

**THE IMPACT OF HUMAN RESOURCE MANAGEMENT PRACTICES  
ON THE PSYCHOLOGICAL CONTRACT DURING A  
PSYCHOLOGICAL RECESSION**

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BY

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## DECLARATION

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“I, Anthonie Van Straaten Theron, hereby declare that:

- The work submitted in this thesis is my own produced under the guidance of my promoter;
- Information provided from other resources has been accredited to that source; and
- This thesis has not been previously submitted for an equivalent qualification at any other recognised higher institution.”

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**A.V.S. THERON**

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## ABSTRACT

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The aim of this study was to investigate the impact of Human Resource Management (HRM) practices on the psychological contracts of employees who have been negatively impacted by the widespread psychological recession. The psychological contract that exists between employees and organisations is brittle due to the psychological recession, which is defined as an emotional state in which employees feel extremely vulnerable to economic hardship. This contributes to a negative and cynical view of the present and an even bleaker view of the future. Breach of the psychological contract has severe negative consequences for employees and organisations. These include reduced employee well-being, trust levels, various organisational citizenship behaviours, increased cynical attitudes toward the organisation, and stronger intention to quit.

The target population for the present study consisted of all permanent support staff working at an organisation that has recently went through a large-scale retrenchment exercise (n=52). A self-administered questionnaire was distributed amongst employees. The findings suggest that when the harsh effects of the psychological recession increase, employees are more likely to engage in various destructive behaviours at work due to breach and violation of their psychological contracts.

Furthermore, the results indicated that an increase in the number of progressive HRM practices correlated with a decrease in breach and violation of the psychological contract. It was further revealed that the widespread psychological recession may make the employment relationship brittle and prone to breach and violation. The findings suggest that through the effective development and application of many explicit HRM practices, employees' psychological contracts may become less fragile to breach and violation during a psychological recession.

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## CHAPTER 1

### INTRODUCTION, PROBLEM STATEMENT AND OUTLINE OF RESEARCH PROJECT

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#### 1.1. INTRODUCTION

When employees become members of an organisation, they form a relationship with it. This relationship, also known as the psychological contract, can be defined as a set of individual beliefs regarding the mutual obligations between the employee and the organisation (Knights & Kennedy, 2005). For example, an employee may do many things for his/her employer by working hard, putting in extra time at work, and being loyal. In return, he/she expects the employer to provide promotion opportunities, training and development, respect and job security. Why is the psychological contract considered to be important? In order for organisations to achieve desired performance objectives and goals, fulfilment of employees' psychological contracts is important. We use the term violation for indicating a state in which employees perceive the obligations of the employer as not being completely fulfilled. Furthermore, the psychological contract is of concern because of its effects on the attitudes and behaviours of employees (Sonnenberg, 2006).

When these contracts are unfulfilled or are perceived to have been violated, employees may experience reduced organisational commitment and citizenship behaviour, counterproductive behaviour and stronger intention to quit (Brewster, Carey, Dowling, Grobler, Holland & Wörnich, 2003). A framework for understanding situational constraints on employees' responses to psychological contract violations is provided by the exit, voice, loyalty, and neglect (EVLN) typology (Turnley & Feldman, 1999).

According to Liljegren (2008) the behavioural responses "considerate voice" and "loyalty" are regarded as constructive behaviours, as their purpose is to restore organisational relations or satisfactory working conditions.

“Exit”, “neglect”, and “aggressive voice” are regarded as more destructive behaviours; as their purpose is to diminish or even terminate the relationship between the employee and the organisation (Liljegren, 2008).

According to a research report by the Chartered Institute of Personnel and Development (CIPD), Guest and Conway (2004) state that trust in senior management has declined noticeably. This survey was based on telephone interviews with a stratified random sample of 1000 employed individuals in Great Britain. At present, the global economy is in its worst shape in decades.

Psychological contracts are being strained in the current economic downturn, especially with the substantial amount of layoffs, and employees are less likely to be committed to their companies when such contracts are weakened. Employee dishonesty could easily ensue (Jones, 2009). Management will therefore have to pay constant attention and invest time and effort in its maintenance (Guest & Conway, 2004). The current global economic downturn contributes to the creation of a psychological recession, and it can be characterised as follows:

- Increases in job stress, anxiety, general mental health problems and job insecurity (Paton, 2008);
- Decreased trust and job redesign (Dordevic, 2004); and
- Changes at work, role clarity and work demands (Guest & Conway, 2004).

One approach to manage and maintain the psychological contract is by means of the effective application of Human Resource Management (HRM) practices. Conway and Briner (2005) state that nearly all HRM practices and almost any managerial action affect the psychological contract.

In a recent study by Theron and Dodd (2011), an inverse relationship was found between breach and violation of the psychological contract and the effective application of progressive HRM practices.

The results indicated that the larger the amount of progressive HRM practices reported by respondents, the less breach and violation of the psychological contract (Theron & Dodd, 2011).

The target population for this study consisted of all employees working at an educational institution in the Nelson Mandela Metropolis. Furthermore, measures from various authors were used to design a reliable questionnaire that measured psychological contract breach and violation, organisational commitment, and the presence of progressive HRM practices.

Research on HRM practices as antecedents to psychological contracts is in need of further development (Suazo, Martinez & Sandoval, 2009). For the purpose of this study, constructive behaviours include “considerate voice”, “loyalty”, and organisational citizenship behaviour (OCB). Destructive behaviours include “exit”, “aggressive voice”, and “neglect”.

The above discussion offers the basis for the exploration of the main problem of the study.

## **1.2. MAIN PROBLEM**

With the current economic downturn and the negative impact of the psychological recession, how can HRM practices facilitate healthier psychological contracts and in turn, contribute to constructive employee behaviour?

## **1.3. SUB-PROBLEMS**

Further examination of the main problem allows the identification of the following sub-problems:

### **SUB-PROBLEM ONE**

Does the negative impact of the psychological recession lessen with the presence and effective application of HRM practices? This sub-problem was addressed by means of an empirical survey with a questionnaire as data collection instrument.

The questionnaire measured the perceived negative impact of the psychological recession as well as the presence and effective application of progressive HRM practices. Inferential statistical analysis revealed the nature of the relationship between these two variables.

### **SUB-PROBLEM TWO**

Does the psychological recession make psychological contracts brittle and prone to breach and/or violation? This sub-problem was addressed by means of a survey, with a questionnaire as data collection instrument to establish the negative impact of the psychological recession on the psychological contract (breach and violation). Inferential statistical analysis revealed the nature of the relationship between these variables.

### **SUB-PROBLEM THREE**

What is the impact of the psychological recession on constructive and destructive employee behaviours? This sub-problem was addressed by means of a questionnaire that incorporated a section on the psychological recession and the EVLN typology, including OCB. Inferential statistical analysis revealed the nature of the relationship between these two variables.

### **SUB-PROBLEM FOUR**

Do the presence and effective application of HRM practices strengthen the psychological contract, making the employment relationship less prone to breach and/or violation? This sub-problem was addressed by means of a questionnaire that measured the presence of progressive HRM practices and its impact on strengthening the psychological contract, by making the employment relationship less prone to breach and/or violation. Inferential statistical analysis was performed to determine whether a positive or an inverse relationship between these two variables exists. Furthermore, focus was placed on current literature pertaining to HRM practices and the overall management of the psychological contract.

### **SUB-PROBLEM FIVE**

Do the presence and effective application of HRM practices influence constructive and/or destructive employee behaviour? This sub-problem was addressed by means of a questionnaire that measured the impact of effective application of HRM practices on employee behaviour (constructive and destructive). Inferential statistical analysis revealed whether a positive or an inverse relationship exists between these two variables.

### **SUB-PROBLEM SIX**

What impact do psychological contract breach and/or violation have on constructive and/or destructive employee behaviour? This sub-problem was addressed by means of a questionnaire that measured the impact of unfulfilled psychological contracts (breach and violation) on employee behaviour (constructive and destructive). Inferential statistical analysis revealed whether a positive or an inverse relationship exists between these two variables.

## **1.4. RESEARCH OBJECTIVES**

Based on the sub-problems listed above, the objectives of this study were to investigate whether:

- HRM practices can reduce the negative impact of the psychological recession;
- The psychological recession negatively affects the state of the psychological contract;
- Employee behaviour is negatively affected by the psychological recession;
- HRM practices can strengthen the psychological contract, making the employment relationship less prone to breach and/or violation;
- HRM practices can contribute to constructive employee behaviour; and
- Employee behaviour is influenced by the state of the psychological contract.

## **1.5. DEFINITIONS OF SELECTED CONCEPTS**

This section defines the key concepts relevant to the research topic. These concepts are discussed in greater detail in the literature review chapters.

### **1.5.1. PSYCHOLOGICAL CONTRACT**

The psychological contract can be defined as the actions that employees believe are expected of them and what response they expect in return from the organisation (Rousseau & Greller, 1994). Employees have expectations in the areas of promotion, pay, job security, training, and support with personal problems. In return, the employer expects the employee to be willing to work extra hours, volunteer to do non-required tasks, be committed and protect company information (Knights & Kennedy, 2005).

### **1.5.2. PSYCHOLOGICAL CONTRACT BREACH AND VIOLATION**

There is a difference between psychological contract breach and violation. According to Pate, Martin and McGoldrick (2003) breach is essentially the identification of perceived unmet obligations.

Breach, however, may be a relatively short-term phenomenon and may also result in individuals returning to their relatively stable psychological contract state, or alternatively develop into full-blown violation (Pate, Martin & McGoldrick, 2003). According to Morrison and Robinson (1997) violation can be defined as extreme emotional or affective reactions that accompany breaches.

### **1.5.3. PSYCHOLOGICAL RECESSION**

The psychological recession can be defined as an emotional state in which people feel extremely vulnerable to economic hardship, leading to a negative and cynical view of the present and an even bleaker view of the future (Roche, 2007). When economic conditions deteriorate, psychological recession inevitably worsens too (Furness, 2008). Because of this gloomy mindset, employees perceive the world as a risky place in which they have little or no control. Anxiety, stress, depression, and a sense of being powerless are a poisonous mix (Bardwick, 2008).

#### 1.5.4. ORGANISATIONAL CITIZENSHIP BEHAVIOUR (OCB)

Organisational citizenship behaviour can be defined as discretionary behaviour that is not formally part of an employee's formal job description, but that nevertheless promotes the effective functioning of the organisation (Robbins & Judge, 2006). Organisations need employees who can do more than their usual job duties and who will provide performance that is beyond expectations. Fields (2002) categorises organisational citizenship behaviour as follows:

- **Altruism** refers to discretionary behaviour that is directed at helping other people with an organisationally relevant task or problem, such as taking some of the workload of other employees who have been absent.
- **Conscientiousness** refers to discretionary behaviour that goes beyond the minimum role requirements of the organisation, such as not taking extra breaks and adhering to the company's code of conduct at all times.
- **Sportsmanship** refers to discretionary behaviour that indicates the willingness of an employee to tolerate less than ideal circumstances without excessive complaining.
- **Courtesy** refers to behaviour that is aimed at preventing the occurrence of work-related problems, such as considering the impact of actions on other employees.
- **Civic virtue** refers to discretionary behaviour that indicates that the employee participates responsibly in, or is concerned about, the political life of the organisation, such as keeping up with company developments.

#### 1.5.5. THE EXIT, VOICE, LOYALTY, AND NEGLECT (EVLN) TYPOLOGY

As psychological contract violation refers to the affective reactions that accompany breaches, the EVLN typology can be used to investigate potential responses when employees perceive that their psychological contracts have been violated.

These responses include the following, according to Robbins and Judge (2006):

- **Exit** – Employee behaviour that is directed toward leaving the organisation, including looking for a new position and resigning.
- **Voice** – When employees are actively and constructively attempting to improve conditions, including suggesting improvements, discussing issues with superiors, and some forms of union activity.
- **Loyalty** – When employees are optimistically waiting for conditions to improve. Examples include speaking up for the organisation in the face of external criticism and trusting the organisation “to do the right thing”.
- **Neglect** – Passively allowing working conditions to worsen. Examples include chronic absenteeism or lateness, presenteeism, increased error rates, as well as reduced effort.

#### **1.6. SIGNIFICANCE OF THE RESEARCH**

The psychological contract is of concern because of its effects on the attitudes and behaviours of employees (Sonnenberg, 2006). When these contracts are perceived to have been violated, employees may experience reduced organisational commitment, citizenship behaviour, increased counterproductive behaviour and a stronger intention to quit (Brewster et al., 2003). Literature suggests that the psychological contract, employee behaviour, and HRM practices need to be looked at as an integrative whole (Aggarval, Datta & Bhargava, 2007).

Furthermore, HRM practices can be important strategic tools for retention and the effective utilisation of human capital (Aggarval, Datta, & Bhargava, 2007). For organisations to achieve desired performance goals, fulfilment of employees’ psychological contracts is imperative. Violation of the psychological contract has been empirically linked to employee attitudes and behaviours. These include loyalty, trust, organisational commitment, organisational citizenship behaviour, and intention to quit (Sonnenberg, 2006).



Changes in markets, technology, products, and the nature of work are currently affecting the workplace. Organisations that wish to be successful have to get the most out of their human resources.

In order to do this, employers have to know what employees expect from their work (CIPD, 2010). The psychological contract can offer a framework for monitoring employee attitudes and priorities on those dimensions that can be shown to influence performance (CIPD, 2010).

The results of this study can be used by:

- Human Resource Professionals who are responsible for managing and monitoring the employment relationship;
- Managers who are having difficulty enhancing employee commitment, job satisfaction, and staff retention; and
- Scholars who study the psychological contract, the management thereof, and its impact on employee behaviour.

## **1.7. RESEARCH DESIGN AND METHOD**

A thorough review of the literature was conducted in order to investigate what research reveals about the impact of HRM practices on the psychological contract during a psychological recession.

### **1.7.1. LITERATURE STUDY**

The literature review addressed all six sub-problems and focused on the following:

- An in-depth discussion of the nature of the psychological contract, including violation and breach;
- The various causes of psychological contract breach, with emphasis on HRM practices and the psychological recession as potential causes of breach; and
- The behavioural and attitudinal consequences of psychological contract breach, with emphasis on constructive and destructive employee behaviour.

### **1.7.2. EMPIRICAL STUDY**

The present study was descriptive in nature as it aimed to identify and obtain information on the characteristics of a particular problem. The study also painted a picture by using words and numbers to answer various research questions such as who, when, and how. For the empirical study, a quantitative research design was utilised and the researcher used a self-administered questionnaire for the purpose of data collection.

Measures from various authors were utilised to design a reliable questionnaire that measured the relevant constructs. Cronbach coefficient alphas were computed for all questionnaire sections and produced acceptable coefficients. Both descriptive and inferential statistics were utilised for the data analysis. For descriptive statistics, the results of the study were presented in tables and figures. With regards to inferential statistics, Pearson product moment correlations were calculated to measure the degree and direction of the relationships between the variables.

### **1.8. OUTLINE OF THE THESIS**

The thesis includes the following chapters:

- Chapter 1 Introduction, problem statement and outline of the research project
- Chapter 2 The psychological contract
- Chapter 3 The causes of psychological contract breach
- Chapter 4 The consequences of psychological contract breach
- Chapter 5 Research methodology
- Chapter 6 Results and discussion
- Chapter 7 Conclusion and recommendations

### **1.9. CONCLUSION**

The aim of this chapter was to delineate the main problem to be addressed and to explain how the researcher aims to solve it. The remaining chapters aim at addressing the main and sub-problems.

The psychological contract can be defined as the actions that employees believe are expected of them and what response they expect in return from the organisation (Rousseau & Greller, 1994). Employees have expectations in the areas of promotion, pay, job security, training, and support with personal problems. In return, the employer expects the employee to be willing to work extra hours, volunteer to do non-required tasks, be committed and protect company information (Knights & Kennedy, 2005).

The current global economic downturn contributes to the creation of a psychological recession, and organisations face the challenge to get and maintain the commitment and loyalty of employees, while promotion opportunities, career entitlements and job security are fading away (Hiltrop, 1995). The psychological contract becomes brittle in a psychological recession, thus making the fulfilment of obligations more difficult and increasing the likelihood of psychological contract breach and/or violation (Pate, Martin & McGoldrick, 2003).

As breach and violation of the psychological contract affect employee behaviour, this study aims to investigate the role of HRM in facilitating healthier psychological contracts and in turn, contribute to constructive employee behaviour. Chapter two will discuss the nature of the psychological contract and also distinguish between two important concepts: breach and violation.

## CHAPTER 2

### THE PSYCHOLOGICAL CONTRACT

---

#### 2.1 INTRODUCTION

Literature on the psychological contract has flourished progressively over the last ten years to such an extent that it is now fully located within the field of Human Resource Management (HRM). This chapter will essentially focus on the following aspects:

- History and development of the psychological contract concept.
- Defining the psychological contract.
- The beliefs constituting the psychological contract.
- The implicit nature of the psychological contract.
- The subjective nature of the psychological contract.
- Psychological contracts as perceived agreements.
- The reciprocal nature of psychological contracts.
- The parties to the psychological contract.
- Psychological contract formation.
- The contents of the psychological contract.
- Psychological contract breach and violation.

The main aim of this chapter is to delineate the definition of the psychological contract through reviewing how it has been defined. Many concepts have multiple definitions and are used by researchers in various ways. In order to avoid confusion, this chapter will organise the discussion around the key terms and features in the definition of the psychological contract.

Before the concept of the psychological contract is unpacked and clarified, the next section will discuss the history and development of the psychological contract concept. The history of the psychological contract highlights how the concept has been viewed in significantly different ways by researchers.

