or by-product of the election not to voice, silence should instead be understood to represent a similarly powerful and conscious undertaking to evaluate associated costs and act accordingly.

The term “silence” is commonly defined in the literature in two ways. The original definition of silence as a distinct concept (i.e. separate from voice) emerged in the work of Morrison and Milliken (2000). Arguably one of the first theorists to explore organisational silence as a “collective phenomena”, Morrison and Milliken define silence as a result of internal forces within an organisational climate where the “dominant choice is for employees to withhold their opinions and concerns about organisational problems” (Morrison & Milliken, 2000 p. 707). The contrasting definition of silence originates in Pinder and Harlos’ work (2001), where employee silence is theorised as the active decision to withhold ‘genuine’ expressions about organisational circumstances by certain organisational members from those who are in a position to create change (Pinder & Harlos, 2001, p. 334). Whilst Morrison and Milliken (2000) argue that silence is the condition of voice options being restricted, Pinder and Harlos, (2001), argue that silence is one of numerous potential options available to an employee wishing to make changes to their situation, and therefore it constitutes a concept worthy of exploration on its own merits. In the current 21<sup>st</sup> century organisational climate (a non-unionised context) in which employees facing declining circumstances weigh up the value of silence as a distinct option alongside voice and exit, the current management literature has begun to reflect this reality by devoting theoretical analysis to silence as a stand alone concept.

Dyne et al. (2003) emphasise that there is a need to theoretically separate employee voice and employee silence. They “argue that the key feature that differentiates silence and voice is not the presence or absence of speaking up, but the actor’s motivation to withhold versus express ideas, information, and opinions about work related improvements” (Dyne et al., 2003, p. 1360). This work defines silence into three distinct behavioural reactions: Acquiescence (disengagement); Defensive (fear); and Prosocial (cost/benefit analysis). Building on the existing work of Pinder and Harlos (2001), their analysis views silence not as a form of inaction, but as a

completely separate concept from voice and, sometimes, as a decisive form of action. This framework highlights three separate motivations behind voice: “Acquiescent silence represents those who are fundamentally disengaged... Defensive silence is a behavioural reaction stemming from fear” which often results in resignation. Prosocial silence infers an awareness of the ideas one holds and actively making a decision to withhold based on other orientations than fear or disengagement (Dyne et al., 2003, pp. 1366-1367). They argue that employees deciding to be silent will do so based on a cost benefit analysis and will choose to be silent if they perceive it as the more beneficial option for themselves or for the organisation. This work highlights that there are multiple motivators behind the decision to remain silent and that not all result from a desire to avoid the negative consequences of voice. Thus, silence should be seen as a multilayered concept in its own right. Separating individual behavioural motivations can help simplify the complexity of employee silence.

Equally, other research has revealed silence to be a multilayered concept (Pinder & Harlos, 2001, Brinsfield, 2013; Knoll & Dick, 2013). Pinder and Harlos (2001) conceptualised two forms: Employee Quiescence (withholding of ideas), and Employee Acquiescence (remaining silent out of the belief that it is more beneficial than raising voice). Pinder and Harlos (2001), argue that acquiescence is a passive but constructive action, stemming from a desire to benefit the organisation. By contrast, quiescence is suggested to be a state of silence where the member is aware of the avenues of voice but decides to remain silent. Knoll and Dick (2013) introduce the concept of Opportunistic Silence, defining it as “distorting or withholding information for one’s own benefit”, suggesting that silence can result out of a desire to benefit oneself (Knoll & Dick, 2013, p. 351). Collectively, these findings support the view that different employee motives result in different forms of organisational silence.

What is apparent through the literature highlighted above is that silence is not a result of an unconscious decision or the unintentional failure to communicate (Tangirala & Ramanujam, 2008, p. 39). Instead, “silence is a conscious decision from an employee to hold back seemingly important information, including suggestions, concerns, or questions” (Tangirala & Ramanujam, 2008, p. 39). Silence

is a decision to withhold rather than a failure to raise voice and thus exists as a legitimate option, available alongside exit and voice (Morrison, 2011, p. 380).

### **5.3 What motivates member or employee silence and what issues do they remain silent about?**

Existing research has highlighted the reasons why silence occurs, its effect on organisational culture, the issues employees choose to remain silent about, and theories to reverse it (Beer & Eisenstat, 2000; Morrison & Milliken, 2000; Pinder & Harlos, 2001; Dyne et al., 2003; Milliken & Morrison, 2003; Milliken, Morrison & Hewlin, 2003; Vakola & Bouradas, 2005; Morrison, 2011; Brinsfield, 2013; Morrison, 2014). Since the 1990s, various factors that impact on employee silence have been identified. The three factors that have dominated the literature are fear of repercussions of voice (Morrison & Milliken, 2000, 2003), relationships with supervisors/management (Burriss, Detert & Chiaburu, 2008), and organisational culture (Tangirala & Ramanujam, 2008). Generally, the relationship with supervisors/management appears to be the strongest factor motivating silence, based on the existing empirical and conceptual work in the management field (Burriss, Detert & Chiaburu, 2008). For an employee deciding whether or not to be silent, the likelihood that a manager or supervisor will inflict negative repercussions for voice is a cost factor to be considered (Vakola & Bouradas, 2005, p. 443). This can take a passive form when management remove voice options and silence and exit remain as the only viable options (Milliken & Morrison, 2003). This motivation can also take an active form when employees believe silence has potential benefits that the voice option does not present, either because of perceived efficiencies beneficial to the organisation by sticking to the status quo (Dyne et al., 2003; Milliken et al., 2003) or because it would be more advantageous or strategic on an individual level (Knoll & Dick, 2013).

Whilst there has been theoretical literature exploring the motives behind organisational silence, there is limited supporting empirical research. Organisational silence has been theorised to occur for a variety of reasons ranging from disengagement, fear, culture and management policies and structures (Mintzberg & Westley, 1992; Morrison & Milliken, 2000, 2003; Pinder & Harlos, 2001; Dyne et al., 2003; Milliken, Morrison & Hewlin, 2003; Weber & Weber, 2001). Other

reasons include: The fear of personal career and reputation cost; an organisational culture that is intolerant of dissent; the desire not to harm the organisation; employees feeling undervalued; and employees perceiving that management is inadequate (Morrison & Milliken, 2000, 2003; Vakola & Bouradas, 2005; Morrison, See & Pan, 2015). However, some of the more current empirical research illuminates different reasons such as: the connotations of power and how it directly motivates silence (Morrison, See & Pan, 2015; Khalid & Ahmed, 2016); employee psychological safety (Morrison, Wheeler-Smith & Kamdar, 2011; Madrid, Patterson & Leiva, 2015); and managerial fear of feedback (Vakola & Bouradas, 2005; Donovan, O'Sullivan, Doyle & Garvey, 2016).

The work of Morrison, Wheeler-Smith and Kamdar (2011), explored how psychological safety directly impacts an individual's motivation to "speak up" (Morrison, Wheeler-Smith & Kamdar, 2011, p. 185). Their data, consisting of employees from an engineering firm in India, found that when group identification was low, voice was low and provided a motivator for silence (Morrison, Wheeler-Smith & Kamdar, 2011, p. 188). Similarly, Khalid and Ahmed (2016) highlight that, because of the impact a direct supervisor has on an employee's career, the psychological dimension of power can become a factor in generating organisational silence. Their empirical results concluded there was a positive correlation between defensive, ineffectual or disengaged silence and pay and promotional policies (Khalid & Ahmed 2016, p. 189). The research identified how employees' fear that raising voice would negatively impact on their promotional and pay opportunities. Their findings showed a correlation between this potential loss of opportunity and the decision to be silent, highlighting further both the dimension of psychological safety and the connection between supervisor and silence because of the perceived power management have to negatively impact employee pay and promotional opportunities. Allen and Tüselmann's (2009) work also highlights how power impacts organisational voice mechanisms. They suggest that management is the key because they "are able to set the agenda" and are able to impact the "employment relationship" by way of pay policies and work responsibilities (Allen & Tüselmann, 2009, p. 541). The findings of Morrison, See and Pan, (2015), demonstrated that employees who believed they had a lack of power within an organisation were more likely to engage in silence as opposed to exercise the voice option (Morrison, See &

Pan, 2015, p. 562). Their results found that:

participants were more likely to remain silent regarding a known performance problem when they were experiencing a sense of low power, however, this effect was diminished when the participant received information suggesting that the target would be open to input (Morrison, See & Pan, 2015, p. 562)

Overall, employees who had a low sense of power were found to remain silent as opposed to employees who had a high sense of power (Morrison, See & Pan, 2015).

