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# The affect of two cost reduction approaches on employees performance and organisational desirable outcomes

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**‘THE AFFECT OF TWO COST REDUCTION  
APPROACHES ON EMPLOYEES’ PERFORMANCE AND  
ORGANISATIONAL DESIRABLE OUTCOMES’**

BY:

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**'THE AFFECT OF TWO COST REDUCTION  
APPROACHES ON EMPLOYEES' PERFORMANCE AND  
ORGANISATIONAL DESIRABLE OUTCOMES'**

Dissertation Approved

*Dr. John Politis*

*Dean/Program Director*

*Dr. John Politis*

## STUDENT DECLARATION

I declare that this dissertation is all my own work and all other works discussed or referred to have been cited. I have not copied from other students' work or other sources without being cited and not a single part has been written for me from another person

Signature: *Fani Hadjikleovoulou*

Date: 14 November 2013

## ABSTRACT

This thesis is written to identify the cost reduction approaches of two different companies which are trying to reduce their operational costs in a financial crisis. The approach of the first company is through a salary deductions whilst the second company uses employees' dismissal. In addition, the thesis is investigating which of the two approaches has the greatest impact on employees' performance. Literature review explores the six main organizational variables that affect employee performance, namely, job satisfaction, commitment, turnover intentions, the internal stressors and motivation. A survey was employed (e.g. a questionnaire) to test whether the relationships between the variables under consideration. Almost all hypotheses being set for examining the subject of this survey have been proved, apart from the correlation between task performance and motivation for the Company X. Though, both company models have to make improvements in order to reduce the excess stress caused to employees and increase their performance.

## ACKNOWLEDGMENTS

This Dissertation is a great effort I have put to create a survey about a current issue that concerns many companies and the majority of employees in the Cyprus of 2013. Analyzing the results on salary deduction and dismissal of employees in a Cyprus of financial crisis on employees' performance.

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