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# How do employees experience furloughs?

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# Abstract

The purpose of this paper is to map out research investigating concepts relating to exchange relationships and furloughs. Due to the scarcity of research on furloughs specifically, we justify the use of downsizing literature as a supplement. We review theory on exchange relationships (namely psychological contract and LMX) as well as the assumed outcome variables organizational commitment, trust, perceived fairness and turnover intentions. Further, we delineate the impact of furloughs in a Norwegian context in order to investigate how mass furloughs affect employees in a period of uncertainty. Our primary interests lie in individual experiences in this regard. Hence, we recognize that a qualitative method will be appropriate to obtain the desired insights. Lastly, we justify our contributions by discussing implications for further research. A tentative plan for the thesis progress is also presented.

## 1.0 Introduction

Over the past decades, employee downsizing has become a fact of organizational life as a default response to cope in turbulent times (Datta et al., 2015). Due to the fact that a magnitude of industries have been shut down as a result of the Covid-19 pandemic, organizations have been prompted to respond with restructuring and downsizing to reduce or cease operations (Kniffin et al., 2020; Shaw et al., 2020). With limited prior research devoted to engender the effects of furloughs on employees, there is a lack of specific recommendations to how furloughs shall be understood when studying the field. Hence, employee furloughs can be understood as a downsizing activity, and have been frequently used in certain periods of time (Kvadsheim & Hansen, 2010). Freeman and Cameron (1993) address how organizational downsizing contains other concepts than solely layoffs, and define the term as *"a set of activities, undertaken on the part of the management of an organization, designed to improve organizational efficiency, productivity and/or competitiveness"* (p. 12). Furloughs are often a rippled effect caused by turbulent times, and are in this paper understood as a temporary leave of absence with no pay for the period of leave (Baranik et al., 2019; NAV, 2020). In the case of furloughs, organizations temporarily reduce the size of the workforce (i.e. downsizing) in order to constrain operational costs in periods of reduced need for capacity.

The lack of research on furloughs can arguably be reasoned by the linkage with economic downturns, which are impossible to predict or study in advance (Baranik et al., 2019). Furloughs is therefore used as a tool to save costs and avoid mass layoffs, and is implemented to mitigate harmful impacts on local economies and retain jobs (Lee & Sanders, 2013). In times of turbulence organizations are required to adapt to the environment to survive and thereby often forced into contingency arrangements, such as furloughing human resources, in which routines and productivity can be interrupted (Lee & Sanders, 2013). Furloughs add a freezing effect on organizations in a way that makes long-term planning challenging, and employees are difficult to stimulate and retain (Jacobs, 2009) Crucial talent within the organization can potentially seek other opportunities in the job market, as temporarily layoffs sends a signal of uncertainty to employees (Moore, 1985). Prior investments in recruitment and training practices can be

diminished as technical expertise are critically short, and create strain on organizational performance during turbulent times (Levine, 1979). Despite the purpose of saving jobs, downsizing can yield severe consequences for organizations in a long term perspective as job insecurity becomes evident (Cameron, 1994).

Mass furloughs during a pandemic constitute a novel context for organizational research. The proportion of furloughed workers in relation to the total Norwegian labor force went from 0.2% in February 2020 to 9.1% in March 2020 (NAV, 2020). Statistics further enhance long-term overview of the mass furloughs, as 4.7% on average was temporarily laid-off from March till December 2020 (NAV, 2020). This heavy impact reflects the scope of the pandemic, and how it creates rippled effects on organizations suffering from economic downturns.

This paper primarily aims to look into individual experiences, but it must be recognized that these are shaped by the social context in which they occur. In this case, a common social understanding within a heavily impacted industry (i.e. the travel industry) is likely to impact and shape individual experiences. In the context of organizational trends, McKinley et al. (1995) deduce how institutional theory provides a normative basis in society for how organizations should be managed, even though this has been suggested to result in suboptimal organizational outcomes. Organizations will be influenced by other organizations' practices, ultimately developing a set of norms relating to how to manage their workforce in uncertain times. In this context, the reason for Norwegian employers to largely resort to furloughs as a means of managing the situation might be a result of such societal norms. Awareness of this notion might ultimately affect how individuals make sense of their role and situation as a "furloughee" as well as other individual level outcomes.