## **2.2 HISTORY AND DEVELOPMENT OF THE PSYCHOLOGICAL CONTRACT CONCEPT**

Two studies can be seen as the founders of the psychological contract concept: Argyris (1960) and the work of Levinson, Price, Munden, Mandl and Solley (1962). The concept of the psychological contract was first coined by Argyris (1960) to refer to employer and employee expectations of the employment relationship. These included values, aspirations, obligations and expectations that function over and above the formal contract of employment (Argyris, 1960).

Argyris (1960) referred to the informal culture as an important factor in understanding the agreement between employees and their supervisors. According to Argyris (1960), the management of this relationship was governed by the psychological contract. Argyris (1960) defined the psychological contract as the perceptions by two parties of their relationship and as a mutual understanding of the content of the psychological contract.

According to Conway and Briner (2005), Argyris was the first to apply the psychological contract to the workplace. He believed that employees and their organisations created psychological contracts that allowed the expression and fulfilment of each other's needs (Conway & Briner, 2005). For example, if employees feel that management is respecting their right to grow and develop and use their own initiative, then employees will also respect the right of the organisation to progress (Conway & Briner, 2005).

Levinson et al. (1962) defined the psychological contract as a series of mutual expectations of which the parties to the relationship may not themselves be even vaguely aware, but which govern their relationship with each other. Levinson et al. (1962) focused on expectations that have to do with psychological needs, such as growth and expectations having to do with specific aspects of the work itself, such as rewards and job security. Levinson et al.'s work comes from a humanist perspective where they aim to enhance the experience of work and acknowledge work as having a crucial function in mental health (Conway & Briner, 2005).

Both authors define the psychological contract as an exchange relationship between the employer and employee, in which the expectations of both parties concerned are taken into consideration (Sonnenberg, 2006).

According to Smithson and Lewis (2003), the concept of the psychological contract can be viewed as an extension of philosophical concepts of social contract theory. Social contract theory states that all social relationships essentially consist of exchanges of both economic (e.g. money) and social resources (e.g. respect). Individuals seek out and remain in social exchanges for several reasons, not least because of the incentives available for doing so (Conway & Briner, 2005).

For Schein (1965), the psychological contract implies that the individual has a range of expectations of the organisation and that the organisation has a variety of expectations of the employee. Furthermore, Schein (1965) emphasised the importance of the psychological contract concept in understanding and managing behaviour in organisations. He argued that expectations may not be written into any formal agreement, but operate powerfully as determinants of behaviour. For example, an employer may expect an employee not to engage in counterproductive behaviour. In turn, the employee may expect the organisation not to be made redundant after long service (Smithson & Lewis, 2003).

Rousseau's work is widely acknowledged as having the greatest influence on psychological contract research. Rousseau argues that the psychological contract is more promise-based and, over time, takes the form of a mental model or schema which is relatively stable and durable (Smithson & Lewis, 2003). A schema can be defined as an organised cluster of knowledge about a particular event abstracted from previous experience with the object or event (Weiten, 2004). Rousseau (2001) states that schemas represent a prototypical abstraction of a complex concept, one that gradually develops from past experience, and subsequently guides the way new information is structured.

According to Conway and Briner (2005) Rousseau's reworking of the psychological contract was different from previous research in the following four key areas:

- Rousseau (1995) placed more emphasis on the promissory nature of psychological contracts.
- A second change involved a move away from viewing the psychological contract as one involving the perspectives of two interconnected parties towards seeing it as an individual-level subjective phenomenon existing in "the eye of the beholder".
- A third difference can be found by examining the various ways of how psychological contracts are developed. Rousseau (1995) suggested that psychological contracts are formed by the individual's perceptions of their own and the organisation's behaviour in terms of explicit verbal or written promises, or implicit promises arising from consistent and repeated patterns of behaviour by parties to the contract. Rousseau (1995) also believes that it is primarily an individual's perceptions of observable behaviour that comprise psychological contracts.
- Lastly, there are differences in the mechanisms used to explain how the psychological contract affects employee behaviour. Rousseau (1995) proposed the idea of psychological contract violation as the main system that links the psychological contract to various behavioural and attitudinal outcomes.

Rousseau's interpretation of the psychological contract as comprising of implicit and explicit promises is regarded as highly influential, and her interpretation has been adopted exclusively by contemporary psychological contract researchers (Conway & Briner, 2005). The next section will attempt to delineate the definition of the psychological contract by focusing on the key terms and features.

### 2.3 DEFINING THE PSYCHOLOGICAL CONTRACT

There is no one authoritative statement or agreed definition of the psychological contract (Conway & Briner, 2005). The psychological contract can be defined as an employee's beliefs regarding the promises of the mutual exchange agreement between the employee and the organisation (Suazo, Martinez, & Sandoval, 2009).

Furthermore, the psychological contract characterises the employee-employer relationship and the organisation's attainment of favourable outcomes by understanding the expectations of employees (Aggarval & Bhargava, 2008). Employees have expectations in the areas of promotion, pay, job security, training, and support with personal problems.

In return, the employer expects the employee to be willing to work extra hours, volunteer to do non-required tasks, be committed and protect company information (Knights & Kennedy, 2005). Table 2.1 provides examples of the different promises that employees and organisations make.

Table 2.1: Understanding the Psychological Contract (Adapted from Furness, 2008).

EMPLOYEES PROMISE TO	EMPLOYERS PROMISE TO
Work hard Uphold company values Maintain high levels of attendance and punctuality Show loyalty and commitment to the organisation Work extra hours when needed Develop new skills and update old ones	Pay adequate with performance Provide opportunities for training and development Provide recognition for innovation or ideas Feedback on performance (regular appraisals) Interesting tasks

In a similar definition by the CIPD (2010), the psychological contract refers to the perceptions of two parties, employee and employer, of what their mutual obligations are towards each other. These obligations will often be informal and may be inferred from actions or from what occurred in the past, including statements made by the employer, for example during performance evaluations and the recruitment process (CIPD, 2010).



Rousseau's (1989) detailed definition refers to the psychological contract as an individual's belief regarding the terms and conditions of a reciprocal exchange agreement between the individual and another party. Key issues include the belief that a promise has been made and consideration offered in exchange for it, binding the parties to some set of reciprocal obligations (Rousseau, 1989).

To summarise this section, the psychological contract refers to what an employee owes to the organisation and what the employee can expect from the organisation in return. Furnham (2005) mentions that the problem with having these vague, implicit contracts is that the employer may not know when she or he has broken the contract. The hurt, alienation and perception of deep unfairness by the employee may be the result (Furnham, 2005).

Table 2.2 is a useful model of the psychological contract provided by Guest and Conway (2002). In essence, this model suggests the following (Guest & Conway, 2002):

- The extent to which organisations adopt HRM Practices will influence the state of the psychological contract.
- The psychological contract is based on the employee's sense of fairness and trust and their belief that the employer is honouring the deal between them.
- Where psychological contracts are positive and constructive, increased employee job satisfaction and commitment will have a positive impact on organisational performance.

Table 2.2: A Model of the Psychological Contract (Adapted from Guest and Conway, 2002).

INPUTS	CONTENT	OUTPUTS
Employee characteristics	Fairness	Employee behaviour
Organisation characteristics	Trust	Job performance
HRM practices	Delivery	

### 2.3.1 THE BELIEFS CONSTITUTING THE PSYCHOLOGICAL CONTRACT

The beliefs constituting the psychological contract include promises, obligations, and expectations. Earlier definitions of the psychological contract tend to emphasise beliefs about expectations, whereas later definitions emphasise beliefs about promises and obligations (Conway & Briner, 2005).

Promises have become the ideal term when defining the psychological contract as they are more contractual, whereas expectations and obligations have more general meanings. Obligations and expectations are considered part of the psychological contract only if they are accompanied by a perceived promise. A promise involves expectations, and expectations do not necessarily involve a promissory element. In other words, promises are grounded in a contract and we expect them to be delivered because the other party has communicated or behaved in a specific way that leads the employee to believe that a promise has been made (Conway & Briner, 2005). Table 2.3 provides a summary of the definitions of psychological contract beliefs and examples.

Table 2.3: Definitions and Examples of the Three Beliefs Constituting the Psychological Contract (Adapted from Conway and Briner, 2005).

TYPE OF BELIEF	DEFINITION	PART OF THE PSYCHOLOGICAL CONTRACT?	EXAMPLE
<b>Promise</b>	The assurance that one will or will not undertake a certain action and/or behaviour	Yes	Your employer has promised that if you work any overtime you can have time off the following day
<b>Obligation</b>	What one must do in order to meet the terms of an agreement	Only if tied in with a belief that a promise has been made	You work overtime today and you feel that your employer is obliged to give you time off tomorrow (Must be accompanied by a promise)
<b>Expectation</b>	The acts or instances of looking forward to something	Only if tied in with the belief that a promise has been made	You plan to take a morning off next week and expect to have to work overtime the evening before (Must be accompanied by a promise)

### **2.3.2 THE IMPLICIT NATURE OF THE PSYCHOLOGICAL CONTRACT**

Few studies believe that psychological contracts are explicit as well as implicit in nature, where other studies consider these contracts to be implicit, unwritten, and unofficial promises (Aggarwal & Bhargava, 2008).

There seems to be general consensus that the psychological contract deals with implicit and explicit reciprocal promises and obligations (Cullinane & Dundon, 2006). More recently scholars have reported that psychological contracts exist in a two-dimensional structure. These include transactional and relational contracts, as well as implicit and explicit contracts (Si, Wei & Li, 2008).

Conway and Briner (2005) support this by stating that psychological contracts are usually considered to contain both explicit and implicit promises. A manager may, for example, explicitly promise a future pay raise or promotion, training and development opportunities or flexibility in working hours, in return for meeting specific performance objectives. Implicit promises develop through interpretations of patterns of past exchanges, vicarious learning, as well as through various factors that each party may take for granted (Conway & Briner, 2005).

An employee often implicitly promises not to engage in theft or counterproductive behaviour towards co-workers at work. The evaluation refers to the perceived degree to which these promises were kept, by the employee as well as by the employer (Freese & Schalk, 2008).

### **2.3.3 THE SUBJECTIVE NATURE OF PSYCHOLOGICAL CONTRACTS**

Psychological contracts refer to individual expectations, perceptions and beliefs. Each party or individual selects, perceives, and interprets these elements in their own unique way. Unlike the employment contract, psychological contracts are highly subjective. Furthermore, these contracts are not written down or legally binding.

However, they can exert a strong influence on the behaviour of employees as they capture what employees really believe they will get in return for what they give (Faragher, 2006). The subjective and individual nature of psychological contracts means that each individual and manager will interpret such policies and practices differently. Conway and Briner (2005) supports this by stating that psychological contracts are inherently subjective as there are cognitive or information processing limits on the degree to which one party can understand the psychology of the other.

An employee cannot fully understand the intentions of the organisation, nor can the organisation fully comprehend the employee's intentions (Conway & Briner, 2005). Assessments of the status of the psychological contract are attitude-relevant judgments subjectively made by employees (Guzzo & Noonan, 1994).

#### **2.3.4 PSYCHOLOGICAL CONTRACTS ARE PERCEIVED AGREEMENTS**

Researchers on the psychological contract focus their attention within the employment relationship on perceived expectations, obligations and promises regarding future incentives and contributions (Sonnenberg, 2006). In law, contracts define and create enforceable rights and obligations between parties who knowingly create the relationship (Spindler, 1994). The difference between legal and psychological contracts is that legal contracts are explicitly created, where psychological contracts are unwritten, held individually, and perceptual in nature (Sonnenberg, 2006).

Each party believes that there is agreement, but there does not have to be actual agreement where both parties have the same understanding of the contract (Conway and Briner, 2005).

#### **2.3.5 THE RECIPROCAL NATURE OF PSYCHOLOGICAL CONTRACTS**

Some form of exchange occurs between parties in an employment relationship, and the nature of the exchange process can have a strong influence on organisational outcomes.

Psychological contracts in employment refer to an individual's beliefs regarding the terms and conditions of a reciprocal exchange agreement. Things offered by the organisation, or by employees, are conditional on something the other party does in return. Where an individual does another favour there is an expectation of some future return (Aggarval, Datta & Bhargava, 2007).

Contracts are about "deals" - something that is exchanged for something else (Conway & Briner, 2005). For example, a once-off gift from one individual to another is not a psychological contract as the recipient has not promised to do anything in return. If the recipient feels obliged to reciprocate, then an exchange begins between the parties.

### **2.3.6 THE PARTIES TO THE PSYCHOLOGICAL CONTRACT**

Definitions of the psychological contract refer to two parties of the contract: the employee and organisation. While the employee is one of the parties who is easy to identify, it is difficult to identify who, or what, represents the organisation or employer. According to Conway and Briner (2005), employees view the actions by the organisation as an overall view of actions by agents of the organisation, such as managers, and signals from the organisation, such as its HRM practices.

Through actions by the organisation's agents, employees attribute the organisations with human qualities capable of reciprocation (Conway & Briner, 2005). According to Rousseau (1989) the organisation provides the context for the development of a psychological contract, but cannot in turn form a contract with its people. Organisational agents such as line managers can personally perceive a psychological contract with employees and respond accordingly (Sonnenberg, 2006).

The organisational part of the psychological contract may consist of multiple agents, such as top management, co-workers, managers, and owners (Sonnenberg, 2006). Rousseau (1995) makes the distinction between primary and secondary contract makers.

Primary contract makers refer to people, where secondary contract makers are structural signals. In this line of reasoning elements of organisational design can be considered as contract makers (Sonnenberg, 2006).

Table 2.4 shows the primary and secondary contract makers. What constitutes the organisation in the employment relationship is less clear, and the issue of whether organisations can have psychological contracts remains an area of ongoing controversy (Conway & Briner, 2005).

Table 2.4: Primary and Secondary Contract Makers (Adapted from Sonnenberg, 2006).

HUMAN CONTRACT MAKERS (PRIMARY CONTRACT MAKERS)	ADMINISTRATIVE CONTRACT MAKERS (SECONDARY CONTRACT MAKERS)
<i>Through interaction:</i> <ul style="list-style-type: none"> <li>• Recruiters</li> <li>• Colleagues</li> <li>• Mentors</li> <li>• Managers</li> </ul>	<i>Structural signals</i> <ul style="list-style-type: none"> <li>• Personnel manuals</li> <li>• Training and Development</li> <li>• Career paths</li> <li>• Performance evaluations</li> <li>• Compensation and benefits</li> </ul>
<i>Through observation</i> <ul style="list-style-type: none"> <li>• Colleagues</li> <li>• Managers</li> <li>• Top management</li> </ul>	

## 2.4 PSYCHOLOGICAL CONTRACT FORMATION

According to Rousseau (2001) psychological contracts are activated to a large extent through pre-employment experiences, recruiting practices, and during early on-the-job socialisation. Prior to employment, workers can hold beliefs regarding their occupations, work, and organisations that set in motion certain responses to joining with an employer (Goodrick & Meindl, 1995).

Experiences during the recruitment process create understandings regarding the promises employees and organisations make to each other (Rousseau, 2001). HRM practices like recruitment and performance evaluations send messages regarding the skills and competencies that the organisation expects from its employees, but also signals what the employees can expect or are promised in return (Sonnenberg, 2006).

Furthermore, post-hire socialisation continues the processing of new information regarding the employment relationship and promises related to it (Thomas & Anderson, 1998). According to Rousseau (1995) a series of organisational and individual processes affect the formation of psychological contracts. Individual-level variables include employees' experience and initial level of trust in an employer, past experiences, contract status, and age (Sonnenberg, 2006). Sonnenberg (2006) further states that although individual characteristics influence the psychological contract, contracts also develop in interactions between individuals and their organisations.

Organisational structure and HRM practices are important sources of interaction with employees, and therefore, influence psychological contract formation and evaluation (Sonnenberg, 2006).

## **2.5 THE CONTENTS OF THE PSYCHOLOGICAL CONTRACT**

The contents of the psychological contract refer to the promises employees believe they have made to their organisation, and what they believe the organisation has promised in return. Furthermore, it refers to what is actually in the contract between the employee and the organisation, and what is exchanged for what (Conway & Briner, 2005). Employee contributions include such things as offering valuable knowledge and skills, putting in sufficient effort, having a concern for quality, and being flexible. In return, the organisation provides things such as promotion opportunities, training and development, pay, adequate feedback, and respect (Conway & Briner, 2005).

The contents of the psychological contract is important because forming different types of contents is likely to lead to more or less positive employee and organisation outcomes, such as organisational commitment and job satisfaction (Conway & Briner, 2005).

Herriot, Manning and Kidd (1997) researched the perceived reciprocal obligations of 184 employees and 184 managers in the United Kingdom. The sample was drawn from various industrial sectors. The findings indicated that organisations expected seven categories of obligation from employees:

- To dress and behave correctly.
- To be flexible and go beyond one's job description.
- To treat company property carefully.
- To be loyal and guard the organisation's reputation.
- To deal honestly with customers.
- To do a quality piece of work.
- To work contracted hours.

According to Sparrow and Cooper (2003) it is input, not output, that matters to most organisations. For employees, the preference was for a basic transaction of pay and a secure job in return for time and effort. According to Herriot, Manning and Kidd (1997), the research findings indicated that employees expected the following eleven constructs from the organisation:

- To provide adequate induction and training.
- To ensure fairness in the selection process, performance appraisal system, promotion and redundancy procedures.
- To provide equitable pay in relation to the market values across the organisation, including the fair allocation of benefits.
- To provide fairness, justice, and consistency in the applications of rules, regulations, and disciplinary procedures.
- To provide job security.
- To provide a safe and pleasant work environment.
- To recognise and reward employees for their special contributions or long service.
- To act in a personally supportive way to employees.
- To minimally interfere with employees in terms of how they perform their jobs.
- To consult and communicate matters that affect them.
- To allow time off to meet family and personal needs.