Managerial fear of feedback is also a powerful contributor to employee silence. Vakola and Bouradas (2003) argue that managers often have a fear of failure and can “project the blame of any problems away from themselves” (Vakola & Bouradas, 2005, p. 444). This behaviour can “create a ‘micro’ silence climate where employees cannot trust that their supervisors will not penalise them directly or indirectly for revealing mistakes or for questioning their course of action” (Vakola & Bouradas, 2005, p. 444). Donovan, O’Sullivan, Doyle and Garvey (2016), empirically tested four auditing firms in Ireland and found that “management expressed willingness to support and act on employee voice on some workplace problems but not others” (Donovan et al., 2016, p. 573). Their findings suggest that management welcomed feedback regarding “employee suggestions for business improvements” and “negative feedback about a colleague’s performance” but were less inclined to listen to specific feedback on their own individual performance (Donovan, et al., 2016, p. 573).

By extension to this fear of feedback, silence has also been identified to occur as a response to organisational injustice. Tangirala and Ramanujam (2008), examined silence through the lens of procedural justice and found that “supervisory status is directly related to employee concerns about reprisals by immediate superiors” (Tangirala and Ramanujam, 2008, p. 38). They argued that it had a clear conceptual connection and was “a psychological mechanism underlying employee silence” (Tangirala & Ramanujam, 2008, p. 38). Their results supported this contention, finding that:

employees were less silent when they identified with their workgroup, felt

attached to their profession, or perceived a high level of procedural justice. They were more silent when they saw their supervisors as having a high status in the organisation” (Tangirala & Ramanujam, 2008, p. 59).

The findings of Whiteside and Barclay (2013), also support this finding, arguing “that overall justice can be an important antecedent of silence because it serves psychological needs related to acquiescent and quiescent silence” (Whiteside & Barclay, 2013, p. 253). They showed that the perception of:

fairness can enhance individuals’ belief that they can make meaningful change in their environment, thereby decreasing acquiescent silence... The empirical results suggested that overall justice was negatively related to both acquiescent and quiescent silence, supporting the argument that there is a direct correlation between employees’ perceptions of fairness in management and the decision to engage in silence (Whiteside & Barclay, 2013, pp. 253-260).

Whilst the above empirical findings provide insight into the antecedent conditions for employee silence, the specifics of what factors directly impact the individual employee within an organisation and the issues about which they choose to remain silent requires further research. The work of Milliken and Morrison (2003) and Brinsfield (2013) help to shed light on the problem. Milliken and Morrison’s (2003) work used an interview-based approach to further “understand when and how employees decide to be silent about an issue of concern to them, and the factors that employees consider when making this decision” (Milliken & Morrison, 2003, p. 1456). The main reason given for deciding to remain silent were due to fear: 30% of employees were concerned with being labelled a trouble maker; 27.5% were concerned about damaging their relationships by voicing and 22.5% indicated that their silence was due to fear of retaliation or punishment, such as losing their job or negatively impacting on their promotional opportunities (Milliken & Morrison, 2003, p. 1462). Other factors that were found to be relevant included: individual characteristics; such as lack of experience and low position; organisational characteristics; such as hierarchical structure and unsupportive organisational culture, and the relationship with supervisors (Milliken & Morrison, 2003, p. 1462). Their research highlights that employees who choose to be silent about particular



issues at work do so because they are primarily concerned with the negative repercussions and consequences of raising voice, either with their supervisor or with upper level management.

The more recent findings of Brinsfield (2013), also elaborate the specific motives and reasons behind an employee's decision to remain silent. Drawing on the theoretical foundational work of Pinder and Harlos, (2001) and Dyne et al. (2003), Brinsfield empirically tested "targets and motives" to silence to further understand underlying motivations and to identify "risk avoidance" strategies (Brinsfield, 2013, p. 34). An added complexity found in the research is that there are certain issues that employees are more likely to remain silent about. The data consisted of undergraduate business students with at least two years work experience. Specific issues that encouraged employee silence were found to be:

unfair treatment, someone else behaving unethically, concerns about a co-worker's competence or performance, operational process concern and/or idea for improvement, disagreement or concerns with company policies or decisions, personal performance issue, concerns about supervisor or management competence, someone else being treated unfairly, and personal career issues or concern (Brinsfield, 2013, p. 675).

The findings show that "the most common type of silence incident was unfair treatment, which accounted for 21 % of the total responses" (Brinsfield, 2013, p. 675). The second most common response was "someone else behaving unethically which accounted for 17.6 %". Concerns about a co-worker's competence or performance (16.8 %), and operational process concern and/or idea for improvement (13.3 %) were the most common silence incidents (Brinsfield, 2013, p. 675). The findings showed that employees most commonly remained silent to "supervisors, co-workers and upper level management" and the strongest correlation "was found to be with direct supervisors and upper level management" (Brinsfield, 2013, p. 676). Other reasons identified as motivating considerations for employees in their cost benefit analysis of whether to remain silent were: organisational culture ("I did not want to be viewed as a complainer") and fear of negative repercussions ("to avoid conflict with another individual") (Brinsfield, 2013, p. 676).

Brinsfield (2013) then categorises these issues according to six different forms of employee silence. The summary of these findings is detailed below.

<b>Silence form</b>	<b>Action and Percentage of Respondent</b>
Ineffectual	The belief that voice would not be useful – accounted for 17.48% of findings
Relational	Choosing to remain silent to avoid harming relationships – accounted for 15.24% of findings
Defensive	Fear of the negative consequences of speaking up) – accounted for 12.65% of findings
Diffident	Centred around feelings of personal inadequacy – accounted for 11.64% of findings
Disengaged	A employee’s work inefficiency and genuine disengagement of work related tasks – accounted for 6.63% of findings
Deviant	Destroying evidence – accounted for 0.48% of findings

(Brinsfield, 2013, p. 681-682)

Brinsfield’s research is the most current work that specifically identifies employee motives, providing further support to the positioning of employee silence as its own distinct concept. Brinsfield highlights that further analysis is required to understand whether rational silence is a motive driven by general concerns for the wellbeing of the organisation or if it is driven by the individual, self-preservation tactic. Ineffectual silence (the belief that voice would not be useful) accounted for 17.48% of responses and is the most common identification of employee silence in this study. This supports the Pinder and Harlos (2001) conceptualisation of acquiescent silence where employees remain silent because they do not believe their voice will constructively help. What these findings show is that there are reasons other than fear of negative consequences for the decision to remain silent. Ineffectual and relational silences were the strongest two categories, indicating other motives/reasons for employees engaging in silence.

The findings from Brinsfield (2013) and Milliken and Morrison (2003) develop the conceptual framework of employee silence. Milliken and Morrison show that fear of the negative repercussions of voice to be the main motivator driving silence. By contrast, what can also be drawn from Brinsfield’s work is that the decision to

remain silent is an individual choice motivated by factors other than fear. The results from the empirical analysis showed ineffectual silence as having a higher percentage than defensive silence. The most common issue that employees elected to remain silent about was unfair treatment within the workplace. This shows that silence is a broader concept, underpinned by multiple motives.

Whilst the theoretical work of Dyne et al. (2003) and the empirical evidence found in Brinsfield (2013) support the hypothesis that there are multiple motives attached to the concept of employee silence, it still requires further empirical and theoretical study to fully understand the specific employee motives underpinning silence. Regardless, it is apparent from the current literature that silence as a stand-alone concept is worthy of distinction from the voice mechanism and that it should be conceived of as a concept in its own right.

This chapter will now look at how the actions of management also underpin silence. So far, it has been identified in the above findings that employees decide to remain silent and withhold information from management and that this decision is motivated by various organisational factors. Our attention now turns to how the choice of silence can sometimes be wrested from employees and enforced by management through organisational policies and practices.

#### **5.4 The Role of Management**

Employee silence is fundamentally detrimental to an organisation because it inhibits organisational change, innovation, engagement and productivity (Morrison & Milliken, 2000; Tangirala & Ramanujam, 2008; Beheshtifar Borhani & Moghadam, 2012). From the perspective of “top management, employee voice is considered crucial for the success of the change in the management literature” (Vakola & Bouradas, 2005, p. 444). Regardless, it is evident that silence often exists as a direct result of management (Morrison & Milliken, 2000; Donaghey, Cullinane, Dundon & Wilkinson, 2011). Managers will believe that they encourage voice but the evidence suggests that management can adopt tactics to manipulate the workplace by putting in place informal silent dissent policies (Hennestad, 1990; Saunders, Sheppard, Knight & Roth, 1992; Kotter, 1996; Kassing, 1998, 2002; Kassing & Avtgis, 1999; Morrison & Milliken, 2000; Vakola & Bouradas; 2005). Recently, attention has

turned from looking at silence as an employee's decision towards understanding why it prevails within management structures and is potentially desired over voice. This section will now explore the role of management and the situations where the choice to be silent is enforced rather than freely taken by an employee.