As mentioned, it is difficult to examine conclusive effects on furloughs, yet it is suggested to negatively impact a series of individual work outcomes, such as job satisfaction, financial burden, workload, career stability and employee's well-being  (Lee & Sanders, 2013; Halbesleben et al., 2013). Furloughs as a cutback practice in turbulent times holds similar characteristics as layoffs, except from that it places employees in a limbo of being unemployed, yet still persistent

to employment (Sucher & Gupta, 2018). Moreover, furloughed employees and survivors of downsizing can be argued to share similar experiences. Skarlicki and colleagues (1998) suggest that as third parties within the organization, survivors of downsizing learn about their organization by observing the treatment of victims, and that these observations further can affect their job attitudes and behaviors (Skarlicki et al., 1998). In this context, it is arguably reasonable to treat furloughed employees both as victims and survivors, and we make the assumption that the literature on downsizing survivors can be generalized to their experiences.

Therefore, future research is encouraged to examine negative consequences caused by massive downsizing in regards to organizations' response to a global pandemic (Kniffin et al., 2020). Kniffin et al. (2020) further point out that the widespread closures resulting from the pandemic have further complicated typical advice for individuals who are unemployed to develop a regular routine of job search (Kniffin et al., 2020). Leave without pay for an uncertain period of time can foster great burdens both financially and emotionally (Lee & Sanders, 2013). Employee pay is likely to be a salient loss of resources in the contexts of furlough, even though Norwegian organizations are able to apply for a grant to cover a portion of the average monthly salary (NAV, 2020). Yet, insecurity associated with furloughs tends to leave employees with stress, and is suggested to impact factors related to psychological well-being (i.e. time structure, social contact, collective purpose, status, and activity). These factors are found to have a greater impact on distress than even the financial difficulties associated with being furloughed (Paul et al., 2009). This ultimately suggests that employees' subjective experiences are central to understanding the impact of furloughs (Halbesleben et al., 2013).

From the formal employment contract both of the parties are aware of the terms and responsibilities expected from the relationship. Based on the company's financial situation, the contract formally enables the employer to initiate furloughs. However, despite the social initiatives being in place to ease the financial strain of furloughed employees, psychological strain is suggested to be of even bigger impact. This further extends to the relational level within the organization, tapping into the psychological contract that is rather implicit and

unwritten sets of expectations to the employment relationship. The relational aspect of this contract entails development of trust, respect and loyalty over time (DelCampo, 2007). The psychological contract is thus referred to as *"an individual's belief regarding reciprocal obligations"* (Rousseau, 1990, p. 390). This belief becomes contractual when the employee feels that they owe something to their employer beyond the employment contract (Rousseau, 1990). This agreement entails the expectation of a stable and positive work environment, and that the employee's efforts will result in safe employment (Van Dierendonck & Jacobs, 2012). Thus, this contract substantiates informal expectations in the employment relationship, and an experienced breach is associated with a variety of negative outcome variables (Turnley et al., 2003). In the case of furloughs, the expectation of safe employment despite the employee's performance is violated and the employee might experience a breach of a psychological contract with their employer.

## 2.0 Theoretical background

Much research has explored the consequences of a breach of this contract, occurring when the employee perceives that the organization has failed to fulfil its "contractual obligations" (DelCampo, 2007). In the context of furloughs, the contract can seem to be breached through the employee's lesser sense of psychological stability and an uncertain future. Looking into the breach of this contract contributes a primary explanation for negative feelings, attitudes and behaviors associated with social exchange relationships at work (Conway & Briner, 2005). Morrison and Robinson (1997) defines psychological contract breach as *"the cognition that one's organization has failed to meet one or more obligations within one's psychological contract in a manner commensurate with one's contributions"* (Morrison & Robinson, 1997, p. 230). In this paper, we apply a relational aspect of the psychological contract breach, which holds socioemotional elements such as loyalty and support (Morrison and Robinson, 1997). On the contrary, research distinguishes relational psychological contracts from transactional, as these have implications for how employees perceive the obligations, and respond if these are not fulfilled. Hence, transactional elements lean more towards expectations for direct and immediate compensation for the contributions. Morrison and Robinson (1997) therefore pinpoint the nature of the

relationship as an essential component of the experienced breach, due to vigilance increasing the likelihood of employees' perceivement of unmet promise(s).