Given the definitions of the contents of the psychological contract, the number of items involved could be very large. In order to simplify and manage long lists of items, the contents of the psychological contract can be divided into two categories: transactional and relational contracts (Conway & Briner, 2005). These two types of psychological contracts will now be discussed in greater detail. Table 2.5 shows the key differences between transactional and relational psychological contracts.

Table 2.5: Key Differences between Transactional and Relational Psychological Contracts (Adapted from Beardwell, Holden & Claydon, 2004).

	<b>TRANSACTIONAL</b>	<b>RELATIONAL</b>
<b>Primary focus</b>	Concerned about economic and monetary factors	Concerned about people
<b>Time frame</b>	Short-term and close ended	Open ended and indefinite
<b>Scope of relationship</b>	Narrow	Broad and all-encompassing
<b>Tangibility of terms</b>	Well defined	Highly subjective
<b>Stability of the relationship</b>	Static, seldom changing	Active and often changing

### 2.5.1 RELATIONAL PSYCHOLOGICAL CONTRACTS

Relational psychological contracts are structured around less tangible rewards. These contracts have a significant duration often without an implied end-date and are subject to the individual's beliefs (Tyagi & Agrawal, 2010). Relational psychological contracts are also about the exchange of socio-emotional currency in exchange for the organisation providing continued learning and development, as well as long-term job security (Wöcke & Sutherland, 2008).

Relational psychological contracts are broader, more amorphous, open-ended and subjectively held by the parties to the exchange. Furthermore, these contracts are characterised by trust and belief in fairness and good faith, and involve exchanges with longer-term timeframes such as the exchange of employee commitment for job security (Conway & Briner, 2005).

The relational psychological contract is seen as more valuable for organisations that are dependent on their employees for their future sustainability, as they are encouraged to contribute their commitment and loyalty to the organisation in return for their professional development (Tyagi & Agrawal, 2010).

It is important to take note that breaches of relational psychological contracts may lead to an exit from the organisation, withdrawal of commitment, staff turnover, actions to diminish the employment relationship, and a move to a more transactional psychological contract (Wöcke & Sutherland, 2008).

### **2.5.2 TRANSACTIONAL PSYCHOLOGICAL CONTRACTS**

Transactional psychological contracts are those with well-described terms of exchange. Usually, the terms of the exchange are monetary, of limited duration, and specific (Guzzo & Noonan, 1994). Furthermore, transactional psychological contracts are of a limited duration with well-specified performance terms. Employees hired on short-term contracts usually develop transactional psychological contracts with their organisations, including workers who are located off-site (Patrick, 2008). Employees are more concerned with remuneration and personal benefit than with being good organisational citizens (Grimmer & Oddy, 2007).

In a study by Robinson, Kraatz and Rousseau (1994), the findings indicated that psychological contract violations by the employer were associated with a decrease in employees' perceptions of their transactional and relational obligations. However, the effect of violations on relational obligations was significantly greater (Grimmer & Oddy, 2007).

According to Suazo, Martinez and Sandoval (2009) some empirical research have focused on personality as an antecedent to psychological contracts. For example, some studies have found that people high in neuroticism tend to develop transactional psychological contracts, where individuals high in conscientiousness tend to develop relational psychological contracts (Suazo, Martinez & Sandoval, 2009).

With regards to HRM practices and the contents of the psychological contract, supervisors that are perceived to be lenient during their performance evaluations with subordinates may enhance the development of relational psychological contracts. In contrast, supervisors that are perceived to be overly harsh during evaluations may be enhancing the development of transactional psychological contracts (Suazo, Martinez & Sandoval, 2009).

## **2.6 BREACH AND VIOLATION OF THE PSYCHOLOGICAL CONTRACT**

Organisations may sometimes not be able or willing to fulfil all of the obligations made to their employees, resulting in psychological contract breach. According to Pate, Martin and McGoldrick (2003) breach is essentially the identification of perceived unmet obligations. In a more detailed definition, psychological contract breach can be defined as employee perceptions that their organisation has failed to meet one or more obligations associated with perceived promises (Restubog, Hornsey, Bordia & Esposito, 2008). To summarise this section, breach takes place when employees perceive that their organisation has failed to deliver satisfactorily on its promises.

There is a difference between breach and violation of the psychological contract. The violation of the psychological contract is known to have material effects on the relationship between the employer and employee. Violation leads to a variety of emotional reactions, dependent on the severity of the breach and the nature of the psychological contract (Wöcke & Sutherland, 2008). According to Morrison and Robinson (1997) violation can be defined as extreme emotional or affective reactions that accompany breaches. Breach, however, may be a relatively short-term phenomenon and may also result in individuals returning to their relatively stable psychological contract state, or alternatively develop into full-blown violation (Pate, Martin & McGoldrick, 2003).

To summarise this section, breaches are perceived inconsistencies between what has been promised and what is delivered, whereas violation is the affective reactions that may be experienced when breach is perceived (Conway & Briner, 2005).

What are the consequences of breach? Conway and Briner (2005) state that empirical studies have found breach to be associated with negative attitudes towards the organisation and job, lower employee well-being, job dissatisfaction, lower job performance, and an increase in withdrawal behaviours such as leaving the organisation. The consequences of psychological contract breach will be discussed in greater detail in chapter four.

## **2.7 CONCLUSION**

This chapter provided a broad overview of the nature of the psychological contract concept. Focus was placed on the history and development of the psychological contract, defining the concept, as well as the contents of the psychological contract.

The concept of the psychological contract has been written about for over forty years (Conway & Briner, 2005). The history of the psychological contract focused on how the concept has been viewed in different ways by researchers. While there are many disagreements across definitions of the psychological contract, the most widely agreed definition of the psychological contract is that put forward by Rousseau (Conway & Briner, 2005). Furthermore, this chapter also discussed the various aspects of the psychological contract contents including what those contents are and how they are categorised. Finally, this chapter also introduced and defined the concepts of psychological contract breach and violation.

The psychological contract is just one of a number of ways of explaining employee behaviour. The next chapter will focus on the various causes of psychological contract breach.

## CHAPTER 3

### THE CAUSES OF PSYCHOLOGICAL CONTRACT BREACH

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#### 3.1 INTRODUCTION

Breach is considered to be the most important idea in psychological contract theory as it is the main way of understanding how the psychological contract influences the attitudes, emotions, and behaviours of organisational members (Conway & Briner, 2005). The belief that a promise or future obligation exists is based exclusively on the employee's own perception. This belief may be intentionally or unintentionally communicated during recruitment and selection, performance appraisals, company policies, or organisational practices (Restubog, Hornsey, Bordia & Esposito, 2008).

The previous chapter distinguished between psychological contract breach from psychological contract violation. Psychological contract violation refers to the extreme emotional reactions employees may experience when breach is perceived (Conway & Briner, 2005). Psychological contract breach takes place when employees perceive that their organisation has failed to deliver satisfactorily on its promises (Rousseau, 1995). This chapter will essentially focus on the causes of psychological contract breach by considering the importance of HRM practices and the negative effects of the psychological recession.

The consequences of attitudinal outcomes of the psychological contract include work satisfaction, organisational commitment, life satisfaction, work-life balance satisfaction, stress, excitement, loyalty, motivation, intention to quit, and organisational citizenship behaviours (Guest & Conway, 2004). For the purpose of the present study, organisational citizenship behaviour and the EVLN typology will be investigated. According to Conway and Briner (2005), psychological contract breach is seen as occurring relatively frequently at work due to the many factors that can affect the psychological contract.

## **3.2 THE CAUSES OF PSYCHOLOGICAL CONTRACT BREACH**

The causes of psychological contract breach are those factors that are thought to cause breach. This section will focus on and discuss the impact of HRM practices and the daunting effects of the psychological recession on the psychological contract, and employee attitudes and behaviour. It is useful for organisations to understand and be informed about the causes of breach in order to prevent damaged contracts.

### **3.2.1 HRM PRACTICES AND THE PSYCHOLOGICAL CONTRACT**

Conway and Briner (2005) state that the first possible cause of psychological contract breach is the inadequate application of HRM practices. According to Rousseau and Greller (1994) one of the roles of HRM should be the creation, maintenance and protection of the psychological contract between organisations and their employees.

There is now well-established evidence that the effective application of HRM practices is associated with employee organisational commitment, well-being and satisfaction, including superior organisational performance (Guest & Conway, 2004). These authors further state that HRM practices is strongly associated with a positive state of the psychological contract, which in turn is related to a range of positive attitudes and behaviours (Guest & Conway, 2004).

One of the most potent organisational factors shaping the psychological contract of employees is HRM practices (Aggarval & Bhargava, 2008). Research provides us with indications that HRM practices are important sources of interaction with employees. Human Resource (HR) departments, through their policies, practices and actions, are in the front line of employment relations, and are also considered to be particularly important in the determination of psychological contracts (Sonnenberg, 2006).

The interpretations that employees make of an organisation's HRM practices are relevant to their assessment of the fulfilment of their psychological contract.

Favourable assessments of the health status of the psychological contract relate positively to constructive attitudes such as organisational commitment and citizenship behaviours. Similarly, less favourable assessments of the psychological contract's status make for less favourable attitudes and behaviours (Guzzo & Noonan, 1994).

Rousseau (2001) defines HRM practices as structural signals regarding the organisation's intentions towards their employees. Every added HRM practice provides additional information regarding employee and organisational obligations (Sonnenberg, 2006). This information is relevant for employees' assessment of fulfilment of the organisation's obligations, thus leading to less violation of these expectations. Some research studies also found relationships between the amount of HRM practices and indicators of performance. Thus, the more HRM practices, the more information is sent to employees, and the less breach of the psychological contract.

Research by Theron and Dodd (2011) indicates that an increase in the number of positive HRM practices reported by respondents correlates with a decrease in violation and breach of the psychological contract, despite organisational restructuring. The study further reveals that the effective management of the psychological contract is critical during organisational restructuring, in order to preserve the commitment of employees.

Several authors identify a set of "best practices". Pathak (2005) investigated the impact of best HRM practices (BHRMP's) on employees' psychological outcomes. The findings are summarised as follows (Pathak, 2005):

- A greater presence of BHRMP's is closely related to a more positive state of the psychological contract.
- In contrast, employees who enjoy only a few BHRMP's reported lower levels of trust, fairness and delivery of promises from management. In other words, a more negative state of the psychological contract.
- Employees enjoying more BHRM practices feel more committed to their organisation.

- Conversely, employees enjoying a low number of BHRMP's are less likely to be committed to their organisation.

Sixteen best practices were initially identified, but were reduced to seven (Pfeffer, 1998). These BHRMP's, according to Pfeffer (1998), include the following:

- Harmonisation;
- Employment/job security;
- Sophisticated selection practices;
- Sharing of performance and financial information;
- Extensive training and development;
- Empowered teams; and
- High compensation dependent on organisational performance.

The following sections will focus on various HRM practices and their impact on the psychological contract. Focus will be placed on recruitment and selection, performance management, training and development, compensation and benefits, and organisational culture.

### **3.2.1.1 RECRUITMENT AND SELECTION**

The recruitment and selection process involves identifying and screening prospective candidates, making offers of employment to them and trying to persuade candidates to accept them (Aggarval, Datta & Bhargava, 2007). The selection process is usually the initial contact between the employee and the organisation.

During this process initial employee expectations are established (Makin, Cooper & Cox, 1996). The initial schemas that employees have when they begin the recruitment process will influence how they react if their expectations are not met (Aggarval & Bhargava, 2008).



As employees join an organisation with the belief that the latter will live up to promises made to them, and the employer fails to do so, the employee perceives that the relationship has been violated and may respond in ways that may go against the interest of the employer (Shuping, 2009). According to Aggarval, Datta and Bhargava (2007), literature suggests that recruiters tend to present jobs in more favourable terms. Chances of psychological contracts being violated are therefore high as many of the expectations are unrealistically high.

It is therefore imperative to use realistic job previews during the recruitment and selection process, in order to give applicants a more accurate picture of the job and organisation, including the negative aspects. This may reduce employee dissatisfaction or unrealistic expectations and thereby reduce staff turnover and counterproductive behaviour (Grobler, Wörnich, Carrel, Elbert & Hatfield, 2006).

### **3.2.1.2 PERFORMANCE MANAGEMENT**

Performance management can be defined as an ongoing process of evaluating and managing both the behaviour and outcomes in the workplace (Grobler et al., 2006). Employers provide employees with feedback about their level of performance. The greatest contribution HRM practices can make in the changing employment scenario are the evaluation and appraisal of employees' performance (Shuping, 2009).

According to Aggarval and Bhargava (2008), performance appraisal of employees' performance can influence the employment relationship in a number of ways. These include the following (Aggarval & Bhargava, 2008):

- Organisations can enhance their ability to fulfil the psychological contract obligations by targeting highly important and valued psychological contract areas during reviews.
- This identification will allow employers to address what the candidate can expect in that area of the employment relationship.

- When an employer gives feedback to the employee about his/her performance, it signals to the employee whether or not they are making a contribution towards the employment relationship.

Performance discussions also provide employers with the opportunity to ask whether their employees are satisfied with the incentives provided and remedy the situation if necessary (Aggarval, Datta & Bhargava, 2007). In other words, performance reviews are used as a stage in the contract making process to ensure that the parties involved are fulfilling their psychological contract towards each other (Aggarval & Bhargava, 2008).

Furthermore, appraisals have been identified as an opportunity to indicate to employees about their responsibilities towards the organisation, as well as a signal for organisations to influence employees about their conception about the employment relationship (Aggarval & Bhargava, 2008).

### **3.2.1.3 TRAINING AND DEVELOPMENT**

Training and development is a key factor in meeting the employer's strategic, operational, and business goals. International competition, technological advances, organisational restructuring, along with socioeconomic pressures, increase the importance of training and development in South African workplaces (Grobler et al., 2006).

Where organisations place strong emphasis on staff development, it signals opportunities for career development and growth. Such emphasis is indicated by formal training, numbers participating, and training effectiveness. Furthermore, employees perceive employer training investments as symbols of continued future employment and higher wages (Fiorito, Bozeman, Young & Meurs, 2007).

Fiorito et al. (2007) further state that employees value training for the advancement, security, and higher earnings implied, and are therefore more engaged.

According to Aggarval, Datta and Bhargava (2007) training is important in the make-up of the psychological contract, not only in terms of employer expectations who consider the development of highly trained workers with firm-specific skills a major factor for securing competitive advantage, but also because it acts as an incentive for employees to maintain committed to the organisation.

Aggarval and Bhargava (2008) state that learning and development also influence the employee's perception of the employment relationship. Expensive skill-based training and new work experiences signal an organisation's intention to foster a long-term relationship with staff.

Research further suggests that introducing empowerment programmes create employee beliefs about opportunities for participation. With success of the effort, employees gain confidence in their capacity to contribute and in turn, their aspirations grow (Paul, Niehoff & Turnley, 2000).

#### **3.2.1.4 COMPENSATION AND BENEFITS**

After the organisation has attracted and hired new employees, the compensation system should not delay efforts to retain productive employees (Grobler et al., 2006). Perhaps the most important theory, from a psychological contract perspective, is equity theory.

Equity theory is concerned with the underlying principles by which rewards are distributed, and how these are perceived as fair or otherwise. Equity theory also considers employee perceptions of the fairness of the process by which such decisions are taken (Makin, Cooper & Cox, 1996). Rewarding employees according to their own perceptions can motivate them better (Aggarval, Datta & Bhargava, 2007).

While there are various factors that may cause employees to leave their organisation, inadequate compensation is often the cause of turnover. In order to retain good employees, HR departments must make sure that there is compensation equity within the organisation (Grobler et al. 2006).

### 3.2.1.5 ORGANISATIONAL CULTURE

Much responsibility is placed on HR departments to set the desired tone through policies, procedures, and practices. Organisational culture can be defined as a shared pattern of assumptions, beliefs, values, and behaviours amongst employees (Robbins & Judge, 2006). HRM practices can play an important role in orchestrating the culture of an organisation that talks with employees, and not at them. Organisational culture also leads to the construction of a psychological contract, which is shared by the members of the organisation (Conway & Briner, 2005).

A survey by Guest and Conway (2002) of 1 300 senior UK HR managers revealed that some practices are perceived as being more effective than others in communicating the organisation's promises to its employees. Table 3.1 shows the effectiveness of various HRM practices in communicating the organisation's promises to employees.

Table 3.1: The Effectiveness of HRM practices in Communicating the Organisation's Promises to Employees (Adapted from Conway and Briner, 2005).

HRM PRACTICE	% OF ORGANISATIONS RATING PRACTICE AS EFFECTIVE IN COMMUNICATING PROMISES
<b>JOB COMMUNICATION</b>	
Informal day-to-day interaction	56
Training and development	53
Individual objectives and targets	51
Performance appraisal	51
Briefing by line management	49
Team targets	31
<b>RECRUITMENT AND SELECTION</b>	
Recruitment process	66
Induction and initial training	55
Staff handbook / manual	46
Job descriptions	26
<b>TOP-DOWN COMMUNICATION</b>	
Annual company meetings with staff	34
Mission statements	27

From the above it is clear that HRM practices influence the employee's view of the employment relationship, also impacting the behaviour and attitudes of organisational members. HRM practices significantly impact employees' development and assessment of psychological contract fulfilment. When employees are recruited, when their performance is appraised, and when they assess their compensation packages or receive recognition for their efforts, they interpret the experience and that interpretation will influence how they react to it (Aggarval, Datta, & Bhargava, 2007).