Morrison and Milliken (2000) define silence as “the possibility that the dominant choice within many organizations is for employees to withhold their opinions and concerns about organisational problems” (Morrison & Milliken, 2000, p. 707). This is conceptually different from silence resulting as a choice by employees to withhold information from management. Their framework is viewed from the position that it is an organisation's policies, practices and attitudes that encourage silent behaviour, thereby creating a culture of silence (Morrison & Milliken 2000). The research creates a model to show “how silence unfolds” (Morrison & Milliken 2000, p. 717). The findings demonstrate that the factors contributing to organisational silence are management's “fear of feedback and management belief” (Morrison & Milliken 2000, p. 708). These fears feed into organisational structures and policies. Management belief is suggested to be heavily dependent on financial economic reasoning (Morrison & Milliken 2000, p. 708). Morrison and Milliken's work identified factors that help to enhance silence such as “vertical hierarchical structures” which create a downwards channel for communication rather than encourage upwards feedback (Morrison & Milliken 2000, p. 712). They argue that “when there is heavy strategic emphasis on control, managers may view negative feedback as more threatening and dissent as more destructive” (Morrison & Milliken 2000, p. 711). They theorise that this will be more prevalent in organisations that are “cost-focused” or which have overly “competitive environments characterized by a diminishing resource base” (Morrison & Milliken 2000, p. 711). As a result of these factors, organisational policies and practices are created that enforce a silent culture (Morrison & Milliken, 2000, p. 712).

When there is “voice” to which management does not want to listen they “will erect structures and policies that either do not facilitate [voice] or that discourage upward information flow” (Morrison & Milliken 2000, p. 713). They argue that this is a recurring situation in many organisations:

only top management has the authority to impose the company-wide structures and policies that contribute to organisational silence, however, managers at all levels may exhibit the day-to-day practices that impede upward communication (negative responses to employee input, lack of feedback seeking). This means that employees will receive cues about the safety of speaking up both from the top as well as from their more immediate supervisors (Morrison & Milliken 2000, p. 714).

Based on this framework it is suggested that for silence-habiting structures and cultures to be reversed they must first be changed at the top end. This has been demonstrated in subsequent literature, (Milliken & Morrison, 2003; Vakola & Bouradas, 2005; Allen & Tüselmann, 2009; Donaghey, Cullinane, Dundon, & Wilkinson, 2011). Whilst management may want to create structures that inhibit voice to prevent unwelcome feedback, they are still faced with the problem that, at times, they would still like to receive communication on other organisational issues (Hennestad, 1990). This creates a problem in that management cannot discourage voice altogether so they have to use other means such as power or controlled perception of voice to encourage silence only on certain topics (Donovan et al, 2016).

This theory is supported in the recent conceptual work of Donaghey, Cullinane, Dundon and Wilkinson (2011). Their work suggests that management can enforce silence through “agenda setting and institutional structures, organising employees out of the voice process” (Dundon et al., 2011, p. 51). Equally, Dundon et al. (2011) highlights the situation where, instead of employees making an active decision to be silent, they do so because they do not have avenues available to pursue issues of concern to them either because of a failure of pre-existing voice mechanisms or because of an absence of mechanisms altogether. They argue that management can impose restrictions on the “voice mechanism” because management will be selective about the range of topics they desire their employees to hear: “Often management attitudes to voice is the pervasive tendency to view it as simply the transmission of information to employees to improve organisational performance, rather than dialogue or a two-way exchange” (Dundon et al., 2011, p. 58). This dialogue could have the potential for the “generation of ideas that could help improve organisational

effectiveness” (Dundon et al., 2011, p. 60). When it comes to employees highlighting concerns over management performance, management would rather enforce silent measures to ensure they do not receive negative feedback (Dundon et al., 2011, p. 60).

Whilst silence can be defined as the decision to “withhold information” about organisational problems from management, there are also situations where this decision can be taken away from employees and silence enforced on them through the strategic decisions of management (Pinder & Harlos, 2001, p. 334). The role of the individual choice of silence has been highlighted above. The theoretical work of Morrison and Milliken (2000) and Dundon et al., (2011), lays the foundation for understanding how and why silence may be enforced on employees as part of an overall organisational strategy for selective feedback.

There has been empirical analysis into the relationship between employees and supervisors, including the ongoing influence supervisors have on employees raising voice or choosing to remain silent (Milliken & Morrison, 2003; Vakola & Bouradas, 2005; Tangirala & Ramanjum, 2008). Further empirical analysis would be beneficial to highlight the situations where management would choose to enforce silence and to identify the ongoing consequences to the firm as a result of this decision. The theoretical developments to date have created a foundation to explore situations where silence is a result of management restricting voice avenues rather than the individual choice of employees. This research has been useful in understanding the broader concept of employee silence and situations where it is applicable in the organisational context.

Overall, what can be concluded from the literature is that there are two conceptual elements to silence. The first is that it can be an active employee choice, i.e. deciding to withhold information from management, motivated by the organisational factors of fear of negative repercussions, belief that voice would not make a difference or be heard, or because it would not be strategically beneficial, either for the individual employee or the organisation as a whole. The second is that there are circumstances where this choice can be taken from the employee and silence enforced using managerial tools and restricting voice channels. If integrated into Hirschman’s EVL model, the two conceptual elements of employee silence can explain ambivalent

scenarios where neither voice or exit functions are used - and yet loyalty is not present. Silence assists to describe the situation where employees *decide* to withhold feedback and remain in an organisation. This gap will be explored further below.

### **5.5 The integration of silence in the Exit, Voice & Loyalty model**

As can be seen from the discussion above, the concept of silence is not new. Yet it remains largely unintegrated in current extensions of the EVL(N) model. Theorists who have touched on or explored the concept include Barry (1974), Birch (1975), Laver (1976), Kolarska and Aldrich, (1980) and Gordon (1988). Silence is an option available to members within the EVL framework. Hirschman implies that members will choose to be silent and wait for the appropriate time to exit but this is not formally constructed or extended. Hirschman uses loyalty to encapsulate the decision making process available to members when they have used voice and remain in the organisation because they are waiting for declining conditions to improve. However, this dynamic does not account for the frequent scenario where conditions worsen, voice has been ineffective, and members silently remain within an organisation, waiting for the right opportunity to exit but not staying out of loyalty.

The EVL model also does not allow for the situation where despite organisational decay, members decide to remain in the organisation and withhold information but also do not desire to exit. Using loyalty as the explanatory factor, Hirschman briefly identifies situations where members may remain within an organisation and not use voice. This is briefly generalised by his analysis of employees remaining out of a desire to influence or because there are “high penalties for exit” (Hirschman, 1970, p. 92). However, it is evident from the silence literature that it is also plausible that members will choose to remain silent and not voice or exit for reasons other than opportunistic influence. Reasons could range from fear, disengagement or a belief that it is important to stick to the status quo for the overall benefit of an organisation. Reconceptualising the high penalties of exit, silence and not loyalty more accurately accounts for this choice because, fundamentally, if members are staying not out of a desire to improve but because there are no other options available, this cannot be deemed loyalty *per se*. In this conceptualisation silence better encapsulates the decision to remain within the organisation and actively not to use the exit or voice

options. Seen through this lens, silence more accurately reflects the organisational dynamic in 21<sup>st</sup> century contexts.

As is highlighted in previous chapters, theorists have suggested that Hirschman effectively collapses two separate choices into the one description of loyalty. But there is firstly a choice between exit and non-exit and secondly a further choice between voice and silence. One choice is between exit (leaving) and non-exit (staying); the other is between voice (activity, participation) and silence (in-activity, non-participation) (Barry, 1974; Birch, 1975; Laver, 1976; Kolarska & Aldrich, 1980; Gorden, 1988). The integration of silence into the EVL model helps to further describe and conceptually distinguish these two conditions. There exists an option where members have actively decided to withhold information out of motives unrelated to improving declining conditions, and they do not exit the organisation. If voice fails and management is unresponsive, there exists a situation where members remain within the organisation, silently, waiting for the opportune time to exit. On both counts, silence is a better concept to describe this situation.

Hirschman's EVL model also briefly outlines the possibility where management may try to restrict voice or exit so that they only receive feedback about certain issues (such as innovative ideas) but not about management failings (Hirschman, 1970, p. 122). As identified above, a factor of the concept of silence is that management may elect to enforce silence on their members either by manipulating the voice tool or by encouraging it via organisational hierarchical structures or policies. Silence is a way to explain how the concepts in Hirschman's model potentially get manipulated. It also contributes to the understanding of specific circumstances where management manipulates silence and discourages voice, highlighting why management is more likely to simultaneously repress voice and exit.

The core contribution of the present research resides in the effort to identify the salience of silence and integrate it into the original EVL model. In doing so, this work seeks to extend the theorisation of the original model to account for current gaps and adapt it to current organisational contexts. Silence is not the passive corollary of voice. Like voice and exit, it is an act or behaviour predicated upon a consideration of its associated costs. Recent scholarly evolutions has shown that



silence is a decision in its own right with the capacity to lend explanatory force to why members may consciously elect not to utilise voice while deciding whether or not to exit at an appropriate time. It may be that silence is enacted until a decision to exit is taken or, indeed, it may become a permanent state. As such, the integration of silence into the EVL model is imperative if we are to account for various scenarios where neither voice or exit are enacted. These scenarios are neglected in the original model. Equally, silence, as Brinsfield's six forms of silence show, should not be interpreted as loyalty (as Hirschman's model suggests). It is perilous for managers to believe that an absence of feedback constitutes loyalty. Thus, the integration of silence into the EVL model is essential if we are to account for the many scenarios that remain neglected in the original model.