Specifically, breach of the psychological contract has been found to negatively correlate with work performance (Bal et al., 2010), and that employees tend to regain balance in the relationship through reducing their commitment and their willingness to engage in organizational citizenship behavior when they perceive that their employer has engaged in contract breach (Coyle-Shapiro & Kessler, 2000). These implications pose a challenge for the organization as the employees return to the workplace after being furloughed.

Moreover, research has examined the link between breach and violation (Dulac, 2008). Where a breach represents the cognitive experience of unmet expectations from one's organization, violation is understood as the actual emotional response to a psychological contract breach, i.e. distress and anger (DelCampo, 2007; Morrison & Robbinson, 1997). Dulac and colleagues (2008) found that violation fully mediated the effects of breach on outcome variables. This supports the subjective feeling of the breach as crucial and is ultimately what determines the outcomes of the breach, consistent with the previously presented idiocracy associated with the psychological contract.

## 2.1 Exchange relationships

In line with the notion that social factors are emphasized as vital to the individual experience of being furloughed, research on social exchanges has been prominent in the organizational behavior literature. Blau (1964) accentuates social exchanges as a distinct concept from economic ones and suggests these play a central role for mutual trust, liking and respect. This notion constitutes the basis of what has become the most influential paradigm to understanding workplace behavior (Cropanzano & Mitchell, 2005) and is now commonly known as Social Exchange Theory (SET). Theory range exchange relationships on a continuum from transactional-based relationships, mostly retrieved from the formal employment contract, to high-quality relationships concentrated on long-term reciprocity (e.g. Kuvaas et al., 2011). Social exchanges entail unspecific expectations in the employment relationship, and constitute the basis of the psychological contract in regards to the felt obligation to reciprocate (Walumbwa et al., 2011).

Bal and colleagues (2010) found that the negative relationship between psychological contract breach and work performance was moderated by social exchanges. Exchange relationships such as the psychological contract are useful for understanding how intraorganizational activity is influenced by relational, cognitive, and affective processes (Dulac et al., 2008). Thus, the subjective understanding of the employee's role as "furloughee" is considered to be experienced differently and will resultantly exhibit a wide variety of outcomes. Based on the characteristics of the exchange relationship between employer and employee, the experienced psychological contract breach will be highly idiosyncratic.

Furthermore, it is found that organizations that breach this tacit psychological contract create strain on the relationship between managers and staff (De Vries, Manfred & Balazs, 1997). Much research has been dedicated to explore the impact of the nature of the relationship between the leader and the subordinate. Particularly, Leader-Member Exchange theory (LMX) has become a prominent theory complemented by instruments to measure the quality of this relation (Graen & Uhl-Bien, 1995). A lot of LMX theory relies on social exchanges, and represents a theoretical approach to understanding the dyadic relationship between the leader and member, which can be of varying quality determined by various antecedents (Ariani, 2012; Kuvaas et al., 2011). Thus, the quality of the relationship is anticipated to affect outcomes at multiple levels, namely individual, group and organizational (Gerstner & Day, 1997). In this paper, LMX will be applied to gain further insights in light of furloughs consequences at the individual level.