### **3.2.2 THE PSYCHOLOGICAL RECESSION**

Another cause of employee breach is events happening outside the organisation (Conway & Briner, 2005). In the April 2009 issue of Time Magazine, Peter Grumbel states that the International Monetary Fund has indicated that for the first time in sixty years, world economic activity has declined in 2009 (Grumbel, 2009).

The current global economic downturn contributes to the creation of a psychological recession, and it can be defined as an emotional state in which people feel extremely vulnerable to economic hardship, leading to a negative and cynical view of the present and an even bleaker view of the future (Roche, 2007). A psychological recession can further be defined as a dour view of the future, which is a natural outcome to a deep and sustained sense of vulnerability. People start to view the world as a risky place in which they have little or no control (Bardwick, 2008).

A psychological recession is a real phenomenon that holds real consequences. According to Watson (2010), a psychological recession is much more than just an economic cycle. Many people were laid off at work due to intense cost cutting, and are suffering the consequences of broken careers, families, and hope for the future. When people are depressed and anxious for a long time, despair and fear replace confidence and optimism (Watson, 2010).

Reviewing these definitions, Tausig and Fenwick (1999) state that increased unemployment rates negatively affect health and well-being because they reduce personal resources and increase stress based on an increased risk of unemployment, and the perceived risk of job insecurity.

This anxiety plus a feeling of powerlessness are a “toxic mix” in the workplace. Chronically fearful people are too exhausted to be innovative, proactive, and creative. The widespread psychological recession is largely the result of organisations no longer considering employees as key assets (Bardwick, 2008).

Dai Williams, an Occupational Psychologist, coined another definition and defined “recession fatigue” as a form of chronic psychological stress caused or aggravated by an individual’s economic circumstances. This may be severe enough to degrade their personal effectiveness in work or non-work situations (Watson, 2010).

Employees today are finding workplaces impersonal and disconnected. Because of the psychological recession, many employees are working in environments that have been outsourced, downsized and merged with other organisations (Cox, 2008). Mergers and acquisitions have been a popular strategic tactic for global businesses, attaining growth, profitability, and diversification (Bellou, 2007).

Major organisational changes and perceived unfairness due to layoffs and changes in HRM practices are likely to make employees re-examine the content of their psychological contract. Furthermore, some research studies found that during mergers and acquisitions employees may experience increased self-interest, as employees become preoccupied with what the integration means for themselves, their incomes, and their careers (Bellou, 2007).

Employees seem to go through mergers as a loss of a loved one, often treated as a personal crisis, which may manifest itself as listlessness, apathy, lack of commitment, and a preoccupation with the past (Bellou, 2007). As a result, several negative attitudes and behaviours surface, including decreased job satisfaction, loyalty, and organisational commitment.

Downsizing, outsourcing, and a cavalier corporate attitude that treats employees as costs rather than assets, make employees feel as if the company no longer values them. As a result, employees no longer feel engaged in their work or committed to the organisation. Mutual co-dependence between employees and organisations, and the advantages gained from long-term mutual commitment and engagement are lost (Bardwick, 2008).

Levels of trust decrease during these uncertain times. Employees lose confidence in their own organisation, and people fear losing their jobs, retirement savings, and their homes. A crisis of trust stimulates fear, and fear and anxiety lead to a loss of focus. Consequently a loss of focus puts strategy execution at risk (Covey & Merrill, 2006). Employees with perceptions of low job security are more likely to engage in work withdrawal behaviour (Viljoen, Bosman & Buitendach, 2005). Furthermore, job insecurity is often reported to result in reduced psychological well-being, characterised by symptoms such as depression, anxiety, irritation or strain-related psychosomatic complaints (Viljoen, Bosman & Buitendach, 2005).

Quantum Workplace, an employer ratings agency that surveys employee engagement, loyalty and retention, conducted an engagement survey of 62,000 employees in the first quarter of 2010. The survey collected responses for ten dimensions, including employee perceptions of senior leadership, team effectiveness, manager effectiveness, and fair compensation (Harris, 2010).

Figure 3.1 shows that employee engagement is on the rise, but Harris (2010) states that there are employees who have experienced poor leadership over the last two years. These employees are still disengaged and will leave for better work environments (Watson, 2010). It is also important to note that the companies who were surveyed continuously invest in their employees and strive to build an engaging culture (Harris, 2010).

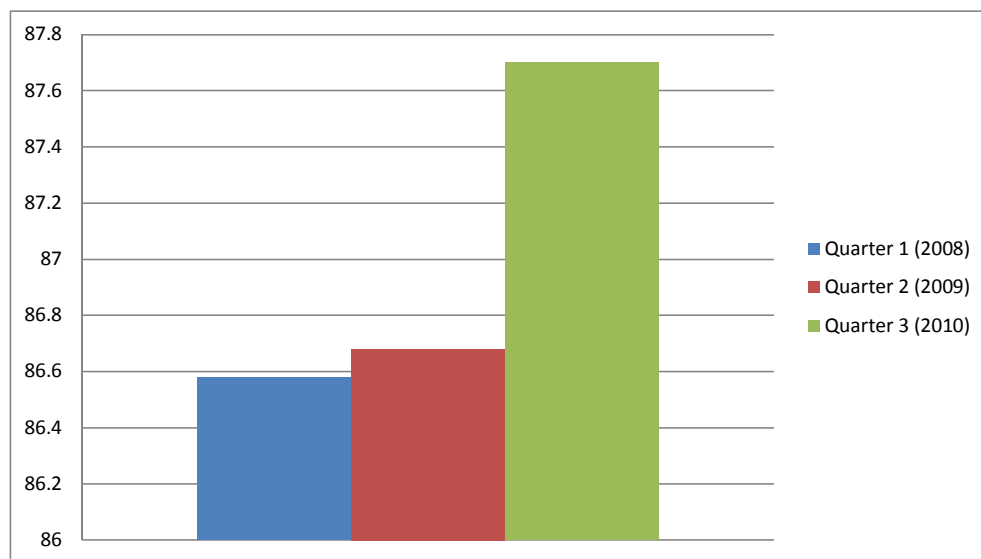


Figure 3.1: Employee Engagement Scores. Study conducted by Quantum Workplace, Omaha, Nebraska. (n=62 000)

Psychological recession works to counter employee engagement and commitment (Furness, 2008). Layoffs and the lack of job stability also contribute to the problem. To conclude this section, psychological contracts may be more prone to breach and violation in the current psychological recession employees experience. The relationship between employer and employee becomes strained in a psychological recession, in which cutting costs and improving productivity are management goals (Brewster et al., 2003).



### **3.2.2.1 IMPLICATIONS FOR THE PSYCHOLOGICAL CONTRACT**

Due to the daunting effects of the psychological recession, Beardwell and Claydon (2007) state that some employers have had difficulty in maintaining their side of the contract, and as a result, relational psychological contracts have been violated and been replaced by new, transactional contracts.

As mentioned in chapter two, relational psychological contracts refer to a long-term relationship that is based on trust and mutual respect. Transactional psychological contracts are based on short-term economic exchanges, and employees offer longer hours, broader skills, tolerance of change and ambiguity. In return, the employer offers high pay, rewards for high performance, and simply a job (Beardwell & Claydon, 2007).

According to Hiltrop (1995), the following changes have been witnessed in the employment relationship:

- Employees are responsible to think of new ways of improving their work, and organisations are becoming more demanding places to work.
- Employees cannot assume long-term caretaking for their personal income.
- Employees are becoming more responsible to plan their own development, build a professional reputation, and learn to manage their own careers.
- Job security and increasing levels of income are becoming less accessible and more risky.
- Promotion opportunities are becoming scarcer, and employees are responsible to take care of themselves.

The psychological contract needs careful management as it remains a highly influential aspect of the employment relationship (Beardwell & Claydon, 2007). In order for organisations to manage the psychological contract more effectively, they need to offer realistic job previews to new entrants, and recognise the impact of change on employees remaining with the organisation (Beardwell & Claydon, 2007).

According to Bardwick (2008), organisations need to strengthen the bonds of trust and respect between managers and their employees, and humanise the workplace by paying attention to employees. Table 3.2 shows the key differences between the old and new psychological contracts.

Table 3.2: Key Differences between the Old and New Psychological Contract (Adapted from Hiltrop, 1995).

<b>CHARACTERISTIC</b>	<b>OLD</b>	<b>NEW</b>
<b>Employer's key input</b>	Time and effort	Knowledge and skills
<b>Employer's key input</b>	Stable income and career advancement	Opportunities for self-development
<b>Employer's key responsibility</b>	Fair pay for good work	High pay for high performance
<b>Employee's key responsibility</b>	Good performance in present job	Making a difference
<b>Focus</b>	Security	Employability
<b>Scope</b>	Broad	Narrow
<b>Duration</b>	Permanent	Variable (Changeable)
<b>Format</b>	Structured	Flexible
<b>Underlying principle</b>	Tradition	Market forces
<b>Intended output</b>	Loyalty and commitment	Value added

### **3.3 CONCLUSION**

This chapter provided a detailed review of the literature relevant to the causes of psychological contract breach. Two causes of contract breach were identified: inadequate provision and application of HRM practices, and events happening outside the organisation (Conway & Briner, 2005). Focus was placed on the various HRM practices and their relevance to the psychological contract, including the psychological recession as an external event outside the organisation.

It is important to note that the psychological recession makes the employment relationship brittle and prone to breach. Management will therefore have to pay closer attention to the management and protection of the psychological contract. Organisations face the challenge of maintaining the commitment and loyalty of their employees, as promotion opportunities and job security are fading away. The next chapter will focus on the consequences of psychological contract breach by considering organisational citizenship behaviour and the EVLN typology.

## CHAPTER 4

### THE CONSEQUENCES OF PSYCHOLOGICAL CONTRACT BREACH

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#### 4.1 INTRODUCTION

Today's organisations are downsizing, restructuring, and in many ways not fulfilling the obligations that employees feel their organisation owes to them. Such breaches in psychological contracts have been viewed as having negative effects on employees' job attitudes (Gakovic & Tetrick, 2003).

In the previous chapter the psychological recession was discussed in detail. According to Bardwick (2008), the psychological recession affects everyone and is more widespread than most people realise. Due to the psychological recession, employees do not have job security and feel anxious at work, as they see their organisation continuing to downsize. Organisations are therefore no longer responding to employees as key assets, and as a result, psychological contracts are breached (Bardwick, 2008). Employees therefore respond in a number of negative emotional responses.

In general, researchers believe that psychological contract breach has severe consequences for employees and organisations. Empirical studies have found breach to be related to lower employee well being, negative attitudes towards the job and the organisation, such as job dissatisfaction and low organisational commitment, reduced levels of organisational citizenship behaviour, lower job performance, and increased exit behaviours such as leaving the organisation (Conway & Briner, 2005). Bal, De Lange, Jansen and Van Der Velde (2008) support this by stating that previous research on psychological contracts has indicated that contract breach has an intense impact on job attitudes.

According to a research study conducted by Robinson (1996), psychological contract breach was found to be negatively related to three forms of employee contributions: civic virtue behaviours, intentions to remain with the organisation, and employee performance.

The effects of psychological contract breach may be enduring as the reports of employee contributions were obtained one year after the occurrence of the psychological contract breach. This study was longitudinal as data were collected at three points in time over a two-and-a-half-year period (Robinson, 1996).

Any contract requires parties to have a certain level of confidence that the other party to the contract will deliver. When employees perceive breach, their trust in the organisation decreases and as a consequence, they feel less willing to invest emotionally or behaviourally in the relationship with the organisation, as they feel less confident that the organisation will reciprocate in the future, while also doubting the organisation's past integrity (Rousseau, 1989).

This chapter begins by providing an overview of the consequences of psychological contract breach by focusing on specific attitudes and behaviours. Thereafter, these attitudinal and behavioural consequences will be discussed in greater detail. Employees perceive their relationship with the organisation more negatively when the relationship is breached. Table 4.1 shows general examples of this reasoning.

Table 4.1: The Consequences of Breach: Things person might feel, think, and do following psychological contract breach (Adapted from Conway and Briner, 2005).

FEEL	THINK	DO
Anger	"How can I trust my organisation anymore?"	Put in less effort Not willing or prepared to go the extra mile for the organisation
Violation	"I am not going to put myself out again for this organisation."	Refuse to work beyond their job description
Upset	"What is the point in being loyal to this organisation when they behave in this way?"	Retaliate through lateness, leaving early, taking days off, using company equipment for purposes unrelated to work
Dissatisfied	"How dare they treat me like that?"	
Betrayal		
Sadness		

## 4.2 THE CONSEQUENCES OF PSYCHOLOGICAL CONTRACT BREACH

According to the affective events theory, a negative event at work may cause negative emotional responses, such as frustration and anger (Morrison & Robinson, 1997). In terms of psychological contract breach, not receiving anything in return for contributions to the organisation may therefore be perceived as a negative event.

As a result, employees respond to these contract breaches by lowering their job satisfaction, trust, and commitment to the organisation (Bal et al., 2008). Bal et al. (2008) further examined the influence of age in the relation between psychological contract breach and the development of job attitudes. Their results showed that psychological contract breach is strongly related to job attitudes.

According to Conway & Briner (2005), researchers found the following employee reactions to breach when they investigate the consequences of psychological contract breach:

- Decreased levels of trust in the organisation;
- Cynical attitudes towards the organisation;
- Reduced psychological well-being that include specific moods and emotions such as feeling anxious, violated, hurt, and depressed.
- Job dissatisfaction;
- Reduced organisational commitment;
- Thinking about, or in some cases, leaving the organisation (exit behaviours);
- Reduced organisational citizenship behaviour and lowering obligations towards the organisation; and
- Decreased employee performance, including self-reported in-role performance, and supervisor-rated in-role performance.

These consequences include various attitudes and workplace behaviours, and will now be discussed in greater detail.

#### **4.2.1 DECREASED LEVELS OF TRUST**

Trust is present in all psychological contracts (Atkinson, 2006), and is one of the most important ingredients of fruitful social relationships (Rigotti, 2009).

Robinson (1996) argues that, while psychological contract breach produces unmet expectations, this alone cannot account for the effects of breach. Understanding breach of trust is key to understanding breach of the psychological contract (Robinson, 1996). Robinson (1996) further states that an employee with low trust is more likely to look for, find, and recall incidents of psychological contract breach. Trust can therefore be defined as one's expectations, assumptions, or beliefs about the likelihood that another's future actions will be positive, favourable, or at least not damaging to one's interests (Robinson, 1996).

According to a research report by the Chartered Institute of Personnel and Development (CIPD), trust in senior management and fairness are highly constrained. The survey results indicated that only 25% of the sample placed trust in senior management to look after their interests, while 41% placed little or no trust in them to do so (Guest & Conway, 2004). This report was based on telephone interviews with a stratified random sample of 1000 employed individuals across Britain.

Rigotti (2009) investigated the relationship between psychological contract breach and specific job attitudes such as job satisfaction, affective organisational commitment, intention to quit, violation, and trust. Questionnaire data was obtained from 592 employees working in more than 30 different organisations across Germany. The results indicated that for high levels of breach, the predicted loss of trust and job satisfaction and the increase in intention to quit and violation were higher (Rigotti, 2009).

#### **4.2.2 CYNICAL ATTITUDES TOWARDS THE ORGANISATION**

Organisational cynicism can be defined as a state in which employees believe that their organisation lacks integrity.

Furthermore, this perceived lack of integrity may result from perceived breaches of fundamental expectations regarding justice, sincerity, and honesty (Johnson & O'Leary-Kelly, 2003). Rogers and Riddle (1996) states that perceived greed, short-term focus, intensified competition worldwide, and unethical leadership all contribute to a growing cynicism in the workplace.

Psychological contract breach has been associated with increased cynicism (Pate, Martin & McGoldrick, 2003). Organisational cynicism is regarded as broader in scope than other job attitudes, because it relates to a more diverse set of objects (Johnson & O'Leary-Kelly, 2003). Johnson & O'Leary-Kelly (2003) found that employees who felt that promises made by their organisation that have been broken, held more cynical attitudes about their employer. Data were collected in a community bank and consisted of 105 employees.

#### **4.2.3 REDUCED PSYCHOLOGICAL WELL-BEING**

According to Morrison and Robinson (1997) short-term affective responses are believed to be vital to the experience of violation that follows psychological contract violation under certain conditions.

In a diary study conducted by Conway and Briner (2002), participants had to report experiences at the end of each working day, where examples were provided in the diary booklet of broken promises that could probably happen on a daily basis. The research findings can be summarised as follow (Conway & Briner, 2002):

- Psychological contract breach was found to have a significant negative relationship with mood.
- Broken promises had a greater effect on daily mood than exceeded promises.
- Broken psychological contracts were found to be significantly related to emotions of hurt and betrayal.



The above results support the theoretical definition of psychological contract violation, which can be defined as strong affective reactions to breach, such as feelings of betrayal and injustice and ensuing damaging effects on satisfaction with the job and the organisation (Morrison & Robinson, 1997). Psychological contract violation may also contribute towards job burnout. When psychological contract breach occurs, it creates a feeling of violation, stress, and burnout (Rehman, Haq, Jam, Ali & Hijazi, 2010).

#### **4.2.4 REDUCED JOB SATISFACTION**

Job satisfaction is generally defined as an employee's affective reactions to a job based on comparing actual outcomes with desired outcomes (Fields, 2002). Job satisfaction is related to other organisational variables, such as organisational commitment, organisational engagement, organisational involvement, organisational citizenship behaviour, absenteeism, turnover, substance abuse, and deviant workplace behaviour of employees (Ahmed, Ahmad, Nawaz & Ahmad, 2011).