## Chapter 6 - Exit

### 6.1 Introduction

This chapter extends the theory of exit in Hirschman's EVL model in light of more contemporary considerations of the exit function. This chapter focuses on current management literature to demonstrate how exit remains operational in contemporary organisations, why it continues to be chosen by both management and members and, finally, how its selection as the preferred option impacts on the management-member relationship (Hirschman, 1970, 1993; Leck & Saunders, 1992; Gehlbach, 2006).

Exit is the decision taken to leave the organisation as a result of declining conditions (Hirschman, 1970). The probability of exit is "predicted by cost-benefit calculation concerning the value of the best alternative and the probability of securing improvement in conditions" (Barry, 1974, p. 96). In this respect, exit should be understood as a cumulative "last resort" enacted at the point where the strategies of voice and the sentiments of loyalty or silence have been exhausted to no avail. Traditionally, exit has been understood as the preferred response for both management and members when responding to decline, because it is perceived as being costless by comparison with the utilisation of voice (Barry, 1974, Kolarska & Aldrich 1980, Cannings, 1992, Naus, Van Iterson & Roe, 2007). This position is consistent with Hirschman's original analysis of exit. When confronting challenging economic circumstances, management may perceive an opportunity to minimise overheads by resisting the exercise of voice and, through the active use of measures such as performance management, create an environment conducive to exit. Exit, or the threat of exit, becomes the preferred management strategy.

Subsequent theorists such as Gehlbach (2006) and Barry (1974) have argued that exit is more complex and dynamic, especially when viewed from the management

perspective (Gehlbach, 2006; Naus, Van Itersson & Roe, 2007; Allen & Tüselmann, 2009). The traditional managerial perception that member exit is easy to manage and, thus, costless to the organisation is challenged in a contemporary environment where knowledge capital, specialist skills and organisational agility are vital for competitive advantage. For instance, where the economic circumstances are buoyant, there is incentive to retain productive capacity and minimise exit. In this scenario, management should endeavour to retain talent, foster innovation and keep attrition rates low, recognising the real cost associated with exit to the organisation (Gehlbach, 2006; Naus, Van Itersson & Roe, 2007; McClean, Burris & Detert 2013). It is important to clarify at this point, consistent with Hirschman's model, that the scope of discussion here concerns situations where exit is an available option. The analysis does not extend into contexts where exit is not an option. As discussed elsewhere in this thesis, if a member perceives that exit is not available, typically silence will result.

While exit has been viewed as costless, the ensuing chapter follows more contemporary literature in affirming this is not the case. Indeed, exit can be costly for both members and managers. Equally, while Hirschman saw loyalty as a mitigating factor in taking the decision to exit, this chapter argues that, like voice, the member decision to exit is more predicated upon an assessment of associated risks or costs, foregrounded by extant organisational conditions and perceptions of justice. Likewise, for management, the decision to facilitate or enforce exit is taken based on a similar cost analysis where exit is potentially seen as more expedient - especially for managers who seek to suppress voice in the service of realising their own autocratic interests. The first section of this chapter examines how exit operates in Hirschman's model. The second section offers a critique of exit as originally conceptualised with an emphasis on how the model operates within the management/organisational context. In the third section, this chapter explores how the cost-benefit analysis is undertaken before the decision to exit is executed. Just as the strategic decision to voice is essentially driven by an evaluation of associated costs, so too is the decision to exit. This applies in both management and employee situations. In this section, exit is theorised through the lens of Greenberg's (1990) organisational justice theory to identify that there is often a pattern of key

behavioural indicators, reflective of an instinctive loss of faith, in play in the lead up to exit.

It is suggested here that the literature reinforces the view that exit needs to be considered as the employee's response to decline based on individual perceptions of organisational conditions. As discussed through the framework of Kassing's dissent scale, these conditions may include organisational climate, attachment and retaliation. In the fourth section of this chapter, Gehlbach's (2006) game theory model is used to articulate how a cost/ benefit decision is played out within a workplace and how the manipulation of associated costs of exit and silence potentially impact the process. The final section of this chapter offers a conclusion, arguing that while Hirschman's iteration of exit is still relevant as a framework for the realities of organisational decline, our theorisation of exit should be extended to challenge the notion that loyalty is the dictating factor in the decision to stay or leave.

## **6.2 Exit in Hirschman's Exit, Voice and Loyalty Model**

While exit might be broadly conceived as "movements within (e.g., transferring between jobs) and across organizational boundaries (e.g. termination of employment)" (Zagenczyk, Cruz, Cheung, Scott, Kiewitz & Galloway, 2015, p. 855), Hirschman's original conceptualisation of exit emphasises the individual response to decline and illuminates the necessary conditions that may foreground the decision to leave. Hirschman defines exit as the "act of leaving" an organisation (Hirschman, 1970, 1993, p. 175). He compares the operation of exit to the economic demand function. When there is a decrease in organisational quality, there will be a nominal degree of exit. When this quality continues to decrease, a correlative increase in exit evolves (Hirschman, 1970, p. 23). In the model, a "sea-saw" relationship between exit and voice is posited as the inevitable situation when an organisation experiences protracted deterioration (Hirschman, 1993, p.176). The analysis suggests that when organisational deterioration creates pressure on members, this pressure manifests as either voice or, inevitably, exit. Thus, exit becomes the dominant choice when an organisation is responding to declining conditions. In traditional economic thought, exit has the strongest impact on

organisational revenue, forcing management to identify its problems (Hirschman, 1970, p. 24). The embedded assumption throughout the model is that, generally speaking, the more that exit is selected, the less likely the voice function will be utilised. That said, situations can occur where an organisation begins to experience involuntary or unexpected exit on a mass scale, forcing managers to encourage voice in order to seek feedback from their organisational members and thus arrest the outflow of members. This element of the exit function is explored briefly in Hirschman's initial work (1970) and in later revisitations (Hirschman, 1980, 1993).

Hirschman argues that there is an inverse relationship between exit and voice and that, often, one usually undermines the other. In particular, exit frequently undermines voice. The traditional belief is that exit is a powerful recuperation mechanism because a drop in revenue or skills among members alerts management to its failings, giving time to fix products or, for members, time to fix the management structure to make it more appealing to stay (Hirschman, 1970; Barry, 1974). Hirschman cautions that exit is not always the best mechanism for recuperation because, if there is excessive exit, there is not enough time to repair managerial failings. Conversely, if there is too little impact caused by exit then the cause of decline may go unnoticed. In this scenario, the replacement of staff does not solve the underlying cause of decline as there is limited feedback (1970, p. 26). Similarly, the function of voice is to alert management to its failings without having to resort to exit. However, like exit, the excessive use of voice can also be so great that management becomes overwhelmed and repair cannot take place.

Economists find exit "uniquely powerful" when solving quality improvement conundrums. Hirschman argues that this is "because it affects revenue losses on delinquent management" (Hirschman, 1970, p. 21). In dealing with slack, Hirschman notes that there is a surprising dearth of models that can "lead firms back to normal efficiency except for the exit mechanism" (Hirschman, 1970, p. 21). Exit is, in fact, an insufficient recuperation tool in and of itself. For exit to function as an effective tool to improve quality and "performance lapses", it is more powerful for a firm to develop a strategy that involves a mixture of voice and exit (Hirschman, 1970, p. 24)

The EVL model posits a management reaction function in the event of exit. Theoretically, when it is discovered that members are exiting because of the internal

or external quality slack in an organisation, the manifestation of this exit will produce managerial will to repair the damage. But, in order for exit to prompt a managerial reaction, exit must occur on a large scale. Management will begin to notice exit when it is on a larger scale and no “remedial measure can take effect” (1970, pp. 22 -24). In this respect, there comes a point where exit acts as a tipping point for igniting managerial response.

Equally, there is a tipping point for a member when electing to use the exit function. Decline will occur for a certain amount of time until the moment where the member decides that they cannot tolerate the situation any longer - at which point they will disengage (thus opening up a period of silence) and then exit (Hirschman, 1970, 1993). Once this disengagement occurs, it is extremely difficult for management to repair the situation such that the member would re-consider the decision to exit (Hirschman, 1970). Therefore, exit can only be used effectively to arrest decline if both voice and exit occur in equal measure (1970, p. 24).