High LMX scores, also referred to as high-quality relationships, are further found to be a solid predictor of favorable employee attitude and behavior, such as greater job performance (Gerstner & Day, 1997; Kuvaas et al., 2011), affective job commitment (Ariani, 2012; Meyer et al., 2002), mutual trust (Brower et al., 2000) and reduced turnover intention (Gerstner & Day, 1997). Deriving from the basis of social exchanges, it follows that a psychological contract breach has been negatively associated with both commitment and trust (Coyle-Shapiro & Kessler, 2000; Robinson, 1996). Certain organizational contexts might mediate the quality of the relationship, such as leaders' role in downsizing strategies (Loi et al., 2011).

Attempts to understand the interaction between the psychological contract breach and LMX has been studied extensively. Dulac, Coyle-Shapiro, Henderson and Wayne (2008) replicate and extend prior research to study the relationship between psychological contract breach and social exchange relationships with an emphasis on work outcomes in negative situations. Dulac et al. (2008) highlighted the importance of social exchange relationships, as it has a mediating effect on the interaction between breach and violation. The researchers postulate that relational factors might serve as a positive buffer to diminish negative emotional responses to psychological contract breach. Hence, employees who perceive low-quality exchange relationships with their immediate supervisor, demonstrated stronger affective reactions to breach than do individuals with high-quality relationships. Therefore, this study draws attention to nurturing high-quality social exchanges in order to avoid declining trust and organizational commitment among employees if a violation occurs (Dulac et al., 2008). Consequently, the results imply a direct relationship between contract breach and turnover intention, as a result of an imbalanced relationship with the employer.

## 2.2 Affective Organizational Commitment

Notably, the characteristics of organizational commitment closely resemble those of the psychological contract, as is consistent with research finding organizational commitment to be negatively associated with psychological contract breach (Coyle-Shapiro & Kessler, 2000; Robinson, 1996).

In a meta-analytic review, Meyer and colleagues (2002) identify different forms of commitment in the literature, namely affective, continuance and normative commitment. Their research finds affective commitment to be the most relevant predictor for behavior across literature, particularly relevant for a wide variety of work-related outcomes. The authors define affective commitment as *"an emotional attachment to, identification with, and involvement in the organization"* (Meyer et al., 2002, p. 21). Furthermore, in the context of loneliness, affective commitment to their organizations is found to be a mediator of job performance (Ozcelik & Barsade, 2018). Upon returning to work after being furloughed, work related outcomes such as performance can come to play an important role.

Further, it is found that high quality exchange relationships at work (i.e. high LMX) are characterized by mutual dependence and influence as well as commitment (Dulac et al., 2008), and a positive correlation between LMX theory and affective commitment further suggests that strong leader-member relationships foster higher organizational commitment among employees (Greguras & Ford, 2006; Uhl-Bien & Maslyn, 2003). Employees who exhibit strong organizational commitment are also more likely to stay with the organization during periods of distress such as organizational change (Elias, 2009).

As previously outlined with regard to psychological contract breach, violation was identified as the affective component of the process and was found to fully mediate the effect of contract breach on outcome variables (Dulac, 2008). Along with affective organizational commitment as the strongest predictive form of commitment, these findings emphasize the importance of the emotional aspects of exchange relationships as well as commitment to the organization.

Additionally, a comprehensive meta-analytic synthesis on the downsizing literature (Datta et al., 2010) provides evidence that downsizing results in reduced organizational commitment among survivors. As previously addressed, furloughed employees are subject to first hand observations about the organization's treatment of their employees in uncertain times and thus these findings can be argued to extend to furloughed employees as well.

*2.3 Trust*

In an era of uncertainty, employees are arguably more resistant to trust employers' promise for job security (Altman & Post, 1996). Prior studies have emphasized the negative relationship between trust and psychological contract breach, as psychological contracts emerge based on the trust (Robinson, 1996, Robinson and Rousseau, 1994; Rosseau, 2001; Coyle-Shapiro et al., 2000). Under these circumstances, trust is defined as *"one's expectations, assumptions, or beliefs about the likelihood that another's future actions will be beneficial, favorable, or at least not detrimental to one's interests"* (Robinson, 1996, p. 3) Downsizing incentives, such as furloughs, can disrupt employees' trust towards the employer, depending on how unpredictable events are handled within the organization (Datta

et al., 2010). More specifically, trust tends to be the core element of the employment relationship (Guest, 2004), and thus plays a vital role in psychological contract breach (Robinson & Rousseau, 1994).