Job satisfaction is generally recognised as a multifaceted construct that includes employee feelings about a variety of both intrinsic and extrinsic job elements (Fields, 2002). Furthermore, job satisfaction is also an attitudinal variable of how the employees believe, feel, and behave about various aspects of the job and work environment (Ahmed et al., 2011).

In terms of psychological contract theory, employees expect their jobs to provide a blend of features (e.g. promotion, pay, flexibility) for which the employee has certain preferential values. The range and importance of these preferences differ across individuals, but when the accumulation of unmet expectations becomes sufficiently large, job satisfaction becomes less, and withdrawal behaviours increase (Fields, 2002).

Wilkins and Nermerich (2011) support this by stating that promises which are kept may promote satisfaction and ongoing relationships, whereas breaches and broken promises are associated with negative emotions.

According to Conway & Briner (2005), research from cross-sectional studies show that breach is strongly related to job satisfaction. Gakovic and Tetrick (2003) investigated the role of psychological contract breach in employees' experience of job dissatisfaction and emotional exhaustion. The results showed that fulfilment of organisational obligations, supervisor support, and control were positively related to job satisfaction. In other words, an increase in supervisor support, fulfilment of organisational obligations and control, correlated with an increase in job satisfaction (Gakovic & Tetrick, 2003). For this study, employees (n = 161) from a large financial corporation completed questionnaires assessing various work-related attitudes and behaviours.

#### **4.2.5 REDUCED ORGANISATIONAL COMMITMENT**

Organisational commitment can be defined as the relative strength of identification with and involvement in an organisation, willingness to exert effort to remain in the organisation, and acceptance of the organisation's goals (Clayton & Hutchinson, 2002).

Organisational commitment has been conceptualised as having three main elements: affective, continuance, and normative (Meyer & Allen, 1997). These can be summarised as follows:

- Affective commitment refers to an employee's attachment to, identification with, and involvement in the organisation (Joiner & Bakalis, 2006).
- Continuance commitment refers to commitment that is based on costs that employees associate with leaving the organisation (Meyer & Allen, 1997).
- Normative commitment refers to an employee's feelings of moral obligation to remain with the organisation (Joiner & Bakalis, 2006).

As discussed in chapter two, the psychological contract consists of two distinct set of employee obligations: transactional and relational.

Transactional psychological contracts are characterised by obligations that may be economic in nature, such as a willingness to work overtime, provide high levels of performance for contingent pay, give notice before quitting, but with the employee feeling no loyalty towards the organisation (Rousseau, 1995).

The relational contract is characterised on the employee's side by perceived obligations to their employer of loyalty, and on the employer's by an obligation to provide job security (McDonald & Makin, 2000). In other words, employees want to build a long-term relationship with their employers. According to McDonald and Makin (2000) temporary employees' obligations can be characterised by the saliency of transactional obligations and the absence of relational obligations.

Previous research has indicated that transactional psychological contracts are related to continuance commitment, where relational contracts correlate with normative commitment (Meyer & Allen, 1997). To summarise this section, there may be a link between the employee's expectations of what he/she feels he/she owes and is owed by the organisation (the contents of the psychological contract), and organisational commitment.

According to Bardwick (2008) organisational commitment and employee engagement should be thought of as being based on a mutual and interdependent relationship between the employee and the organisation in which both parties are committed to each other. How the organisation treats employees and how employees treat the organisation reinforce mutuality and a commitment to a future together (Bardwick, 2008).

Robinson (1995) found that psychological contract breach is negatively related to employee commitment. Employees whose psychological contracts have been violated are likely to believe that their organisation cannot be trusted to fulfil its obligations and does not care about the well-being of its employees.

Thus breach represents an imbalance in the exchange relationship, and therefore employees restore balance to the relationship by decreasing their commitment to the organisation (Lester, Turnley, Bloodgood & Bolino, 2002).

Lester et al. (2002) examined supervisor and subordinate perceptions of and attributions for psychological contract breach. Their results indicated that the greater the degree of breach reported by respondents, the less committed they are to the organisation and the lower their job performance. The sample consisted of 134 supervisor-subordinate dyads that completed a self-administered questionnaire (Lester et al., 2002).

#### **4.2.6 THE EXIT, VOICE, LOYALTY AND NEGLECT (EVLN) TYPOLOGY**

Employees whose psychological contracts have been breached may respond in a number of different ways. When psychological contracts are breached, there is a possibility that it can develop into full-blown violation (Pate, Martin & McGoldrick, 2003). Psychological contracts may be breached because of differences of opinion with a superior, frustrations about assignments or tasks, and irritations because of the behaviour of co-workers.

The way in which employees deal with these problematic events that produce negative feelings may have an important impact on their psychological contract with the organisation (Hagedoorn, Van Yperen, Van De Vliert & Buunk, 1999).

As psychological contract violation refers to the affective reactions that accompany breaches, the EVLN typology can be used to investigate potential responses when employees perceive that their psychological contracts have been violated. In other words, the EVLN framework is a useful tool for explaining psychological contract breach as it categorises breach as being exit, voice, loyalty or neglect.

Gallagher (2008) supports this by stating that the EVLN framework is a more robust basis for theorising psychological contract breach. These responses include the following, according to Robbins and Judge (2006):

- **Exit** – Employee behaviour that is directed toward leaving the organisation, including looking for a new position as well as resigning.
- **Voice** – When employees are actively and constructively attempting to improve conditions, including suggesting improvements, discussing issues with superiors, and some forms of union activity.
- **Loyalty (patience)** – When employees are optimistically waiting for conditions to improve. Examples include speaking up for the organisation in the face of external criticism and trusting the organisation “to do the right thing”.
- **Neglect** – Passively allowing working conditions to worsen. Examples include chronic absenteeism or lateness, presenteeism, increased error rate, as well as reduced effort.

The EVLN framework suggests that employees respond to psychological contract breaches by increased exit (intention to quit), increased voice, decreased loyalty (patience) by decreasing the number of extra-role or organisational citizenship behaviours they engage in, and increased neglect (absenteeism, lateness, and less attention to quality) (Turnley & Feldman, 1999).

Hagedoorn et al. (1999) made a distinction between two types of voice behaviour: aggressive and considerate. Considerate voice refers to attempts made by employees to solve the problem, considering their own concerns as well as those of the organisation.

Examples of considerate voice include discussing issues with a supervisor in order to reach total agreement. A less constructive form, aggressive voice, consists of efforts to win, without consideration for the concerns of the organisation. Examples of aggressive voice include being persistent with one’s supervisor in order to attain a personal goal, and starting an argument with one’s superior (Hagedoorn et al., 1999).

Figure 4.1 shows a two-dimensional picture of the five responses to a problematic event after second-order factor analysis was conducted by Hagedoorn et al. (1999).

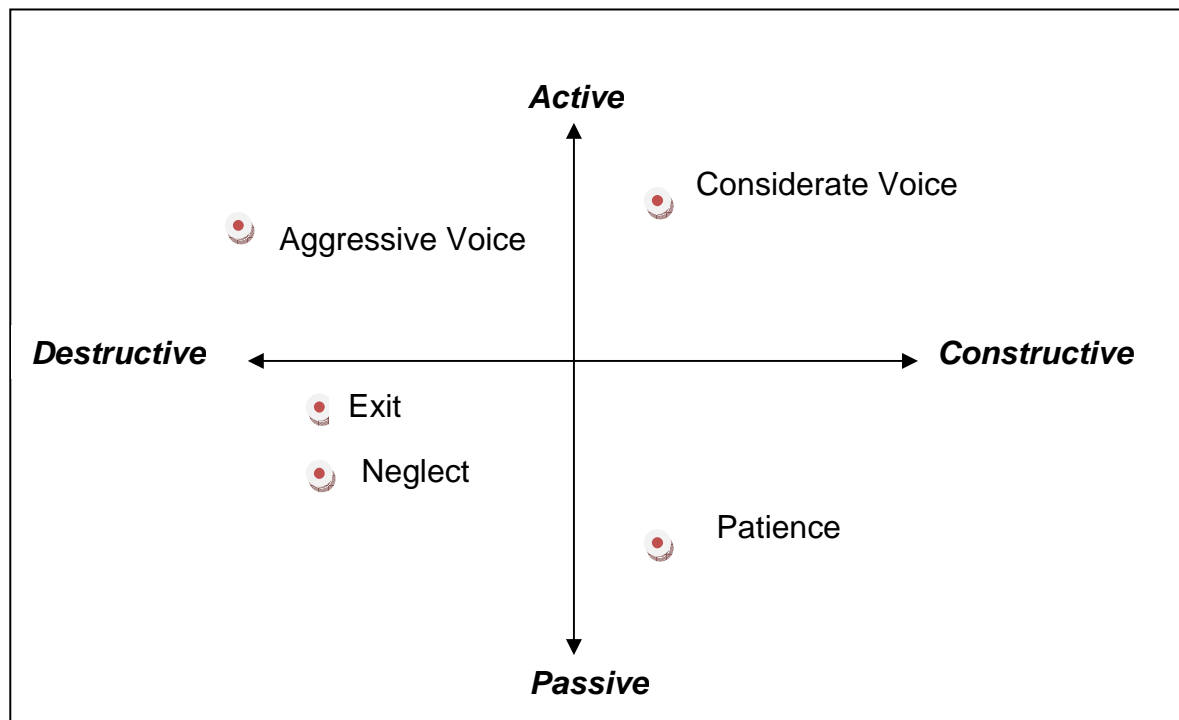


Figure 4.1: A Two-dimensional Figure of the Five Responses to a Problematic Event as a Result of Second-order Factor Analysis (Adapted from Hagedoorn et al., 1999).

The behavioural responses “loyalty” (patience) and considerate voice are regarded as constructive behaviours, as their purpose is to revive satisfactory working conditions. Neglect and exit are considered to be more destructive behaviours, as their purpose is to terminate the employment relationship (Liljegren, 2008).

Turnley and Feldman (1999) examined the relationships between psychological contract violation and employees’ exit, voice, loyalty, and neglect behaviours. Using a sample of over 800 managers, the research found that psychological contract breaches result in increased levels of exit, voice, and neglect behaviours and decreased levels of loyalty to the organisation (Turnley & Feldman, 1999).

Psychological contract breach is likely to result in perceptions of inequity (Morrison & Robinson, 1997), and may therefore reduce employees' beliefs that staying in the employment relationship will be mutually beneficial (Turnley & Feldman, 1999).

In a similar study by Si, Wei and Li (2008), the authors found that psychological contract breaches increase employees' tendencies towards destructive behaviour and decrease tendencies toward constructive behaviour (Si, Wei & Li, 2008). The sample for this study consisted of 626 entry and middle-level managers from various companies located in five Chinese cities.

#### **4.2.7 REDUCED ORGANISATIONAL CITIZENSHIP BEHAVIOUR**

Another employee reaction to psychological contract breach includes decreased levels of organisational citizenship or extra-role behaviours (Conway & Briner, 2005).

Organisational citizenship behaviour can be defined as discretionary behaviour that is not formally part of an employee's formal job description, but that nevertheless promotes the effective functioning of the organisation (Robbins & Judge, 2006).

Organisations need employees who can do more than their usual job duties and who will provide performance that is beyond expectations. For organisations to function effectively, empirical research suggests that organisational citizenship behaviour accounts for at least as great an effect as that of in-role performance and evaluation ratings (Coyle-Shapiro, 2002).

The state of the psychological contract is based on fairness, trust and the delivery of the deal (Guest & Conway, 2004). In other words, the state of the contract is also concerned with perceptions about how far promises and obligations have been met, whether they are perceived to be fair and whether there is sufficient trust that they will continue to be met (D'Annunzio-Green & Francis, 2005).

When employees perceive organisational processes and outcomes to be fair, trust is developed. And when employees trust their employer, they are more willing to voluntarily engage in behaviours that go beyond their formal job requirements. Fields (2002) categorises organisational citizenship behaviour as follows:

- **Altruism** refers to discretionary behaviour that is directed at helping other people with an organisationally relevant task or problem, such as taking some of the workload of other employees who have been absent.
- **Conscientiousness** refers to discretionary behaviour that goes beyond the minimum role requirements of the organisation, such as not taking extra breaks and adhering to the company's code of conduct at all times.
- **Sportsmanship** refers to discretionary behaviour that indicates the willingness of an employee to tolerate less than ideal circumstances without excessive complaining.
- **Courtesy** refers to behaviour that is aimed at preventing the occurrence of work-related problems, such as considering the impact of actions on other employees.
- **Civic virtue** refers to discretionary behaviour that indicates that the employee participates responsibly in, or is concerned about, the political life of the organisation, such as keeping up with company developments.

As the psychological contract consists of beliefs about obligations on the part of the organisation rather than specific individuals (Conway & Briner, 2005), perceived breach of the contract may impact organisationally-focussed citizenship behaviour rather than organisational citizenship behaviour directed towards supervisors or co-workers (Robinson & Morrison, 1995). In other words, employees perceive that the organisation has breached the psychological contract, and thus they will reciprocate by reducing their contributions to the organisation, in the form of reduced organisational citizenship behaviours (Robinson & Morrison, 1995).



As organisational citizenship behaviour can be categorised into five key dimensions, Robinson and Morrison (1995) hypothesised that fulfilment of employees' psychological contracts will influence their civic virtue behaviour. Civic virtue behaviour is defined as employee behaviour that indicates that an employee responsibly participates in, is involved in, or is concerned about the life of the organisation (Podsakoff, Mackenzie, Moorman & Fisher, 1990). Furthermore, civic virtue is also one of the dimensions that is most clearly directed towards the organisation (Organ, 1988).

Robinson and Morrison (1995) examined the relationship between psychological contract breach and civic virtue behaviour. The results indicated that when employees felt that their employers had failed in fulfilling obligations after eighteen months after being hired, they were less likely to engage in civic virtue behaviour after thirty months on the job. This study was based on 126 MBA alumni who were surveyed at the time of hire, and after eighteen months and thirty months on the job (Robinson & Morrison, 1995).

Employees will also attempt to match their contributions with the inducements provided by the organisation, and one would therefore expect employees' who perceive greater inducements to reciprocate by engaging in organisational citizenship behaviours (Coyle-Shapiro, 2002).

According to Restubog et al. (2008), organisations who uphold psychological contracts will increase organisational citizenship behaviours for two reasons:

- The employee feels compelled to reciprocate the positive behaviour of the organisation; and
- Because the organisation is engaging in positive behaviour, the employee is maximising his or her chance of being treated well by the organisation in the future.

#### **4.2.8 DECREASED EMPLOYEE PERFORMANCE**

As discussed in the previous section, the neglect response refers to lax and disregardful behaviours such as reduced extra-role behaviours (Turnley & Feldman, 1999). Examples include employees who put in half-hearted effort, chronic absenteeism and lateness, and less attention to quality. In a study by Robinson (1996) breaches of the psychological contract were negatively related to employees' self-reports of their job performance. This study was longitudinal and data were obtained from 125 newly hired managers (Robinson, 1996).

Turnley and Feldman (1999) investigated the impact of psychological contract breach on neglect behaviours. The authors found that employees with higher levels of psychological contract breach were more likely to neglect their in-role performance.

Bal, Chiaburu and Jansen (2010) investigated how social exchanges modify the relationship between psychological contract breach and work performance. Social exchanges were conceptualised as perceived organisational support, trust, and social exchange relationships. The results indicated that the negative relationship between psychological contract breach and work performance was moderated by social exchanges. In other words, the relationship was stronger for employees with high perceived organisational support, trust, and social exchange relationships (Bal, Chiaburu & Jansen, 2010). Data were collected from a sample of 266 employees in a service sector company in the United States.

Restubog, Bordia and Tang (2006) proposed that breach will result in reduced affective commitment, and that this in turn, will result in poor in-role performance and less eagerness on the part of the employees in civic virtue behaviours. Note that affective commitment refers to an employee's attachment to, identification with, and involvement in the organisation (Joiner & Bakalis, 2006).

The results indicated that affective commitment mediated the relationship between breach and self-reported and supervisor-rated civic virtue. For this study, 300 questionnaires were distributed to Information Technology employees employed at eight organisations who engaged in a wide range of industries (Restubog, Bordia & Tang, 2006).

Chen, Tsui and Zhong (2008) examined employee reactions to psychological contract breach and found that employer breach correlated negatively with employee outcomes of organisational commitment, organisational citizenship behaviour, and work performance. In other words, an increase in psychological contract breach correlated with reduced organisational commitment, citizenship behaviours and work performance. The sample consisted of 273 supervisor-subordinate dyads from the People's Republic of China (Chen, Tsui & Zhong, 2008).

### **4.3 CONCLUSION**

Generally, researchers believe that psychological contract breach has serious consequences for employees and organisations. These consequences may include decreased levels of trust, cynical attitudes, reduced psychological well-being, job dissatisfaction, reduced organisational commitment, turnover intentions, lowered organisational citizenship behaviours and employee performance (Conway & Briner, 2005).

This chapter outlined and discussed these behavioural and attitudinal consequences of psychological contract breach. Results from previous empirical studies were also discussed. Most empirical studies focus on the consequences of psychological contract breach, where it is found that breach has stronger effects on attitudes than behaviours (Conway & Briner, 2005).

The psychological recession makes psychological contracts prone to breach and violation, due to the fact that organisations are not responding to employees as key assets (Bardwick, 2008). The next chapter will cover the research methodology adopted for the present study.

## **CHAPTER 5**

### **RESEARCH METHODOLOGY**

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#### **5.1 INTRODUCTION**

A thorough literature review was conducted to explore what the theory revealed about employee behaviour and the management of the psychological contract in an economic and psychological recession. The previous chapter provided a detailed overview of the consequences of psychological contract breach by focusing on specific attitudes and behaviours, including organisational citizenship behaviour.