Loyalty is described as an underpinning factor that may postpone the decision to exit while, simultaneously, enhancing the possibility of the voice option being chosen by the member (Hirschman, 1970, p. 82). The chances of voice being effective (and seen as the more desirable choice over exit as a recuperation tool) are “strengthened if voice is backed up by the threat of exit” (Hirschman, 1970, p. 82). Exit is desirable when it is at no personal, or little financial, cost to an organisation or member. When loyalty is not present, the decision to exit is carried out quickly and silently. The willingness to leverage the voice mechanism is reduced by the option of exit but the ability to use voice with effect is increased. In assessing the balance between the willingness to voice or simply to exit, loyalty may work as a mitigating factor. Therefore, the two conditions under which voice will be chosen and become effective are when exit is possible but “should not be too easy or too attractive when decline begins” (Hirschman, 1970, p. 83). The model theorises that the two conditions are both predicated upon the presence of loyalty although both options are more influenced by associated costs. A further element that potentially impacts on exit is that loyalty can inhibit the perception of exit as a desirable option (Eubank, 1996). Therefore, in most scenarios where strategies are being considered and

options either to voice or exit are taken, the degree of loyalty felt towards the organisation will play some role in any possible decision to act.

### **6.3 Critique of Hirschman's Exit Framework**

Over the past four decades, subsequent work has been undertaken to better apprehend why exit is chosen, why it would be preferred over voice, what motivates the choice to exit and how to control it (Kolarska & Aldrich; 1980; Farrell & Rusbult, 1981, 1992; Rusbult, Zembrodt & Gunn, 1982; Farrell, 1983; Withey & Cooper, 1989; Leck & Saunders, 1992; Turnley & Feldman, 1999). While the criticism that Hirschman's model fails to explain every occasion where exit or voice are chosen, exit has featured prominently in scholarly discourse (Barry, 1974; Farrell, 1983; Withey & Cooper, 1989; Bednar, 2007). Fundamentally, the model continues to give a credible premise for understanding the dynamic between management and employees in a world where understanding retention and employee turnover are fundamental (Idris, 2014; Deery & Jago, 2015). It gives a basis for understanding why exit is chosen, how the decision to use it unfolds and how the interpolating dimensions of loyalty and voice either postpone or accelerate the decision to exit. As a logic for explaining employee reactions to poor management, organisational slack or the possibility of greater benefit elsewhere, the concept remains essentially unchallenged. Likewise, the use of exit by management is potentially still framed within the larger contextual parameters of loyalty and voice since these extenuating factors will, at least partially, determine and pre-empt the decision to exit.

Since the development of the EVL model, the current literature broadens exit to encompass not only the physical act of leaving, but also the lead-up to the decision to exit and the organisational factors that motivate the choice (Naus, Van Iterson & Roe, 2007; Gehlbach, 2006; Allen & Tüselmann, 2009; Dowding & John, 2011; Gelens, Hofmans, Dries & Pepermans, 2014). Current theory identifies that exit is destructive to an organisation not only because of potential loss or revenue, but also because of its effect on organisational culture. An area specifically ignored within the EVL framework is how, in order to remain competitive, management can be

motivated to discourage exit in an attempt to retain innovation and talented employees. Contemporary theoretical developments have led research on exit to questions such as what behavioural indicators pre-empt exit (Withey & Cooper, 1989, Leck & Saunders, 1992) and what specifically motivates an employee to leave (Withey & Cooper, 1989; Leck & Saunders, 1992; Ito, Brotheridge & McFarland, 2013). Loyalty promoting factors have been identified as fostering employee careers and providing legitimate employment promotions (Allen & Tüselmann, 2009, p. 545) or providing financial incentive and interesting work (Mahajan & Benson, 2013, p. 723) thereby potentially delaying or avoiding exit. The empirical findings of Withey and Cooper (1989) identified that specific employee behaviours indicating exit were looking to be transferred and organisational commitment (Withey & Cooper, 1989, p. 525). This is also the case in the work of Leck and Saunders' (1992) findings where identifiable actions indicating exit were searching internally or externally of other work options (Leck & Saunders, 1992, p. 225). The main factors motivating employees leaving has been identified to be work or pay satisfaction (Withey & Cooper, 1989; Leck & Saunders, 1992; Ito, Brotheridge & McFarland, 2013). Leck and Saunders' (1992) empirical findings suggested that employee "exit was significantly predicted by work satisfaction & pay satisfaction" (Leck & Saunders, 1992, p. 226). This is also supported by the later work of Ito, Brotheridge and McFarland, 2013, who found the strongest variable impacting on exit were "pay flexibility and promotion (Ito, Brotheridge & McFarland, 2013, p. 739).

The literature has identified there is an over reliance on the effectiveness of the voice concept preceding the activation of the exit option. Early theorists (Barry, 1970; Kolsarch & Aldrich, 1980; Farrell, 1983) consistently argued that employees consciously remain silent in response to organisational problems until they are at liberty to leave. More current research extends this observation by adding that employees will remain silent and leave only under optimal conditions that do not negatively impact them financially or personally (Dowding & John 2008; Berntson, Naswall, & Sverke, 2010; Donaghey et al., 2011; McClean, Burris & Detert, 2013). Therefore, exit should be viewed as multilayered or more complicated than just the act of leaving. Current literature reflects this complexity in broadening the



parameters through which exit is interrogated, embedding it within larger frames of silence, loyalty and, potentially, neglect.

Because of the lack of information sharing that occurs when an employee is silent about organisational decline, theorists have become concerned not only with the behavioural indicators that accumulate before exit, but also the physical and psychological costs associated with the execution of exit (Hom, Mitchell, Lee & Griffeth, 2012). The pattern demonstrated in the EVL model, (i.e. where loyalty, voice and silence are mobilised as change strategies and, when they fail, exit is the final available option), remains salient in contemporary organisations. Thus, Hirschman's concept of exit remains intact as it provides management with a foundation for understanding the indicators of exit and "situational constraints on employee responses" to organisational conflict (Zagenczyk et al., 2015, p. 855). Equally, it provides a point of departure for interrogating specific behavioural indicators, employee perceptions and emerging exit risk. In an era where employees anticipate multiple careers and workplaces (Sullivan, 1999; Baruch, 2004), current research has identified that the behavioural indicators that work as an antecedent to exit (and the exit itself) need to be more fully understood by managers (Collings & Mellahi, 2009; Gelens et al., 2014). The antecedent to exit needs to be identifiable for managers as does the cultivation of a deeper understanding of employee perceptions of workforce differentiation (Gelens et al., 2014).

#### **6.4 Member perception of organisational decisions, policies and practices**

Organisational literature assumes that, for management to meet organisational goals and objectives, there must be structures and policies in place designed to favour power and autonomy (Maclagan, 2007; Thomas & Hewitt 2011). However, the expense of employee turnover (Maclagan, 2007) recruitment & training costs (Maclagan, 2007), talent retention (Deery & Jago, 2015) impact on organisational culture innovation and employee performance (Hirschman, 1970; Shaw, Gupta, & Delery, 2005; McClean, Burris & Detert, 2013) all constitute drivers to avoid exit. Traditionally, power is withheld by organisations using top down management and linear vertical organisational structures (Morrison & Milikien, 2000). Fear of feedback, mixed with the less confrontational aspects of the exit function, make it

the preferred option for management when dealing with employee related issues such as performance and behavioural management, cost saving strategies such as downsizing and organisational change management (Maclagan, 2007, Hom et al, 2012). The desire to concentrate authority and power within upper levels of management is strong, traditionally because this is the most efficient way of enforcing the bottom line. It is thought that the exit option helps reinforce this by helping streamline management practices and resources (Maclagan, 2007, p. 54). However, if the exit option is favoured too highly, organisations run the risk of negatively impacting on their talent retention strategies, innovation and culture. Regardless of this risk, exit has been identified as the enduring choice of management (Gehlbach, 2006).

Organisational controls are positioned within established structures and policies to help management retain control of decision-making power (Tung, Baird, & Schoch, 2011). Specifically relating to exit:

behaviour controls are imposed top-down with an emphasis on articulated operating procedures and close supervision. Employees are held accountable for their own behaviour, and there is a set of formal rules and procedures regarding how tasks should be performed (Su, Baird & Schoch, 2015, p. 32).

Organisational controls are described as being the most effective structure to “ensure the effective and efficient production and delivery of goods and services” (Maclagan, 2007, p. 54). This is because, in most organisational situations, management find it compromising to negotiate policies and management decisions. Exit will continue to be the preferred choice despite the reality that recruitment and retention strategies are equally important to remain competitive (Naus et al., 2007).

Management and employees often make the decision to exit based on a cost analysis (Gehlbach, 2006). It has been argued that, from the employee’s point of view, the perception of whether or not an organisation has met their contractual obligations will play a powerful role (Gelens et al., 2014; Collings & Mellahi, 2009). If an employee deems that management has not met its obligations, they will decide to actively seek out more desirable employment opportunities and then, finally, exit. Examples of behavioural warnings indicating that an employee is disengaged include

underperformance, disengagement and poor attitude (Collings & Mellahi, 2009) i.e. early stages of dissent, as Kassing would have it, or as posited here, silence. Exit is often the preferred reaction when dealing with unmet organisational expectations, whether this is of the individual's own accord or enforced by management (Hom et al., 2012). To understand this dynamic, applying organisational justice theory (Greenberg, 1990) assists to shed light on employees' reactions to failures of organisational obligations.