Robinson (1996) examined the theoretical and empirical relationship between trust and psychological contract breach in a longitudinal study. The general notion from the results indicated that organizations under pressure are forced to rapidly adjust, whereas employee relationships can be altered on the basis of trust. Further, if an employee perceives the furlough as a breach of the psychological contract, he or she may lose confidence in the reciprocal promises centered in the relationship (Robinson, 1996). Especially if prior trust is considered to be relatively low, Robinson (1996) found a strong interaction effect with psychological contract breach, which was experienced as higher in such cases. On the contrary, employees with high prior trust are more likely to retain trust thus breaches in the employment relationship occur. Hence, this study embraces the importance of prior trust to reduce the negative effects of downsizing events (Robinson, 1996).

Bellairs, Halbesleben and Leon (2014) developed a multilevel model of strategic human resource implications of employee furloughs, with an implicit focus on Affective Events Theory (AET) framework. The framework postulates that work events, e.g. implementation of furloughs, directly affects a change in an employee's affective state. Affective state is understood as the mood and emotions possessed by an employee (Bellairs et al., 2014), meaning furloughs can consequently produce strong employee attitudinal and behavioral reactions if psychological contract breach has led to loss of trust towards the employer. Hence, employees can question the validity of the psychological contract as their organization is not acting in accordance with their obligations, and thereby diminishing trust (Bellairs et al., 2014). Especially reduced trust can be harmful in the context of furloughs, as employees are expected to return to work after a point of stability is reached. Trust can be hard to retain during periods of uncertainty as it fosters negative feelings related to job security and enhance doubt regarding whether furloughs are well-intentioned (Robinson, 1996; Ballairs et al., 2014; van den Heuvel, 2017). If an employee has experienced unfulfillment of the psychological contract breach during a temporary leave, organizations can expect a need to spend time and resources to rebuild trust (Bellairs et al., 2014).

Furloughs as a practice of coping in turbulent times, especially in regards to external circumstances outside of an organization's control, can violate psychological contracts as employees sense how they should be treated (Bellairs et al., 2014). As a concluding remark, Bellairs et al. (2014) suggest that sound commitment-based human resource policies can ultimately increase the perception of trust and make employees understand the reasoning for furloughing during challenging times.

Spreitzer and Mishra (2002) review literature that postulates that trust in the leader was found to mediate the relationship between employer and employee in light of surviving a downsizing incentive. As previously discussed, furloughs can be drawn in comparison to survivors from layoffs, as employees technically retain employment and are formally attached to employment arrangement. Thus, temporary cessation from work might impact an employee's subjective perception of trustworthiness towards the management, likewise experienced by survivors from downsizing. Hence, Spreitzer and Mishra (2002) found trust in management to directly relate to organizational commitment, as previously discussed. Moreover, these research findings are in line with Mishra and Mishra (1994)'s results from downsizing effects on multiple stakeholders. Downsizing postulates a negative effect on mutual trust between management and employees, which is central to the theory of LMX, where trust is the bridge of reciprocity in the relationship (Kuvaas et al., 2011).

### 2.4 Perceived injustice

Uncertain times trigger sensemaking processes (Weick, 1995). Justice plays a central role in this as humans tend to use justice information to assess their exchange relationships, in this case between organization and employee, to ultimately assess whether organizational authorities can be trusted (Van Dierendonck & Jacobs, 2012).

This follows from the previously discussed breach of the psychological contract where the employer does not fulfil their obligations of ensuring job security. This breach is experienced as particularly painful when perceived to be unfair (Van Dierendonck & Jacobs, 2012). Furthermore, Van Dierendonck and

Jacobs (2012) emphasize in their meta-analysis that fairness plays an important role in organizational commitment.

