



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

BY:

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MASTER IN BUSINESS ADMINISTRATION

Neapolis University Pafos

Pafos, Cyprus

2013

Submitted to the Faculty of NEAPOLIS UNIVERSITY PAFOS
in partial fulfillment of
the requirements for
the Degree of
MBA

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Dissertation Approved

Dr. John Politis

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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

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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.

For the completion of this Dissertation I have to thank many people that help me either practically or psychologically to achieve it. I would like to express my gratitude to my Supervisor Dr. John Politis for his valuable help, patience, understanding and guidance to my Dissertation. I also want to thank Dr. Michailina Siakali for the extra assistance she offered me as well as guidance, support, encouragement and recommendations she had for my Dissertation. Her knowledge especially in the Statistic Analysis was very useful and valuable to me.

Big thanks to my work Managers that we had discussions about my survey and they were really helpful and willing to discuss and brainstorm, and that's the reason of how the subject of the survey became. Thanks to all employees of both companies that participated in the survey and have answered the questionnaires.

I am grateful to my friends as well as university colleagues with whom I have discussed a lot about mine and theirs Dissertation, we have changed opinions, we have advised each other. Thanks for the support!

Finally, I have to say a big thanks and I am really grateful to my family; my parents and my brother for my supporting, encouraging, tolerating, and giving me their wishes not only for the Dissertation but for the whole two years my Master lasted.