Greenberg's organisational justice framework (1990) helps to identify how employees evaluate the extent to which organisational obligations have been met (or not). Built on the principles of justice procedure (Thibaut & Walker, 1978), equity theory (Adams, 1963), social exchange theory (Blau, 1964) and distributive justice (Cohen, 1987), Greenberg distinguishes organisational justice via two concepts: perceived *distributive justice* and perceived *procedural justice* (Greenberg, 1990). Perceived distributive justice is concerned with the distribution of resources and the perception of fairness in the allocation of these resources (Greenberg, 1990, 2006). Perceived procedural justice is concerned with organisational processes and the fairness that employees associate with the outcomes of the processes (Greenberg, 1990, 2006). In viewing Hirschman's exit function through organisational justice theory, it can be said that, when evaluating their exit options, employees will make the decision based on their perception of how effectively resources are distributed or policies are upheld. From the employer's perspective, the decision to accelerate the exit option will be based on the perception of work outcomes and the value of the remuneration attached. Organisational justice theory aids the theorisation of exit as it lends a conceptual framework to understand employee reactions or behaviours while silently deciding whether or not to leave a firm because it highlights the employee's perception of the expectations of management. If management understands that the employee perceptions of fairness regarding resources and policies is at the forefront of how they perceive management, it may also shed further light on the employee decision-making process for exit.

Both distributive and procedural justice theory has been used to evaluate employee reactions/ behaviours, work output and job satisfaction (Mahajan & Benson, 2013). The common theme is that when employees have low organisational justice

perception, this leads to dissatisfaction and poor performance (Mahajan & Benson, 2013). It has been found that:

people who report high perceived distributive justice put more effort in their work when they perceive the workforce differentiation procedures to be fair, and less effort when they perceive them to be unfair which then, will more often than not lead to exit (Gelens et al., 2014, p. 170).

This theory specifically relates to areas such as job performance (Forgas & George, 2001; Mahajan & Benson, 2013), job satisfaction (Masterson, Lewis, Goldman & Taylor, 2000), employee performance management (Masterson, Lewis, Goldman & Taylor, 2000), staff retention (Gelens et al., 2014), talent management (Collings & Mellahi, 2009; Gelens et al., 2014) and employee engagement (Malinen, Wright & Cammock, 2013). Employee behaviours attached to low organisational justice include bad work attitude, job dissatisfaction and poor work performance (Gelens et al., 2014). These behaviours constitute signs of exit risk before an employee ultimately leaves the organisation. In contrast, employee behaviours associated with high organisational justice include work satisfaction, organisational commitment and high work performance (Gelens et al., 2014).

It is useful to frame employee exit through the lens of organisational justice theory as it gives management the foundation to know what perceptions drive behaviour and, potentially, exit. Organisations need to consider the consequences of perceived inequities and identify the employee behaviours that build up to exit. If employers can read the warning signs before the ultimate decision to exit is taken, they may have time to prevent, (if they wish), exit from occurring. Understanding that employees may choose to exit as a result of what they deem fair management policy/procedure or reasonable individual resource is fundamental. For management, controlling elements of perceived procedural and distributive justice is thus essential for preventing exit. When employees have a sense of high distributive and procedural justice, stronger work output, increased job satisfaction and organisational commitment are achieved (Folger & Greenberg, 1985; Konovsky, 2000; Masterson et al., 2000; Mahajan & Benson, 2013).

Organisational justice theory sheds light on why an employee may feel disengaged and highlights the key warning behavioural signs associated with the decision to exit. However, management will still find it difficult to pin point the exact moment an employee moves from being engaged to disengaged. This is because this process often occurs silently. Gehlbach (2006) applies game theory to the EVL model to understand at what point disengagement occurs. An overview of this framework is discussed below and outlines how associated costs of exit fundamentally impact the decision-making process of employee exit.

#### **6.4 Cost of Exit and the decision making process**

The motivating condition for exit, as analysed by Hirschman, 1970, is organisational decline (Hirschman, 1970). Current literature has elucidated this essential condition by exploring situations where exit is motivated by perceived benefits and career opportunities found at other organisations (Morrison & Milliken 2000; Gehlbach 2006; Bednar, 2007) Underpinning each of these conditions for exit is the tacit assumption that exit is costless. Critics of Hirschman's work have made a similar observation of the EVL model, which also reflects the economists' view that exit is costless (Barry, 1974; Birch, 1975; Laver 1976; Williamson, 1976).

As a result, increasing attention has been paid to the actual cost of exit (Withey & Cooper, 1989; Leck & Saunders, 1992; Gehlbach, 2006; Haenlein & Kaplan 2012). It has been concluded that, from the employee perspective, the threat of exit by management is, in fact, "highly effective and generally accepted that the exit option is assumed to be costly" (Gehlbach, 2006, p. 397. See also Milliken, Morrison & Hewin 2003; Dyne et al., 2003; Vakola & Bouradas, 2005). The associated cost of exit to employees is the personal loss of financial income or career prospects. Conversely, the associated costs of exit for management is the loss of employee talent and the financial cost of high turnover. Typically, it is also assumed that management has control over exit and "management may or may not want to restrict exit" (Gehlbach, 2006, p. 406). By extension, theorists have debated at what point the cost of exit impacts on whether or not to engage voice or silent non-exit (Barry, 1974; Farrell, 1983). This discussion foregrounds the current literature that extends the conceptualisation of exit to factors that lead to the ultimate decision to leave an

organisation. Understanding the drivers behind employee perspectives helps identify when an employee will contemplate leaving a place of employment i.e. whether it is before or after the voice option has been considered. To elaborate this further, Gehlbach (2006) adopts game theory, suggesting, “leaders always have an incentive to suppress voice, but may or may not want to suppress exit” (Gehlbach 2006, p. 398).

Gehlbach’s model “presents a simple game-theoretic model to elucidate the relationship between exit and voice” (Gehlbach, 2006, p. 396). The model has not been tested empirically, but is still a useful conceptual framework “because it abstracts from many important arguments made by Hirschman and others” and puts them into a framework where we can see the decision making process available for an employee (Gehlbach, 2006, p. 396). Gehlbach’s model, like Hirschman’s, “assumes a conflict of interest, and, as in Hirschman’s formulation, members may express their discontent either through exit or through voice. (Gehlbach, 2006, p. 396-399). At issue is some policy over which the leadership has control, and over which there is a conflict of interest between leadership” and members (Gehlbach, 2006, p. 396-399). The two underlying assumptions of the model are, firstly, there is a surplus to be shared by way of a policy implementation and, secondly, that exit is costly to both management and to members. As Gehlbach argues “the joint payoff to members and their leadership is greater when exit is avoided” (Gehlbach, 2006, p. 397). The incentive for members is to develop their voice, which Gehlbach conceptualises primarily as organising to “bargain with the leadership, to gain a share of this surplus” (Gehlbach, 2006, p. 397).

Whilst Gehlbach acknowledges the model to be simple, it is a means of exploring the original concepts within the EVL framework. Given the context of the collapse of the East German state (GDR), it is fair to assume that Gehlbach intended his model for a political situation. Nonetheless, there is still a reference to Hirschman’s useful ‘payoff’ concept. Adopting a game theory method to look at exit, voice and loyalty is unique and theoretically formalises the scenario where “leaders always have an incentive to suppress voice, but may or may not want to suppress exit,” (Gehlbach 2006, 398). Voice having been established, the threat of exit can increase the effectiveness of voice by increasing individuals’ bargaining power. But, if developed

before established voice has been created, “exit can reduce voice by increasing the relative attractiveness of silence” to others remaining within the organisation (Gehlbach 2006, p. 397).

In Gehlbach’s (2006) model, management is given the value of L and employees the value C. Exit is identified as less than optimal (sub-optimal) because ‘C gets no ‘payoff’ and L gets no ‘policy’ i.e. X (the desired policy goal). Therefore, in this model, loyalty is rewarded because the implementation of X is mutually beneficial – i.e. the outcome is  $> 1$ ’ (Gehlbach 2006, p. 399). Failing to participate (taking the Exit option) results in a zero sum game i.e. the outcome is  $< 1$  because neither L nor C gain anything. The model frames the process to be that management want complete policy implementation and employees want to tailor this according to their needs. The end result of the bargaining process should be somewhere in the middle, where management still implements a policy but is tailored to meet employee needs (Gehlbach 2006, p. 399).