Notably, Colquitt and colleagues (2001) conducted a meta-analytic review examining 25 years of organizational justice research. They identify a general distinction in the literature between distributive, procedural, interactional and informational fairness. *Distributive fairness* is the individual's subjective perception of the ratio between one's contributions (inputs) and one's outputs (Adams, 1965), and entails the employee's perceptions of how fair work outcomes such as pay or benefits are allocated (Greenberg, 1990). Further, *procedural fairness* broadly refers to the well established importance individuals put on perceiving the decision processes used to determine outcomes as fair (Leventhal, 1980; Colquitt et al., 2001), referring to employees' expectations of their organization to use fair processes and when allocating said work outcomes (Greenberg, 1990). Elaborating on procedural fairness, Leventhal and colleagues (1980) developed six criteria to be met in order for a procedure to be perceived as fair. Procedures should "(a) be applied consistently across people and across time, (b) be free from bias (e.g., ensuring that a third party has no vested interest in a particular settlement), (c) ensure that accurate information is collected and used in making decisions, (d) have some mechanism to correct flawed or inaccurate decisions, (e) conform to personal or prevailing standards of ethics or morality, and (f) ensure that the opinions of various groups affected by the decision have been taken into account" (Colquitt et al., 2001, p. 426). Within these criteria lie an assumption of transparent communication, further specified to constitute *interactional fairness*.

Whereas distributive and procedural fairness can be categorized as system-based organizational fairness, interactional fairness refers to the desire for proprietary behavior of the decision maker's behavior during the enactment of the procedure (Bies & Shapiro, 1987). It has been argued that interactional justice is an extension of procedural justice, referring to the interpersonal treatment and communication from management to employees (Spreitzer & Mishra, 2002). For instance, research has shown that offering explanations for unpopular decisions reduces negative reactions and makes employees perceive the decisions as more fair (Bies, 1987). Verbal strategies associated with interactional fairness are even found to work as a buffer in events of downsizing and increasing organizational

commitment among survivors (Spreitzer & Mishra, 2002). The significance of interactional fairness is further consistent with the premises of psychological contracts: As outlined by Rousseau (1995), the relational elements of the psychological contract include the expectation that the organization will treat employees with dignity and respect in return for their attachment to the organization.

Bellairs, Halbesleben and Leon (2014) further identify two main paradigms in the literature on procedural justice; Event and social. Research on the event paradigm suggests that people judge specific events based on what they think is fair. The social paradigm however focuses on how an employee views fairness in the organization as a whole, or the supervisors and managers in the organization (Bellairs et al., 2014, p. 126). Along the same lines, Greenberg (1990) further proposed two subfacets to interactional fairness; interpersonal and informational fairness. The alignment of these seemingly corresponding subfacets further support the notion that interactional fairness can be seen as an extension of procedural fairness (Spreitzer & Mishra, 2002; Van Dierendonck & Jacobs, 2012).

In a meta-analysis, Van Dierendonck and Jacobs (2012) found that among survivors, procedural fairness was more important than distributive fairness. Moreover, they found that if the downsizing operation was carried out for profit reasons, the sensitivity to fairness was stronger than when the primary reason was economic necessity. Hence, employees felt more attached to the organization if cutbacks were forced as a result of unforeseen circumstances (Brockner & Greenberg, 1990). Spreitzer and Mishra (2002) also reported that positive perceptions of procedural and distributive fairness during downsizing processes enhanced the long-term commitment of survivors, and reduced their turnover intentions. Drawing from this and from the previous notion on similarities between downsizing survivors and furloughed employees returning to the workplace, it seems that procedural justice has the greatest potential as a predictor of behavior among furloughed employees. The organization's motivation for furloughing employees might then also have implications for the employees' sensitivity to fairness and thus their overall experience with the process.

*2.5 Turnover intention*

As previously mentioned, Dulac et al. (2008) found support for psychological contract breach to be positively associated with turnover intention, while LMX was negatively associated with turnover intention. The significant relationship between LMX and turnover intention is supported by a meta-analysis conducted by Gerstner and Day (1997). Hence, results indicated contract breach to partially mediate the effect on high-quality social exchange relationships on turnover (Dulac et al., 2008). This can potentially be explained by a change in emotional response when a breach occurs, which further influences employees' exit intention.