The aim of this chapter is to describe and discuss the research methodology that was followed during the research project. Aspects of the design of the research project together with the methodological underpinnings are discussed in order to validate the quality and significance of the procedures that were applied. Furthermore, this chapter describes the process of finding an answer to the main problem, whilst addressing the sub-problems outlined in chapter one.

Lastly, this chapter will also describe the main methods used to measure the psychological contract, including other constructs relevant to the main research topic.

#### **5.2 RESEARCH OBJECTIVES, HYPOTHESES AND PROPOSITIONS**

As discussed in Chapter one, the objectives of this study were to investigate whether:

- HRM practices can reduce the negative impact of the psychological recession;
- The psychological recession negatively affects the state of the psychological contract;
- Employee behaviour is negatively affected by the psychological recession;
- HRM practices can strengthen the psychological contract, making the employment relationship less prone to breach and/or violation;

- HRM practices can contribute to constructive employee behaviour; and
- Employee behaviour is influenced by the state of the psychological contract.

Given the foregoing, six broad hypotheses have been developed that were aligned with the main problem, sub-problems, and objectives of the present study. These included the following:

H<sub>1</sub>: There is a relationship between HRM practices and the psychological recession.

H<sub>2</sub>: There is a relationship between the psychological recession and the psychological contract.

H<sub>3</sub>: There is a relationship between the psychological recession and employee behaviour.

H<sub>4</sub>: There is a relationship between HRM practices and the psychological contract.

H<sub>5</sub>: There is a relationship between HRM practices and employee behaviour.

H<sub>6</sub>: There is a relationship between the psychological contract and employee behaviour.

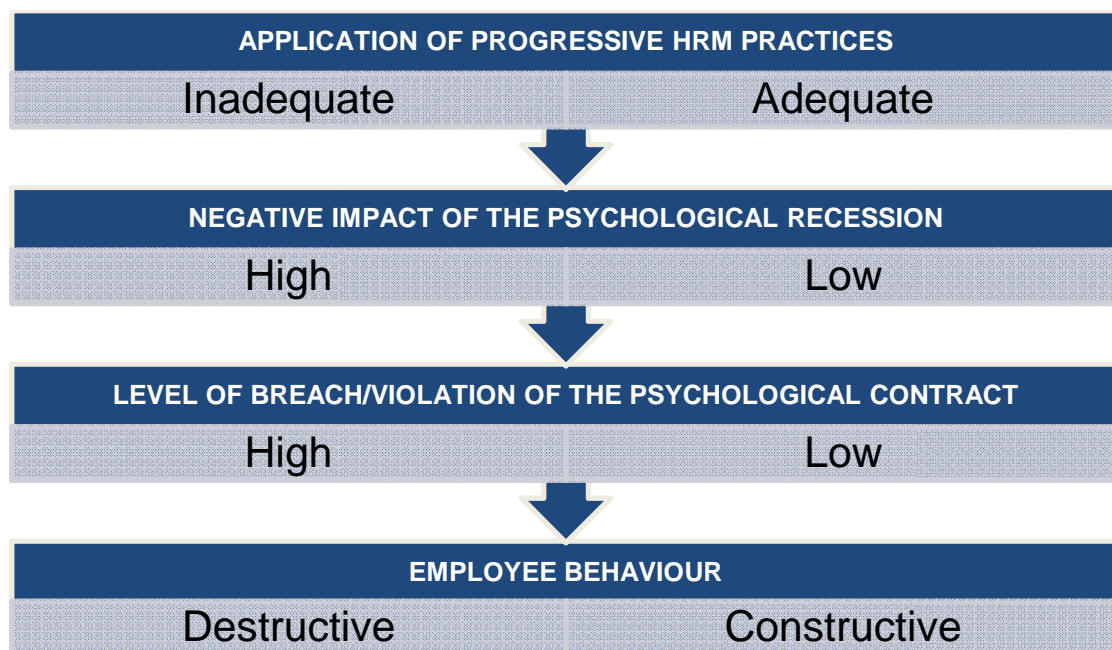


Figure 5.1: A Model Integrating the Main Components of the Study

Figure 5.1 depicts a model that integrates the main components of the present study. As this model was aligned with the research questions, objectives and hypotheses, the model proposes the following:

- When there is adequate application of progressive HRM practices, the negative impact of the psychological recession may be reduced;
- When there are a greater presence and application of progressive HRM practices, the psychological contract may be less fragile and prone to breach and/or violation;
- When employees enjoy a greater presence and application of progressive HRM practices, they may have a greater tendency to display constructive behaviours;
- When there is a greater negative impact of the psychological recession, the psychological contract may become more fragile and prone to breach and violation;
- When there is a greater negative impact of the psychological recession, employees may have a greater tendency to display destructive behaviours at work;
- When employees' psychological contracts are violated and/or breached, they may have a greater tendency to display destructive behaviours at work.

To summarise, Figure 5.1 demonstrates that the negative impact of the psychological recession may be reduced when there is a greater presence and adequate application of progressive HRM practices. This may contribute to the maintenance and protection of the psychological contract, making it less prone to violation and/or breach, which may result in constructive employee behaviours.

### 5.3 RESEARCH METHOD AND DESIGN

Mouton and Marais (1988) define research as a collaborative human activity in which social reality is studied objectively with the aim of gaining a valid understanding of it.

Collis and Hussey (2009) state that research can be classified according to its purpose. These include exploratory, descriptive, analytical and predictive studies. Table 5.1 shows this classification and provides examples.

Table 5.1: Definitions and Examples of Research Classified by Purpose (Adapted from Collis and Hussey, 2009).

TYPE OF RESEARCH	DEFINITION	EXAMPLE
<b>Exploratory</b>	Conducted into a research problem or issue when there are very few or no earlier studies to which we can refer for information about the issue or problem.	An interview survey among clerical staff in a particular office to find out what motivates them to increase their productivity (that is, to see if a research problem can be formulated).
<b>Descriptive</b>	Conducted to describe phenomena as they exist.	A description of how the selected clerical staff is rewarded and what measures are used to record their productivity levels.
<b>Analytical/Explanatory</b>	A continuation of descriptive research as the researcher goes beyond merely describing the characteristics, to analysing and explaining why or how the phenomenon is happening	An analysis of any relationships between the rewards given to the clerical staff and their productivity levels.
<b>Predictive</b>	Goes even further than explanatory research by aiming to generalise from the analysis by predicting certain phenomena on the basis of hypothesised, general relationships.	A forecast of which variables should be changed in order to bring about a change in the productivity levels of clerical staff.

The chosen research design namely survey research falls within the wider categorisation of descriptive research. Neuman (2006) supports this by stating that descriptive researchers use most data gathering techniques such as surveys, field research, content analysis, and historical-comparative research (Neuman, 2006).

The present study was descriptive in nature as it aimed to identify and obtain information on the characteristics of a particular problem. This study also painted a picture by using words and numbers to answer various research questions such as who, when, and how.

Research design, according to Malhotra (2007), can be defined as a framework or blueprint for conducting the research project. It specifies the details of the procedures required for obtaining the information necessary to structure and/or solve the research problems.

Researchers often confuse the two concepts “research design” and “research methodology”. The research design refers to a plan or blueprint of how the research will be conducted. Research methodology, on the other hand, can be defined as the methods, techniques, and procedures that are employed in the process of implementing the research design, as well as the underlying principles and assumptions that underlie their use (Babbie & Mouton, 2001). The key differences between research design and research methodology are listed in table 5.2.

Table 5.2: The Key Differences between Research Design and Research Methodology (Adapted from Babbie and Mouton, 2001).

RESEARCH DESIGN	RESEARCH METHODOLOGY
<b>Focuses on the end-product:</b> What kind of study is being planned and what kind of results are aimed at.	Focuses on the research processes and the kind of tools and procedures to be used.
<b>Point of departure:</b> Research problem or question.	Point of departure: Specific tasks (data collection or sampling) at hand.
<b>Focuses on the logic of research:</b> What kind of evidence is required to address the research question adequately?	Focuses on the individual steps in the research process and the most unbiased procedures to be employed.



There are many approaches to research methods. According to Babbie and Mouton (2001), the quantitative approach includes the following themes:

- An emphasis on the quantification of constructs by assigning numbers to the perceived qualities of things.
- A related topic concerns the central role of variables in describing and analysing human behaviour. This is also known as variable analysis.
- The central role afforded to control for sources of error in the research process. The nature of the control is either through experimental control or through statistical controls.

The qualitative approach, on the other hand, focuses on studying human action from the insiders' perspective. The goal of research is defined as describing and understanding rather than the explanation and prediction of human behaviour. The emphasis is on the methods of observation and analysis such as unstructured interviews, participant observation, and the use of personal documents (Babbie & Mouton, 2001). Table 5.3 shows the key differences between quantitative and qualitative research approaches.

Table 5.3: Quantitative versus Qualitative Research Approaches (Adapted from Neuman, 2006).

QUANTITATIVE APPROACH	QUALITATIVE APPROACH
Measure objective facts	Construct social reality, cultural meaning
Focus on variables	Focus on interactive processes and events
Reliability is key	Authenticity is key
Value free	Values are present and explicit
Theory and data are separate	Theory and data are fused
Independent of context	Situationally constrained
Many cases and subjects	Few cases and subjects
Statistical analysis	Thematic analysis
Researcher is detached	Researcher is involved

With regards to the psychological contract, a number of research methods and designs have been used to research the psychological contract, and the field is mostly dominated by cross-sectional questionnaire surveys.

Conway and Briner (2005) examined 56 empirical studies and found that about 70% were based on cross-sectional questionnaire studies, 20% on longitudinal questionnaire surveys, and a small 10% on qualitative data from participant interviews.

Cross-sectional research projects are designed to study some phenomenon by taking a cross-section of it at the time and analysing that cross-section carefully, where longitudinal projects are designed to permit observations over an extended period (Babbie & Mouton, 2001).

Most survey approaches to researching the psychological contract typically consist of samples drawn from a single organisation, and use self-report questionnaires to measure constructs such as breach and behavioural outcomes (Conway & Briner, 2005). A similar framework was adopted for the present study, where the sample consisted of employees working at the same organisation, and a questionnaire as the research instrument to measure various constructs. A quantitative research design was used for the purpose of the study.

#### **5.4 DESCRIPTION OF THE SAMPLE AND SAMPLING TECHNIQUE**

The availability of a range of resources such as finances, trained fieldworkers and time makes it difficult and challenging to survey every component of a population. It is therefore more suitable to use samples, as opposed to censuses to collect data on a given population. A sample may prove just as effective as a census, given that the sample is large enough, representative and that valid statistical methods and procedures are used (Singh, 2007). It is important to draw a distinction between a sample and a population. A sample can be defined as a finite part of a statistical population whose properties are used to make estimates about the population as a whole (Singh, 2007).

A population, on the other hand, can be defined as a group of individuals, objects, or items from among which samples are taken for measurement (Singh, 2007). To summarise this section, one draws a sample to overcome the abovementioned constraints in terms of resources.

The population for the research survey must be carefully chosen and clearly delineated. Measurable limits also need to be determined in order to set distinct limits for the population.

#### **5.4.1 DESCRIPTION OF THE SAMPLE AND DEMOGRAPHIC VARIABLES**

The study was conducted at a local poultry producer in the Eastern Cape. The organisation is currently South Africa's fourth largest poultry producer, and the company's products are packed under various brands which serve different markets. The company also boasts with poultry sales of R1.11 billion per annum, has a production capacity of 8 500 tons of poultry products per month, and provides employment for 2 500 people. According to the organisation's 2011 Annual Report, the company is the third largest provider of employment in the Nelson Mandela Metropolis.

During 2010 poultry prices declined due to the soccer World Cup, the stronger Rand, a substantial increase in imports and an increase in national production. These factors led to an oversupply of poultry. The high cost of feed ingredients, electrical and other services-type costs and high import levels are growing concerns for the organisation. According to the Gauteng Enterprise Propeller (2010), dramatic feed price increases have been the result of the rising prices of maize and soya, the main raw materials in poultry feed. As these feed costs continue to increase, profit margins are getting smaller (Gauteng Enterprise Propeller, 2010). It is evident that the organisation has been severely impacted by the economic recession.

With regards to organisational structure, the organisation is separated into four profit centres in order to bring focus to margin realisation through both selling and producing the optimum product mix, as well as resolving costs, throughput and yield issues. These profit centres include the following:

- Manufacturing and processing
- Agriculture and Supply
- Sales and Marketing
- Group Services

The target population of this study consisted of all permanent employees who were employed under the Group Services profit centre. After careful consideration, it was decided to only include permanent and higher-level employees, as the majority of lower-level production and agriculture contract employees had difficulty interpreting and completing the questionnaires. This was due to poor literacy levels of these staff members. The Group Services profit centre, however, consisted of higher-level staff with formal qualifications. This cluster of employees had no difficulty interpreting and completing the questionnaires.

Permanent employees also hold a different psychological contract with their organisation (Conway & Briner, 2005). As psychological contracts consist of both transactional and relational components, Conway and Briner (2005) believe that non-permanent employees will have a predominantly transactional psychological contract. Permanent employees, on the other hand, join an organisation with the expectation of a long and close relationship with it (McDonald & Makin, 2000).

These employees have a more relational psychological contract with the organisation. According to a research study by Grimmer and Oddy (2007), people with a greater degree of relational-type expectations in their psychological contracts were more disappointed by contract violations than individuals with a greater degree of transactional-type expectations.

Thus the implication is that violation has a greater impact on the attitudes and behaviour for those with a higher percentage of relational versus transactional psychological contracts. The Group Services profit centre had a total staff headcount of 69 employees at the time of the survey, and consisted of the following support functions:

- Finance
- Information Technology (IT)
- Corporate Communications
- Supply Chain
- Enterprise Risk Management

During July 2010 the company embarked on an aggressive cost cutting drive and retrenched a total of 34 employees as part of the exercise. The majority of affected employees were employed under the Group Services profit centre, according to payroll data. The demographics of the sample drawn are a good representation of the organisation's demographics. Table 5.4 shows the frequency distribution of the demographic variables of the sample.

Table 5.4: Frequency Distribution of Demographic Variables of the Sample (n=52)

DEMOGRAPHIC VARIABLE	FREQUENCY	PERCENTAGE
<b>GENDER (n=52)</b>		
Male	23	44%
Female	29	56%
<b>Total</b>	<b>52</b>	<b>100%</b>
<b>HOME LANGUAGE (n=52)</b>		
Afrikaans	26	50%
English	18	35%
Xhosa	7	13%
Other	1	2%
<b>Total</b>	<b>52</b>	<b>100%</b>
<b>AGE (n=52)</b>		
20 to 29	11	21%
30 to 39	25	48%
40 to 49	11	21%
50 to 59	5	10%
<b>Total</b>	<b>52</b>	<b>100%</b>
<b>SKILL LEVEL (n=52)</b>		
Top Management	1	2%
Senior Management	5	10%
Professional Management	17	33%
Skilled Technician	15	29%
Semi-skilled	13	25%
Unskilled	1	2%
<b>Total</b>	<b>52</b>	<b>100%</b>

The gender distribution reflects a normal trend where there are slightly more females (56%) than males (44%), which is reflective of payroll data for the Group Services profit centre. The large proportion of Afrikaans speakers (50%) denoted in table 5.4 reflects the predominantly white and coloured composition of the organisation's demographics.

With regards to the age distribution, table 5.4 indicates that the vast majority of respondents range between the ages of 30 to 39 years (48%). It is evident from table 5.4 that the majority of the sample are skilled individuals, as 33% of the sample forms part of the professional management cluster. A minor 2% of the sample formed part the unskilled staff cluster.

#### **5.4.2 THE SAMPLING METHOD**

There are two main approaches to sampling in social research: nonprobability and probability sampling. In nonprobability sampling members are selected from the population in a non-random manner, and qualitative researchers tend to use this sampling approach (Neuman, 2006). The types of nonprobability samples include haphazard sampling, quota sampling, purposive sampling, snowball sampling, deviant case sampling, sequential sampling and theoretical sampling (Neuman, 2006).

With regards to probability sampling, each member of the population has a known non-zero probability of being selected. Methods of probability sampling include simple random sampling, systematic sampling, stratified sampling, and cluster sampling (Collis & Hussey, 2009).

Neuman (2006) states that random samples are most likely to yield a sample that truly represents the population and allows a researcher to statistically calculate the relationship between the sample and the population.

An unbiased sample can be described as one that represents every section of a population in the same proportion as the population. The sample would be biased if a researcher chooses members of the population, ask for volunteers, or offer financial inducements to attract participants (Collis & Hussey, 2009).

With regards to the present study, random sampling was used in order to help ensure an unbiased sample population. None of the respondents who were employed under the Group Services profit centre were specifically chosen to participate in the research study, as respondents were invited and the decision to participate rested with them. Completing the questionnaire signified implicit consent by the respondents.

### **5.4.3 SAMPLE SIZE**

Sample size, according to Neuman (2006), can be addressed in two ways. One is to make assumptions about the population and use statistical equations about random sampling processes. A second method involves rule of thumb – a conservative and commonly accepted amount. Most researchers use this approach (Neuman, 2006). The larger the sample, the better it will represent the population. In questionnaire surveys, it is important to take into consideration the response rate (Collis & Hussey, 2009).

For the present study, the Group Services profit centre consisted of a total headcount of 69 employees at the time of the survey. Questionnaires were distributed to all 69 employees and a total of 52 completed questionnaires were returned and captured for analysis. This represents a response rate of 75.3 per cent, which is acceptable in an investigation of this scope.

## **5.5 DATA COLLECTION**

This section describes the process of preparing and collecting data applied in the empirical research. The design and structure of the research instrument are also outlined and discussed.