The ‘problem’ highlighted in this analysis lies in situations where management wants to negotiate to avoid exit but to implement their desired policy outcome they may decide to manipulate the framework. When management desires a particular policy, it can increase the chance of getting this by manipulating the costs attached to either exit or voice. This requires management to ‘increase’ the costs associated with organising voice to members so that they remain in the organisation and be silent, or they exit. Conversely, if exit ‘does little to hurt’ management then management are not motivated to enter discussions and negotiate over policy.

In the EVL framework, Hirschman formulated exit as the cost of disloyalty to management (Hirschman, 1970). In Gehlbach’s model “Exit never takes place in equilibrium and silence emerges endogenously as a response to management’s actions to avoid exit and voice, only when management ‘weights’ the values” (Gehlbach, 2006, p. 401). What this suggests is that when the cost of voice is high, members may be forced to elect silence and accept the management policy but only if the cost of exit or voice are unacceptable to members. Conversely, where the value of ‘avoiding’ exit is high to management thus facilitating the bargaining effect of voice to members, management are also motivated to structure the policy in a way that avoids voice from occurring. From the perspective of members, this model also

highlights when a member begins the exit process. The process commences when the member must evaluate the cost of staying with the implemented policy (versus the cost of leaving) and makes their decision accordingly. Gehlbach argues that by suppressing voice there are limited benefits to the organisation when it “weighs” either exit or voice because voice may have highlighted flaws in policy or offered suggestions in its improvement, resulting in a more beneficial outcome to both employees and management (Gehlbach, 2006, p. 402).

## **6.5 Conclusion**

Because exit can be used as a threat and bargaining tool by management and members, its operation in organisational life can be complex. This is why, particularly from the management perspective, understanding the behavioural indicators and psychological costs that accumulate before exit execution is vital in understanding how to pre-empt it (Hom et al., 2012). Therefore, the pattern demonstrated in the EVL model, (i.e. where loyalty, voice and silence are mobilised as change strategies and, when they fail, exit is the final available option), remains relevant in order to understand all the options available when responding to unfavourable conditions. What would be useful to management would be to pinpoint the exact moment an employee disengages and begins the exit process. Gehlbach’s (2006) model highlights that the exit processes begins for employees at the point where management begin to put “weights” on either exit or voice. The current organisational justice literature suggests employees will make the decision based on their perception of how effectively resources are distributed or policies are upheld. If an employee believes that management are not meeting their expectations, the employees will then explore the options available to them, which include exit. Further empirical analysis and testing of Gehlbach’s model may further highlight the decision-making process attributed to exit and thus aid management to understand exit in the workplace dimension. As exit is the final response to declining conditions at work, understanding the warning signs before exit occurs is vital for management to act to prevent this.

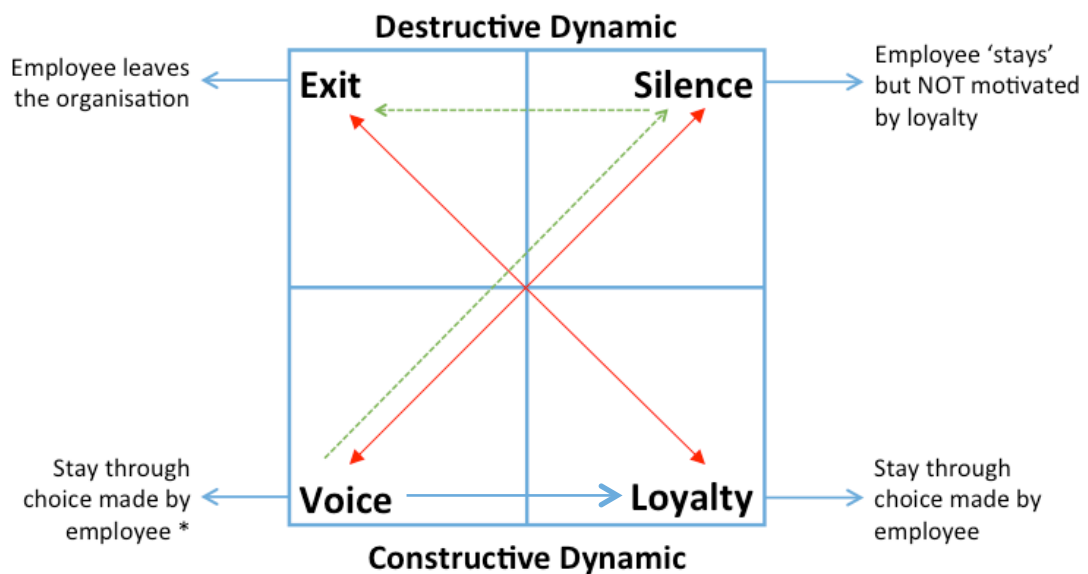
As identified in Gehlbach’s (2006) model, the desire to maintain autonomy and decision-making freedom will often result in managerial manipulation of the



associated costs of exit and voice. By contrast, the EVL framework works best in situations when exit is undesirable to management. When faced with exit, management will either bargain directly with employees and open voice channels, or alternatively, they will use tools to make the options of voice and exit unavailable. For employees, when the cost of exit and voice is high, silence prevails. When management do not desire employee exit, exit can be used as a bargaining tool. Under this condition, loyalty can postpone the decision to exit while, simultaneously, enhancing the possibility of the voice option being chosen (Hirschman, 1970, p. 82). The chances of voice being effective are enhanced by the loyalist's threat of exit because their voice is "strengthened if backed up by the threat of exit" (Hirschman, 1970, p. 82). When exit is an available option to employees at no personal, or little financial, cost, management may also need to rely on loyalty to help encourage voice to understand their the movements of their employees and exit prone behaviours to prevent turnover. Therefore it is the associated costs of exit, voice and loyalty that directly impact how the model operates within organisational life.

## Chapter 7 – Conclusion

If we return to the original research question posed in this thesis, the primary point of investigation focused on *can Hirschman's original model be re-conceptualised for contemporary organisations via a consideration of silence?* The essential answer is yes. However, in light of the multiple strands of scholarly development since 1970, the key contention of the present thesis posits that in order to remain relevant for contemporary application, Hirschman's original EVL model should integrate a fourth dimension of silence. In doing so, we begin to address the second question of *how do we incorporate silence into the EVL model in order to distinguish loyalty from disengaged, present members?* The conceptual model below maps this integration.



\* If cost of voice is deemed too high, an employee may decide to remain silent within the organisation and wait until the right time to exit (----->)

Therefore, Exit, Voice, Loyalty and Silence (EVLS) is best understood as a four-dimensional matrix. To understand how Hirschman's model operates as a decision-making metric, it is important to understand how the various elements interact and change depending on their nature.

Conceptually, EVL is useful to understand the decision-making process available to members. The Exit, Voice, Loyalty and Silence model proposed in this research further encompasses all of the options available to members when deciding how best

to respond to undesirable situations within the workplace. As in Hirschman's original model, when a member faces challenging circumstances at work, there are multiple choices available when deciding whether or not to respond. Below is an outline of the Exit, Voice, Loyalty and Silence framework.

**Exit-** A member can decide to simply exit and leave the organisation. This decision is finite and can be done either silently or using voice.

**Loyalty-** Loyalty is a motivator which influences the decision whether to exit or voice. If loyalty is present, as originally argued by Hirschman, a member may first decide to actively voice to change their circumstances and then exit if there is no change. It is important to distinguish that this concept is a constructive element based on a desire to ultimately benefit the organisation. However, an important development stressed in this research is that while loyalty may be present, this will not necessarily compel members to endure ongoing unfavourable circumstances.

**Voice-** The decision to use voice can be motivated by the following two reasons. Firstly, a member may decide to voice based on feelings associated with loyalty and from a belief that their voice will ultimately benefit an organisation and change declining circumstances. The other reason a member will use their voice will be a calculated decision based on the perception that their voice will be effective with no negative repercussions attached to it. This decision is conceptually distinct from being motivated by loyalty as it stems from self-protection and a desire to benefit oneself. Equally, it is also noted in this research that voice can also be leveraged as an opportunity to further one's position within the organisation.

**Silence-** The decision to remain silent will be based on two factors. Either there are no voice channels available or voice is too costly. In this theoretical framework, the decision to be silent is a distinct choice because the individual does not desire to exit, to be loyal or to use voice. Silence encompasses the deconstructive passive elements of loyalty and defines the step that remains assumed in Hirschman's original model - the silent non-exit. Members who are waiting silently, not voicing or exiting, remain within the organisation but do not stay out of a desire to benefit the organisation. Silent members are often waiting for the right time to activate the exit option. It is

also noted in this research that silence should not be necessarily understood as a form of loyalty.

These four elements operating within a framework as a sequence of decision-making steps for members unfolds new options for management. Because, as highlighted above, management may often desire members to silently remain within an organisation, this framework highlights the potential consequences when one channel is favoured over another by management. An employer may desire at times for their members to engage in silence, but they need to realise that by doing this they run the risk of having members who are disinterested in the wellbeing of the organisation and are waiting for the opportune time to exit. Voice increases engagement between members, management and ultimately the execution of organisational goals and objectives. By removing voice, this could foster silent non-exiting members as highlighted in the framework.