Prior research indicates that downsizing increases the voluntary intention to quit. According to Spreitzer and Mishra (2002), long-term behavioral responses from survivors have not yet been extensively studied, particularly in terms of survivors' turnover intentions. Thus, voluntary turnover is found to relate to the perception of justice, as previously discussed, which in downsizing contexts can enhance dissatisfaction, and higher likelihood to withdraw form the organization (Spreitzer & Mishra, 2002). Distributive and procedural fairness, along with management trust, predict organizational attachment, which in turn predicts turnover intention within a year after the downsizing (Spreitzer & Mishra, 2002) If employees sense a strong commitment to the organization, a meta-analysis conducted by Mathieu and Zajac (1990, as referred to in Spreitzer & Mishra, 2002), posit a positive attitude to stay with the employer in the role as a survivor of downsizing activities.

Bellairs et al. (2014) discuss how turnover intention in the context of furlough might be due to employees reconsidering their current job, and take action to seek other employment opportunities as they experience a sense of job insecurity. Organizations risk losing high performing employees when furloughing in the lens of psychological contract breach, in comparison to selectively layoff low performing employees. In order to avoid negative behavioral outcomes such as increased turnover intention, their multilevel model gives basis to investing in commitment-based HR practices in a way that creates a foundation to tackle sudden crises efficiently (Bellairs et al., 2014). It shall be mentioned their recommendation has origin in public furloughing practices, yet is

discussed on general principles that allows the findings to be understood in a private sector context as well.


## 3.0 Research Question

In this study we aim to explore how furloughed employees experience the relationship with their employer in an extended period of uncertainty. An essential part of the research is to examine the role of a potential psychological contract breach in this context. Based on literature on downsizing and psychological contract breach, a variety of outcome variables are discussed. Hence, we are curious to explore how this may impact the employees' perceptions of trust, fairness, commitment, and turnover intentions. There are reasons to believe that these concepts can be extended to furloughed employees, as the relationship with their organization is challenged. Not much research has been conducted in this regard previously, and so the uncertain circumstances unraveled by a pandemic presents a unique opportunity to gain new insights into this area. A novel context and the examination of a highly idiosyncratic experience call for an explorative approach to best grasp subjective perceptions and predictions of the future employment relationship. Thus, understanding the impact of furloughs on exchange relationships within the organization proves as a useful starting point for obtaining insights about these processes in a larger organizational context. Hopefully, this contribution will prove as a helpful basis for future research in developing comprehensive organizational practices for the employment of furloughs. This can better facilitate furloughed employees' experience of returning to work, ultimately buffering negative organizational outcomes when returning to normal in the aftermath of challenging times. To inductively start exploring the underlying exchange relationships, we start out with the following research question:

*How do employees experience their employment relationships while being furloughed?*

# 4.0 Methodology

Seeing as downsizing is a complex phenomenon, Datta et al. (2010) suggest that both quantitative and qualitative methodology will be necessary for further understanding. In this specific context of the impact of Covid-19, a qualitative approach will provide new insight in this novel situation. According to Pratt (2009), qualitative research is great for understanding the world from the perspective of those studied and for examining and articulating processes and will hence be useful for investigating this research question. As follows from the nature of the research question, a qualitative approach is appropriate. Consistent with this choice of methodology, the research question is further subject to change in accordance with the obtained findings throughout the research process (Willig, 2013).

The goal of qualitative research is to feed the findings back to the already existing relevant theory (Bell et al., 2018). Hence, theory and categorization emerge from the analysis of the data collected in the research. The experience of being furloughed is highly subjective, calling for an inductive research methodology in relation to how furloughed employees experience this uncertain situation (Kniffin et al., 2020). Dulac and colleagues (2008) emphasize the idiosynchronicity of social exchange relationships and consequently the importance of understanding how employees make sense of these relationships and respond differently to psychological contract breach (Dulac et al., 2008). Specifically, the authors suggest future research see these experiences in light of contextual factors. This paper will look into experiences of employment relationships in the context of mass furloughs.