### **5.5.1 RESEARCH INSTRUMENT**

The researcher used a self-administered questionnaire for the purpose of data collection. The questionnaires also included clear instructions regarding completion. According to Conway and Briner (2005) questionnaire surveys are by far the most commonly used method in psychological contract research.

The majority of psychological contract measures are framed in terms of obligations and promises and are completed from an employee's perspective (Conway & Briner, 2005).

The researcher aimed to measure employees' perceptions of the psychological contract by focusing on the following constructs:

- The presence and application of progressive HRM practices;
- Psychological contract breach and violation;
- Constructive and destructive employee behaviour (EVLN typology and OCB); and
- The psychological recession.

### **5.5.2 ADMINISTRATION OF THE QUESTIONNAIRE**

Upon ethics approval (H2010 BUS HR 14), questionnaires were distributed door-to-door to the target population for completion. A cover letter explaining the procedure and instructions to complete questionnaires was attached. Furthermore, return envelopes were attached to the questionnaire and cover letter, and respondents were instructed to put completed questionnaires into the envelopes. This method has been time-consuming, but ensured more confidentiality, anonymity and a higher response rate, since certain questionnaire items contained sensitive wording, which may have tempered the response rate. During the data collection process, some employees voiced their concerns of being victimised, due to the sensitive wording of some questionnaire items, particularly in the areas of psychological contract breach and violation. Reassuring respondents of confidentiality and anonymity was crucial during this stage.

A period of two weeks was allowed for completion of the questionnaire. This was to ensure that the questionnaires would not be forgotten in the midst of pressing business operations. The researcher also sent out email notifications to remind employees about the questionnaires and procedure for completion. According to Bickman and Rog (1998) reminders are the single most important technique for producing high response rates. This has proven to be effective during the data collection phase.



All respondents were promised confidentiality of their responses, and no specific identifying information was requested. Furthermore, respondents were requested to return all completed questionnaires directly to the researcher before the stipulated date.

### **5.5.3 QUESTIONNAIRE STRUCTURE AND DESIGN**

A Likert-type rating scale with an unequal 1 – 5 agreement format was selected. One major advantage of using a Likert scale is that it is easy to construct and administer, as respondents readily understand how to use the scale (Malhotra, 2007).

Closed format questions were used throughout the questionnaire. The questionnaire (see Appendix A) has been structured in the following manner:

- Section A: Biographical information
- Section B: HRM practices
- Section C: Psychological contract breach
- Section D: Psychological contract violation
- Section E: EVLN instrument
- Section F: Organisational citizenship behaviour
- Section G: Psychological recession

Measures from various authors were utilised to design a questionnaire that measured the abovementioned constructs. These will now be discussed in more detail. A copy of the questionnaire is appended.

#### **5.5.3.1 HRM PRACTICES**

The questionnaire for the present study incorporated the seven principal HRM practices used in the survey undertaken by the CIPD (Guest & Conway, 2004). The seven HRM practices that were measured included the provision of interesting work; internal recruitment; involvement practices; opportunities for training; opportunities to express views; formal performance appraisals and performance-related pay. Respondents were asked whether a particular aspect of HR is applied in their organisation or not.

Questions focused on the following aspects:

- The degree to which employees feel they have sufficient opportunities to express their views on issues and concerns at work.
- The degree to which employees feel that they are directly involved in activities designed to enable them to contribute to decision-making, and to make improvements at work.
- Whether employees have been offered training and development to update their skills in the past twelve months.
- Whether employees' personal performance has been assessed to their satisfaction during the past year.
- The extent to which employees believe that their employer tries to make their job as interesting and varied as possible.
- The extent to which employees believe that most vacancies are filled from within the organisation, a factor, according to Guest and Conway (2004) is likely to enhance commitment and a greater inclination to stay with the organisation.
- Whether individuals' pay is linked to their performance.

#### **5.5.3.2 PSYCHOLOGICAL CONTRACT BREACH AND VIOLATION**

Breach and violation were measured by drawing on the work of Robinson and Morrison (2000). These statements were measured on a five-point Likert scale. Generally, measures of breach focus on whether employees believe that their employer has kept their side of the contract through asking respondents about the extent to which their employer has fulfilled certain promises made to them (Conway & Briner, 2005). In order to measure violation, this section focused on emotional aspects such as betrayal, frustration and anger towards the organisation.

### **5.5.3.3 CONSTRUCTIVE AND DESTRUCTIVE EMPLOYEE BEHAVIOUR (MEASURING EXIT, VOICE, LOYALTY AND NEGLECT)**

When psychological contracts are violated, employees respond by engaging in different behaviours. In some studies the loyalty response is used completely as an attitude, while other studies view the loyalty response solely as a behavioural response. Some findings underlie the necessity of a distinction between loyalty as an attitude and loyalty as a behaviour.

One proposed way of making this distinction is to label loyalty behaviour as patience, and the loyalty attitude as loyalty (Leck & Saunders, 1992). For the present study, the Hagedoorn et al. (1999) modified EVLN instrument was utilised. Statements were rated on a five-point Likert scale. Chronbach's coefficient alphas ranged from .69 to .92. According to Nunally (1978), coefficient values above the threshold value of 0.7 are sufficient proof of the reliability of the applicable scale scores, whereas coefficient alphas above 0.5 can be regarded as acceptable for basic research.

Concurrent validity was tested by determining the correlations between job satisfaction and the five different responses. Job satisfaction promoted "considerate voice" and "patience", but suppressed "aggressive voice", "neglect" and "exit" (Liljegren, 2008).

### **5.5.3.4 ORGANISATIONAL CITIZENSHIP BEHAVIOUR**

The organisational citizenship measure for the present study was developed by Podsakoff, Mackenzie, Moorman, and Fetter (1990). This measure uses 24 items to describe the five dimensions of organisational citizenship behaviour. These include altruism, conscientiousness, sportsmanship, courtesy, and civic virtue.

All items can be combined to form a single measure of organisational citizenship behaviour (Pillai, Schriesheim, & Williams, 1999). Coefficient alpha values ranged from .67 to .91 for altruism, .76 to .89 for sportsmanship, .69 to .86 for courtesy, and .66 to .90 for civic virtue. Alpha for conscientiousness was .79.

Coefficient alpha for the single Organisational Citizenship Behaviour scale was .94 (Fields, 2002). Exploratory factor analysis indicated that the items loaded on the five dimensions as expected. Furthermore, confirmatory factor analysis also found that the structure of the dimensions was the same across samples from Hong Kong, Japan, Australia, and the United States (Fields, 2002).

#### **5.5.3.5 THE PSYCHOLOGICAL RECESSION**

As discussed in chapter three, the current global economic downturn contributes to the creation of a psychological recession, and it can be defined as an emotional state in which people feel extremely vulnerable to economic hardship, leading to a negative and cynical view of the present and an even bleaker view of the future (Roche, 2007). For the present study, statements were formulated and rated on a five-point Likert scale in order to measure the following:

- Whether the organisation has retrenched employees in the last two years;
- Perceptions around job security;
- Whether employees perceive the world as a risky place;
- Whether employees feel that their workloads are too heavy;
- Constant organisational changes;
- Job stability;
- Negative perceptions around South Africa's future;
- Depression;
- General anxiety as a result of the economic recession; and
- Trust between the employee and the organisation.

These items are directly related to the core characteristics of the psychological recession, as previously defined and discussed in chapter three.

## 5.6 RELIABILITY AND VALIDITY

Measurements can be made with changing degrees of precision and accuracy. When constructing and evaluating measurements, special attention must be paid to reliability and validity. The next sections will discuss these two concepts into greater detail.

### 5.6.1 RELIABILITY

Reliability can be defined as that quality of measurement methods that suggests that the same data would have been collected each time in repeated observations of the same event (Babbie 2010). In essence, reliability is concerned with whether a particular technique, when applied repeatedly to the same object, yields the same result each time. Reliability is important because of consistency of measurement.

Punch and Punch (2005) state that all measures do have a degree of unreliability. Even physical measurement does not produce exactly the same measures of the same object at two different points in time, as error variance is present wherever measurement is involved (Punch & Punch, 2005).

According to Bernard (2000), there are several tests for reliability. These involve the following (Bernard, 2000):

- **Interobserver reliability** that assess the degree to which different raters/observers give consistent estimates of the same phenomenon.
- **Test-retest reliability** that assess the consistency of a measure from one time to another.
- **Parallel-forms reliability** that is used to assess the consistency of the results of two tests constructed in the same way from the same content domain.
- **Internal consistency reliability** that is used to assess the consistency of results across items within a test.

According to Babbie (2010) another way to ensure reliability in obtaining information from people is to use measures that have proved their reliability in previous research. The present study used measures from various authors that have proved their reliability in previous research (i.e. HRM practices, psychological contract breach and violation, the EVLN instrument, and organisational citizenship behaviour).

With regards to internal consistency, Cronbach's alpha is a coefficient of reliability commonly used as a measure of reliability for a sample of respondents. Reliability of the summated scores calculated in the present study was determined by calculating Cronbach's coefficient alphas for all sections in the questionnaire.

From Table 5.5 it can be deduced that all scales had Cronbach coefficient alphas above the threshold value of 0.7 which, according to Nunally (1978), is sufficient proof of the reliability of the applicable scale scores, whereas coefficient alphas above 0.5 can be regarded as acceptable for basic research.

Table 5.5: Cronbach Coefficient Alphas (n=52)

<b>QUESTIONNAIRE SECTION</b>	<b>CODE</b>	<b>CRONBACH'S <math>\alpha</math></b>
<b>HRM Practices</b>	FB	0.81
<b>Psychological Contract Breach</b>	FC	0.78
<b>Psychological Contract Violation</b>	FD	0.95
<b>Exit</b>	FE.1	0.90
<b>Considerate Voice</b>	FE.2	0.94
<b>Patience</b>	FE.3	0.90
<b>Aggressive Voice</b>	FE.4	0.81
<b>Neglect</b>	FE.5	0.96
<b>Altruism</b>	FF.1	0.96
<b>Conscientiousness</b>	FF.2	0.91
<b>Sportsmanship</b>	FF.3	0.95
<b>Courtesy</b>	FF.4	0.97
<b>Civic Virtue</b>	FF.5	0.89
<b>The Psychological Recession</b>	FG	0.88

In a similar study conducted by Theron and Dodd (2011), identical measures were utilised and also produced favourable Cronbach coefficient alphas (n=100). The section “Organisational Restructuring” is characterised by a psychological recession and the items are similar to those of a psychological recession. These coefficients are shown in table 5.6.

Table 5.6: Cronbach Coefficient Alphas (n=100) (Adapted from Theron and Dodd, 2011).

MEASURE	CRONBACH'S $\alpha$
HRM Practices	.78
Psychological Contract Breach	.84
Psychological Contract Violation	.96
Organisational Restructuring	.81

### 5.6.2 VALIDITY

According to Babbie (2010) validity can be defined as a term describing a measure that accurately reflects the concept it is intended to measure. In other words, validity refers to whether the measure measures what it is supposed to measure. Bernard (2000) states that there is no direct way to evaluate the validity of an instrument for measuring a concept. Tests for face validity, content validity, construct validity, and criterion validity may assist researchers to determine whether a measure is valid (Bernard, 2000).

These forms of validity, according to Bernard (2000), can be defined as follow:

- **Face validity** involves simply looking at the operational indicators of a concept and deciding whether or not the indicators make sense.
- **Content validity** is achieved when a research instrument has appropriate content for measuring a complex concept or construct.
- **Construct validity** focuses on how well a measure conforms to theoretical expectations.
- **Criterion-related validity** compares an indicator with another measure of the same construct in which the researcher has confidence.

The present study made use of content and construct validity where the implemented measurement instrument, being the questionnaire, required specific feedback from respondents based on their behaviours, emotions, and perceptions in their current work environment. The content of the questionnaire required specific feedback on the employee's perceptions of whether their organisation successfully implements progressive HRM practices. Furthermore, the questionnaire also measured employees' overall assessment of the psychological contract they hold with their organisation, which may influence their behaviour and attitudes.

In addition to the above, the questionnaire was given to a statistician to evaluate it for face and content validity as well as for investigative bias, conceptual clarity, and correct wording of questionnaire items.

## **5.7 ETHICAL CONSIDERATIONS**

Many universities have their own research ethics policies and principles. The American Psychological Association (APA) also established their own research ethics policies pertaining to social science research. The researcher considered the following ethical aspects to reassure respondents that all information be treated in a strong ethical manner.

### **5.7.1 VOLUNTARY PARTICIPATION (INFORMED CONSENT)**

Respondents were not forced or coerced into taking part in the present study. Furthermore, no financial or other material rewards to induce respondents to take part in the study were offered, as this may lead to biased results (Collis & Hussey, 2009).

A statement that explained the aspects of the research study to participants and asked for their voluntary agreement to participate was included in the questionnaire cover letter, signed by the CEO of the organisation. According to Neuman (2006), previous studies found that assuring confidentiality modestly improved responses when researchers asked about highly sensitive topics.



With regards to the present study, this step was crucial due to the sensitive wording of some items, and to alleviate respondents' fear of being victimised at work. The CEO was therefore asked to sign the questionnaire cover letter, in order to show employees that there was top management support for the study.

### **5.7.2 PERMISSION TO CONDUCT THE STUDY**

Permission to conduct the study was requested from the CEO at the organisation. Appendix B contains a copy of the questionnaire cover letter, where the CEO addressed all permanent staff members, explained the aspects of the study, and most importantly, encouraged them to participate in the study.

Approval from the ethics committee was obtained by firstly applying to the faculty RTI and secondly, obtaining ethics approval at the organisation researched. The research was undertaken only after ethics approval from the faculty RTI was obtained and an ethics serial number had been issued by the committee (H2010 BUS HR 14).

### **5.7.3 ANONYMITY**

Anonymity can be described as the ethical protection that participants will remain nameless, and that their identity is protected from disclosure and remains unknown (Neuman, 2006). Giving respondents the opportunity to remain anonymous means assuring them that they will not be identified with any of the opinions they express (Collis & Hussey, 2009). Return envelopes were attached to the questionnaire and cover letter, and respondents were instructed to put completed questionnaires into the envelopes. This method ensured more confidentiality and anonymity during the questionnaire administration phase.

All respondents were promised anonymity and confidentiality of their responses, and no specific identifying information was requested. Furthermore, respondents had to return all completed questionnaires directly to the researcher before the stipulated date.

#### **5.7.4 CONFIDENTIALITY**

As confidentiality can be described as the ethical protection for those who are studied (Neuman, 2006), the research data was held in confidence and information was not released in a way that could link specific employees to specific responses. During the data analysis phase, data was presented only in aggregate form (i.e. percentages, frequencies, charts, tables, etc.).

#### **5.8 DATA ANALYSIS**

Both descriptive and inferential statistics were utilised for the data analysis. Descriptive statistics are statistical procedures that are used to simplify, organise and summarise data. Furthermore, descriptive statistics present data in a way that is informative in order to make sense of the recorded phenomena (Gravetter & Wallnau, 2005).

Researchers often want to do more than describe; they want to test hypotheses, know whether research results hold true in a population, and decide whether differences in results are substantial enough to indicate that a relationship exists (Neuman, 2006).

The hypotheses formulated and outlined previously are based on relationships and inferential statistics will provide a better interpretation and explanation of these results. This is because inferential statistics permit researchers to learn about the characteristics of the population based on the sample drawn. Furthermore, these statistics explain how variables are related to each other, rather than just suggesting a relationship (Gravetter & Wallnau, 2005).

## **5.9 CONCLUSION**

The contents of this chapter outlined the thorough research methodology applied in the present study. The researcher also made sure that there was proper alignment between the main problem, sub-problems, hypotheses, propositions and objectives in order to ensure a robust methodology.

The sample was drawn in a manner that ensured that it was thoroughly representative and unbiased. The instrument was robust and the Cronbach's alpha was well above the desired level for reliability.

Measures from various authors were utilised to design a questionnaire that measured the various constructs as accurately as possible. The next chapter will provide an exposition of the main findings of the study by discussing and interpreting the data gathered. The results are discussed in light of the conceptual and theoretical framework of the study.

## **CHAPTER 6**

### **RESULTS AND DISCUSSION**

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#### **6.1 INTRODUCTION**

In the previous chapter the research methodology that was adopted during the study was outlined and discussed in detail. The data collected from section A of the questionnaire (biographical data) was presented in chapter five and the aim of this chapter is to present and discuss the main findings by using descriptive and inferential statistics. The results of the responses to the measure will be discussed on a section by section basis. Furthermore, the outcomes of the hypotheses will be discussed under the inferential statistics section.

The below research results are organised and presented in tabular and chart form in the same order as the items appear in the questionnaire. Data was processed and analysed by using the Statistica software. Mr. Danie Venter, statistician at the Nelson Mandela Metropolitan University, assisted with the analysis and interpretation of the survey data.

The next section will present and discuss descriptive statistics for sections B – G. The results are discussed in light of the conceptual and theoretical framework of the study.

#### **6.2 DESCRIPTIVE STATISTICS**

The main aim of descriptive statistics is to extract useful information from unorganised data (Russo, 2003). Russo (2003) further states that descriptive statistics also involve numerical manipulations that can be used to describe and summarise the various data sets. Descriptive statistics also present data in a way that is informative in order to make sense of the recorded phenomena (Gravetter & Wallnau, 2005). Items that attracted the attention of the researcher were extracted and discussed in the next section. Relevant literature will be applied where applicable.