From a member's perspective, loyalty is not the prime motivator in the decision whether to voice, exit or remain silent. Rather, the perceptions of effectiveness and consequences constitute the deciding factors. This is an important concept for management to understand, as they can often directly influence the cost of either voice or exit to members. From a theoretical perspective, it is important to understand that silence does not necessarily equal constructive loyalty but rather disengaged members. Management sometimes desire their members to remain within an organisation silently and productively. By theoretically distinguishing that the proactive constructive elements of loyalty often include member voice, management can see that influencing elements of the model may have other negative consequences to the organisation.

## **7.1 Contributions**

Extant analyses of the Exit, Voice and Loyalty framework have advanced our understanding of the various ways members respond to organisational decline. The model has also been used as a platform to understand member satisfaction levels. The findings generally show that members who are satisfied with their work environment engage in voice and loyalty mechanisms, whilst members who experience dissatisfaction are more likely to passively wait until such time they can

effectively engage in the exit (or neglect) function. This research has extended the theorisation of what motivates the choice to engage in each function within Hirschman's model. As demonstrated throughout the thesis, members generally evaluate the associated costs of each function and decide which action to take based on their perception of the most beneficial outcome. This alternative theorisation of exit, voice, loyalty and silence leads to a contestation of some of Hirschman's most fundamental assumptions.

If we conceive of exit, voice and silence as the result of an evaluation of associated costs undertaken (rather than efforts to either arrest or avoid organisational decline) this re-constitutes how each element of the EVL model should be understood and how they interact. Firstly, if the decision to voice is based on an analysis of potential risks such as denial of opportunity, punishment or managerial non-receptiveness rather than a naïve desire to 'make things better', this challenges the core assumption that voice is a tangible manifestation of loyalty as Hirschman suggests. As Kassing's work shows, voice can be born of dissent, resulting in multiple possible responses ranging from factual appeal (which would appear to be the most altruistic of options) through to the circumvention and threat of resignation. These various responses illustrate that voice is leveraged according to the strategic position of the individual, the risks of associated costs and the likelihood of advancing one's own position. While loyalty may play a role, the recent literature presented here supports the alternate contention that voice frequently acts to enhance bargaining power and convey dissatisfaction when there is nothing 'to lose' because the option of exit is available. The availability of exit is salient in this context because, again, Hirschman's view of voice as a manifestation of loyalty is undermined by the research that shows that if voice is ineffective then members will simply leave or use voice if they know an exit option is possible. This dynamic would not suggest a high degree of loyalty since the path to exit is already open before the voice mechanism is utilised. If we return to the essential argument presented here, voice becomes a low cost option as does exit for the employee. It is perhaps only through the frame of associated costs that we can appreciate the reality that voice will only be used if it is low cost and another option exists.

Second, this thesis has shown that exit is more complex than initially acknowledged in the original model. While Hirschman originally posited that exit is costless to an

organisation, it is theorised here that indeed exit is anything but costless to an organisation with the potential for loss of knowledge capital, competitive advantage and sustainability. More importantly though, the preamble to exit is situated here as a seminal sequence of events where employees may engage in silence or neglect (thereby compromising their productivity and contribution) before they are able to enact exit. This scenario opens up the importance of integrating silence into the EVL model and highlights that exit in and of itself is a protracted cost benefit analysis that unfolds over an extended period of time. Equally, Hirschman argues that exit is undesirable for the organisation as it curbs the opportunity to acquire corrective feedback. However, if we return to the premise sustained here that exit is one option in an evaluation of associated costs, this wariness of exit ignores the destructive preamble to exit and fails to theorise why members would elect to exit.

Third, this research demonstrates that, in order to account for key gaps in the original model, silence must be integrated. Hirschman's model effectively collapses two separate choices into one through the concept of loyalty, demonstrating that there is, firstly a choice between exit and non-exit and a further choice between voice and silence. This research advocates that these two choice need to be treated distinctly, yet the model cannot account for the choice between voice and silence. The decision to voice and the decision to remain constitute two independent evaluations of associated risk. Therefore, including the fourth dimension of silence explains the choice when members remain silent and actively do not use the exit or voice functions. Including silence further explains how Hirschman's model operates in an organisational context as a sequence of decision-making steps available to members when responding to organisational challenges. As such, silence should be a distinct concept embedded within the Exit, Voice and Loyalty framework to account for the situations where members are making an *active* decision to be silent, not engage in exit but not necessarily staying out of loyalty. Equally, the integration of silence accounts for the situation where management may elect to enforce silence through various organisational mechanisms and restrict voice communication channels. Management can use the various tools available to them to restrict voice channels and encourage a culture of silence. This occurs because management wish to control the communication and information shared within an organisation to maintain their authority and decision-making power. This is highlighted by Hirschman who

acknowledges that management can attempt to influence exit or voice in order to prevent both from occurring. The problem for management is that there are potential negative outcomes from doing this, ranging from high turnover, loss of revenue and toxic organisational culture. Thus, the integration of silence has important theoretical implication for understanding how both members and managers exploit an absence of communication to either mask a decline of motivation or suppress any form of feedback.

Finally, the present research acknowledges that the original representation of loyalty is characterised by an active/constructive and passive/deconstructive dualism and makes the theoretical insight that, because loyalty takes several forms, it is simplistic to conceive of loyalty as just a pro-active desire to remedy organisational decline. The active/constructive nature of loyalty fosters desirable work outputs such as high productivity whilst the passive/deconstructive construct produces undesirable work behaviours such as poor performance and turnover. The active elements of loyalty also encourage member voice, suggesting a desire to foster change and contribute to organisational objectives. The overall impact of loyalty in Hirschman's framework varies in its application depending on its nature and the conditions in which it is present. From the above, it follows that there is a distinction between the active loyalist and passive present member. This also separates situations where members stay out of a desire to change declining circumstances from those who silently wait for the right time to exit.

## **7.2 Limitations of the Study and Avenues for Future Research**

As defined initially in the introduction, this is a theory-building thesis. This thesis contributes to existing management theory by integrating the relatively recent concept of silence into Hirschman's Exit Voice and Loyalty framework. While this research builds on the significance of Hirschman's Exit Voice and Loyalty framework, it is nonetheless one step in an ongoing stream of theoretical work. The model has continued to be a foundational framework, prevailing over the last four decades for the purpose of both theory and empirical studies. Just as several elements of the model have been empirically tested, future research would benefit from an empirical study of how silence works in the context of the EVL model. Further testing of the model could also help establish the different types of loyalty that

employees exhibit and its impact on organisational outcomes. In an environment where there is increasing pressure for management to foster employee talent, encourage innovation and develop retention strategies to remain competitive, understanding the silence and loyalty functions is important since both continue to be misunderstood by managers.

In the current silence literature, there have been some theoretical contributions to exploring how management may elect to enforce silence by restricting voice channels. It has also been suggested that, simultaneously, management may also create high costs of exit to encourage their employees to remain silent within an organisation. Currently, there is little empirical research testing this to help understand the overall impact of the manipulation of silence in an organisation. Future research could develop this concept more to understand what the overall implications are and if this manipulation of silence fosters a negative type of loyalty. Enforcing silence and creating high costs to exit may not foster constructive/ active employee loyalty.

### **7.3 Concluding remarks**

Hirschman's EVL model remains one of the most seminal frameworks for scholars seeking to understand member response to organisational decline. The integration of silence represents a significant step towards advancing the model, enabling it to remain relevant in a 21<sup>st</sup> century organisational context. There exists an option where members actively decide to withhold information out of motives unrelated to improving declining conditions, yet do not exit the organisation. If voice fails and management does not respond to voice, there exists a situation where members remain within the organisation, silently, waiting for the opportune time to exit. Silence is a superior concept to describe this option since loyalty does not account for members in this situation. Silence is able to encapsulate the choice when members remain silent and actively do not use the exit or voice functions to describe further 21<sup>st</sup> century organisational situations within current workplaces.

Equally, while Hirschman initially framed voice and exit as underpinned by loyalty, or the assumption that organisational members act out of goodwill towards their organisation, the current thesis contributes the re-conceptualisation of voice and exit



(and silence) as a manifestation of an evaluation of associated costs. Essentially, this theorisation argues that voice and exit do not strictly emerge as a result of concern for, or loyalty towards, the organisation but rather a pragmatic assessment of the least risky option for the individual. This observation could also be extended to Hirschman's equal concern with customers. Once this risk assessment has been undertaken, members are at a greater liberty to select their preferred option. This theorisation of voice, exit and silence will assist in future research as it opens up new horizons of understanding member motivation and choice selection. Therefore, the thesis makes two key theoretical contributions. As further research into this assemblage of dynamics evolves, it is hoped that this thesis assists in paving the way for new insights into this important model.

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