*4.1 Sample*

Consistent with the research question, we will recruit employees affected by the furloughs following the Covid-19 pandemic as the primary source of information. We are interested in seeing how furlough practices differ between organizations and thus how furloughed employees experience the outcomes of the companies' responses to the pandemic. Hence, we are interested in recruiting participants from a variety of organizations. Employees in the private sector traditionally suffer from lower job security compared to the public sector and are therefore

thought to experience uncertainty related to furloughs to a greater extent (Greenhalgh & Rosenblatt, 2010). Therefore, we are solely focusing on a sample stemming from the private sector.

Hence, due to the immense impact of Covid-19 on the travel industry, employees in association with Oslo Airport Gardermoen are targeted. As of October 2020, all areas within the industry, including personnel, operations, supply chain and revenue are all found to be severely affected (Statista, 2020) and thus represents one of the most heavily affected industries. Hence, subjects within this field will constitute a solid foundation for investigating our research question. In order to identify employees that are assumed to be affected to a large extent, only employees that have the affected workplace as their main source of income will be included in the sample. Further, the participants in the study should be 100% furloughed from their current employment contract. We have also established specific criteria for the extent of their furlough, set to three months.

In regards to recruitment of research participants, non-probability sampling will be applied to access informants effectively (Noy, 2008). We will make initial contact with a small sample of furloughed employees, and later enrich the sampling cluster with new participants based on their avenues of contacts. This recruitment practice is justifiable in terms of the choice of qualitative methodology, as a random sample is neither feasible nor comprehensive in this context.

*4.2 Data collection*

Data will be collected through the use of interviews conducted through a digital platform (e.g. Zoom) which will be recorded, transcribed and coded. We will use the format of the semi-structured interview, with formal elements such as a time frame and interview agenda, combined with more informal ones such as open-ended questions and room for participant narratives (Willig, 2013). Through this method we will be free to explore important themes and change the order of the questions if appropriate.

Establishing rapport between interviewer and interviewee is an important feature of the interview setting (Willig, 2013). As the interaction through digital

tools is found to be somewhat compromised (Korsgaard et al., 2009), we aim to dedicate some extra time to small talk in order to achieve rapport. Further, as we intend to record the interviews, an application to NSD (Norsk Senter for Forskningsdata) is in the process of being submitted. Implementation of informed consent will be practiced by giving potential interviewees a brief introduction to the purpose and the nature of the research. As researchers, we aim to create a safe environment and safeguard the anonymity of the participants, and therefore also remove the name of their organization (Bell at al., 2018). Hence, prior to conducting data, interviewees will be provided with a consent form to ensure confidentiality, and include the option to withdraw participation at any time (Bell et al., 2018).

## 5.0 Tentative plan

The current project status is preparation and improvement of the interview guide to structure the data collection. We plan to spend a great deal of time on developing proper questions for the interview in January and February to further ensure effective data collection. Hence, we have scheduled to submit a first draft of the interview guide to our supervisor by late January. We are also in the process of sampling participants to the interviews, and plan to complete a list of participants in the beginning of February. We must take participants' availability into account when arranging time and place for the interview, and therefore devote two months in order to be flexible in this regard. Yet, it requires that we work paralleled with data collection and transcription of results to ensure progress.

| Task | Jan | Feb | March | April | May | June | July |
|---|---|---|---|---|---|---|---|
| Preliminary thesis | ░ | | | | | | |
| Perform interviews | | ░ | ░ | | | | |
| Transcription | | ░ | ░ | ░ | | | |
| Analyze results | | | ░ | ░ | ░ | | |
| First draft | | | | | ░ | | |
| Improve draft | | | | | | ░ | |
| Final draft | | | | | | ░ | |
| Submit thesis | | | | | | | ░ |

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