### 6.2.1 SECTION B: HUMAN RESOURCE MANAGEMENT PRACTICES

With regards to job enrichment practices, figure 6.1 shows that 19% of respondents strongly disagreed that there is a serious attempt in their organisation to make the jobs of people as interesting and as varied as possible. Furthermore, 40% of respondents disagreed with this statement. To summarise this item, most respondents (59%) felt that there is not a vital attempt to enrich and improve the jobs of employees, whereas a total of 18% of respondents felt that there is such an attempt made by the organisation. Job enrichment is the process of allowing employees to have more control in planning their work and deciding how work should be accomplished, and it allows individuals to feel appreciated for their contributions to the organisation (Paul, Niehoff & Turnley, 2000).

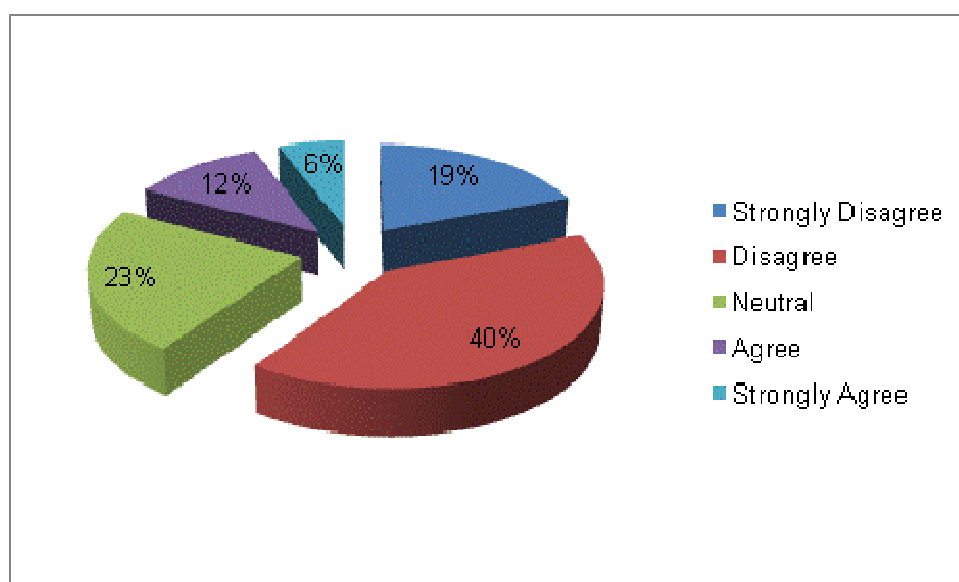


Figure 6.1: There is a serious attempt in my organisation to make the jobs of people like me as interesting and as varied as possible (n=52).

In a research article by Niehoff, Moorman, Blackley and Fuller (2001), the authors examined the relationship between managerial empowerment behaviours, perceptions of job enrichment, and loyalty behaviours of employees who have survived downsizing in an organisation. The results showed that empowerment does not have a direct effect on loyalty, but affects loyalty indirectly through job enrichment (Niehoff et al., 2001).

Downsizing may cause loyalty to diminish because layoffs are viewed as violations of the psychological contract, which in turn harm trust between employees and management. Research has also found that the extent to which jobs have been enriched after downsizing was a significant predictor of commitment to the organisation (Niehoff et al., 2001).

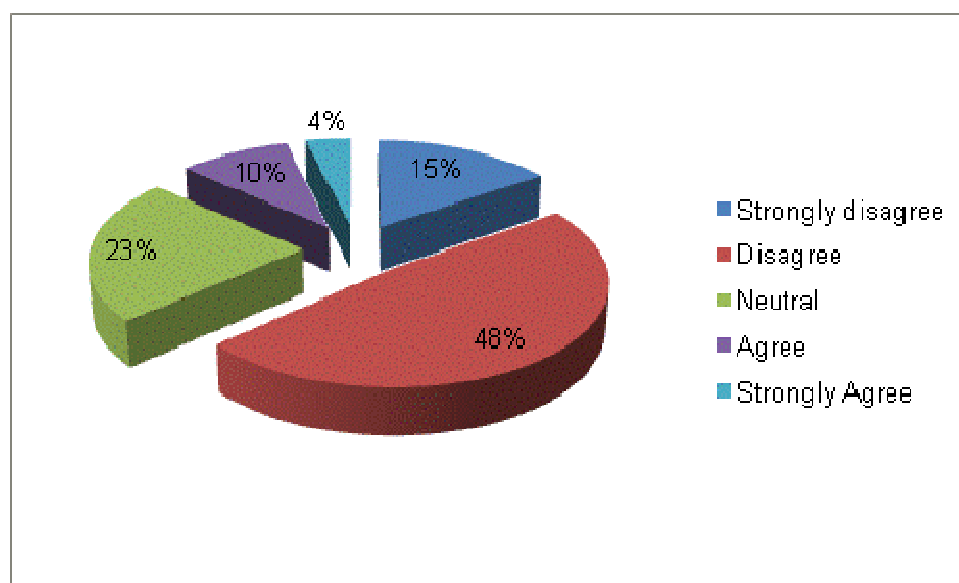


Figure 6.2: I have been personally involved in workplace decision-making such as things like self-directed work teams, total quality management and various involvement activities (n=52).

With regards to workplace involvement and empowerment practices, figure 6.2 shows that the majority of respondents (63%) indicated that they have not been personally involved in workplace decision-making. A minor 14% of respondents have been involved in such practices.

In an article by Paul, Niehoff and Turnley (2000), the authors suggest that introducing empowerment programmes create employee beliefs about opportunities for participation. Employees gain confidence in their capacity to contribute and in turn, their aspirations grow (Paul, Niehoff and Turnley, 2000).

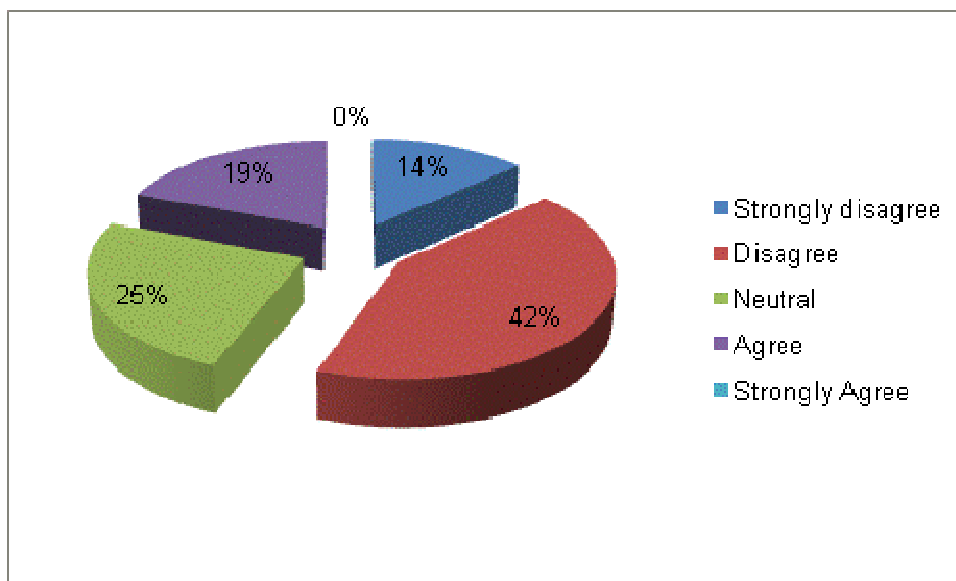


Figure 6.3: My organisation provides me with sufficient opportunities to express my views on issues and concerns at work (n=52).

Figure 6.3 shows that when respondents were asked whether their organisation provides them with adequate opportunities to express their views on issues at work, the majority of respondents (56%) disagreed with this statement. On the other hand, a minor 19% of respondents felt that the organisation provides them with the opportunity to express their views at work.

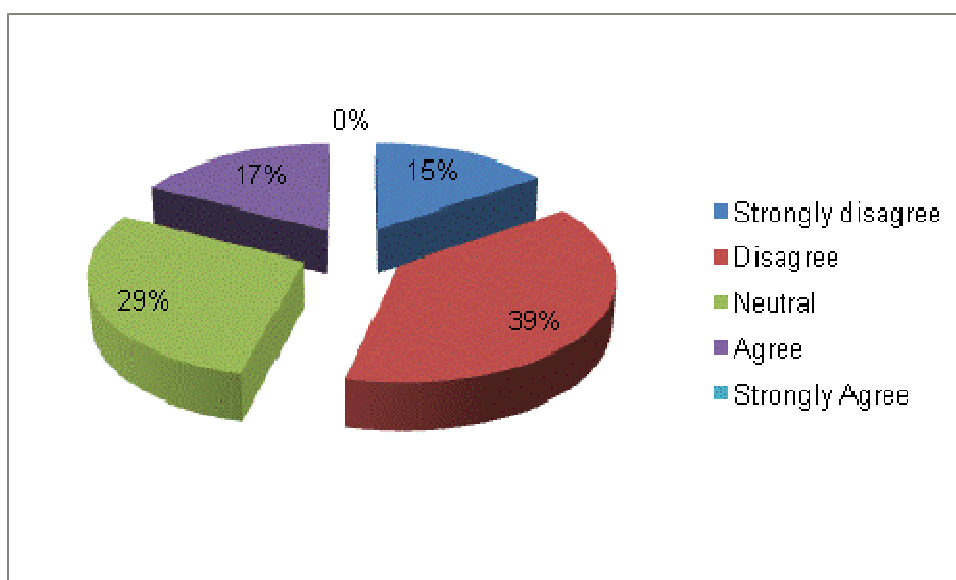


Figure 6.4: My personal performance has been appraised to my satisfaction during the past year (n=52).

With regards to performance management, figure 6.4 shows that 54% of respondents felt that their performance has not been appraised to their satisfaction during the previous year. A minor 17% of respondents agreed with this statement. To summarise this section, the majority of respondents felt not satisfied with their performance appraisal ratings, and according to Rousseau (1995), performance management feedback send valuable messages and signals to employees regarding what the organisation expects from them and what they can expect in return. Furthermore, performance reviews form part of the contract making process by ensuring that the parties involved are fulfilling their psychological contract towards each other (Aggarval & Bhargava, 2008).

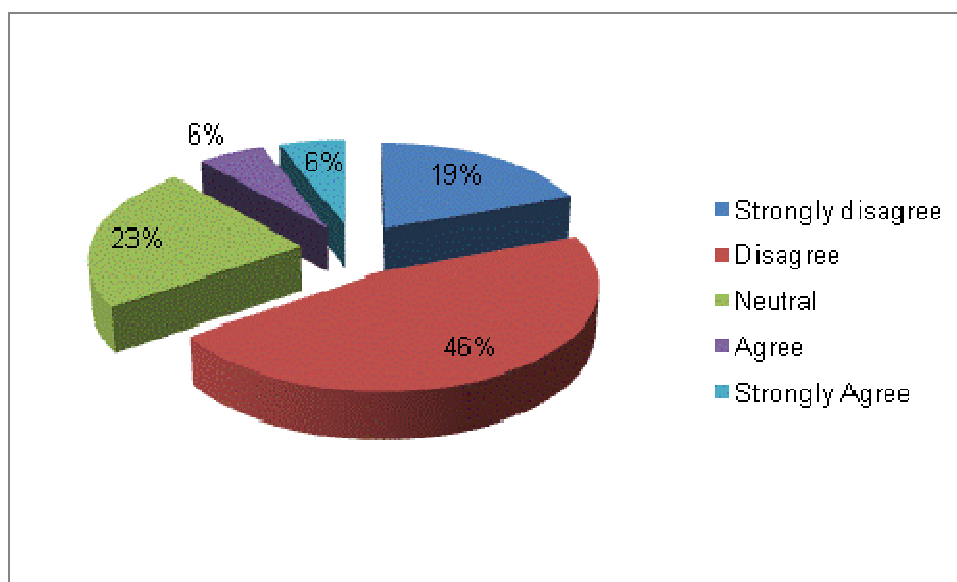


Figure 6.5: My pay is related to my personal performance through some sort of performance- or merit-related pay (n=52).

For performance-related pay practices, figure 6.5 shows that the majority of respondents (65%) indicated that their pay is not related to their personal performance. A meagre 12% agreed with this statement. This may be due to the top management cluster that was included in the sample. These employees may receive performance-related bonuses as part of their pay structure and performance management system.



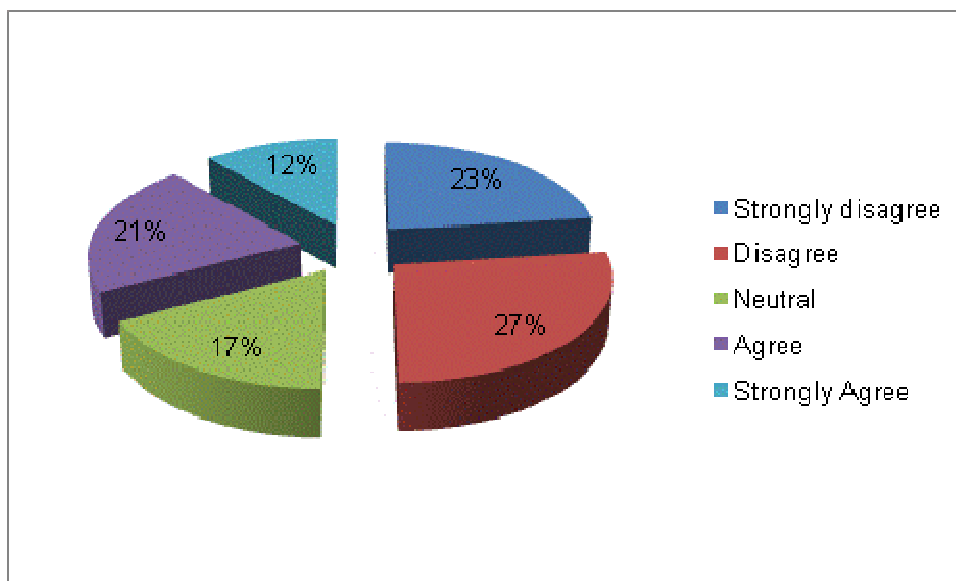


Figure 6.6: During the past 12 months my organisation offered me training and development such as on-the-job training or some sort of course or planned activity to update my skills (n=52).

With regards to training and development, figure 6.6 shows that the majority of the sample (50%) indicated that they have not been offered training and development, where only 33% have been offered training and development to update their skills. This low percentage may be due to inadequate performance appraisal and management practices, as developmental objectives of performance appraisals include the identification of training and development needs (Grobler et al., 2006).

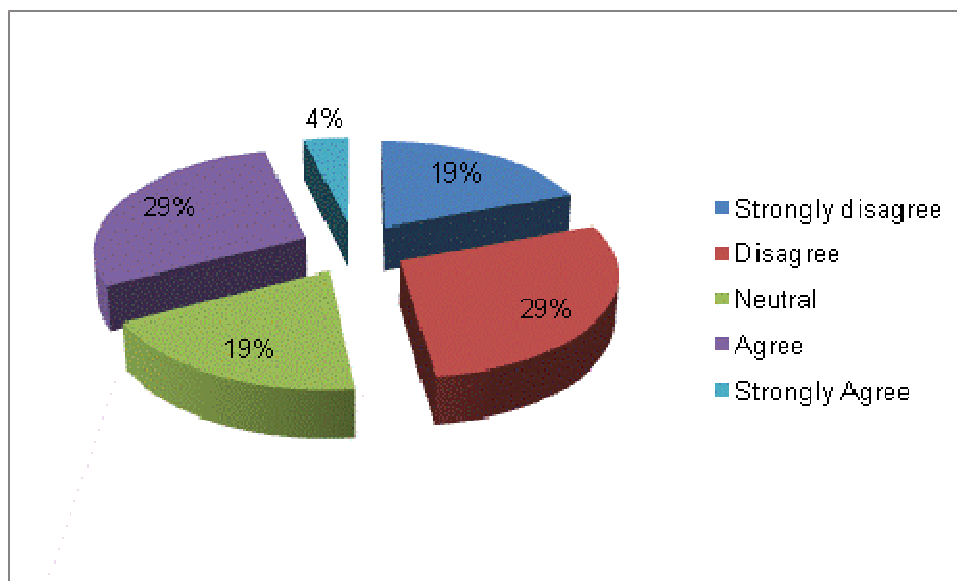


Figure 6.7: When new positions come up in the middle and senior levels of management, my organisation normally try to fill them with people from inside the company (n=52).

With regards to internal staffing practices, figure 6.7 shows that 48% of respondents indicated that when new positions come up in the middle and senior levels of management, the organisation does not fill them with people from inside the company. Conversely, 33% of respondents agreed with this statement. According to Guest and Conway (2004), internal staffing can boost commitment and a greater propensity to stay with the organisation. Furthermore, Grobler et al. (2006) state that emphasis on internal staffing practices presents potential advantages from the standpoint of employee commitment and satisfaction.

To summarise this section, the results indicate that there seems to be poor application of progressive HRM practices at the organisation researched. The interpretations that employees make of an organisation's HRM practices are relevant to their assessment of the fulfilment of their psychological contract. Favourable assessments of the psychological contract relate positively to constructive attitudes such as organisational commitment and citizenship behaviours (Guzzo & Noonan, 1994).

Similarly, less favourable assessments of the psychological contract's status make for less favourable attitudes and behaviours (Guzzo & Noonan, 1994). The next section will discuss descriptive statistics for items related to psychological contract breach.

### 6.2.2 SECTION C: PSYCHOLOGICAL CONTRACT BREACH

With regards to psychological contract breach, figure 6.8 shows a summary of the items and responses related to breach. Responses for the first two items were balanced. Figure 6.8 shows that 37% of respondents felt that their employer has broken many of its promises even though they have upheld their side of the psychological contract, where 50% of the sample disagreed with this statement.

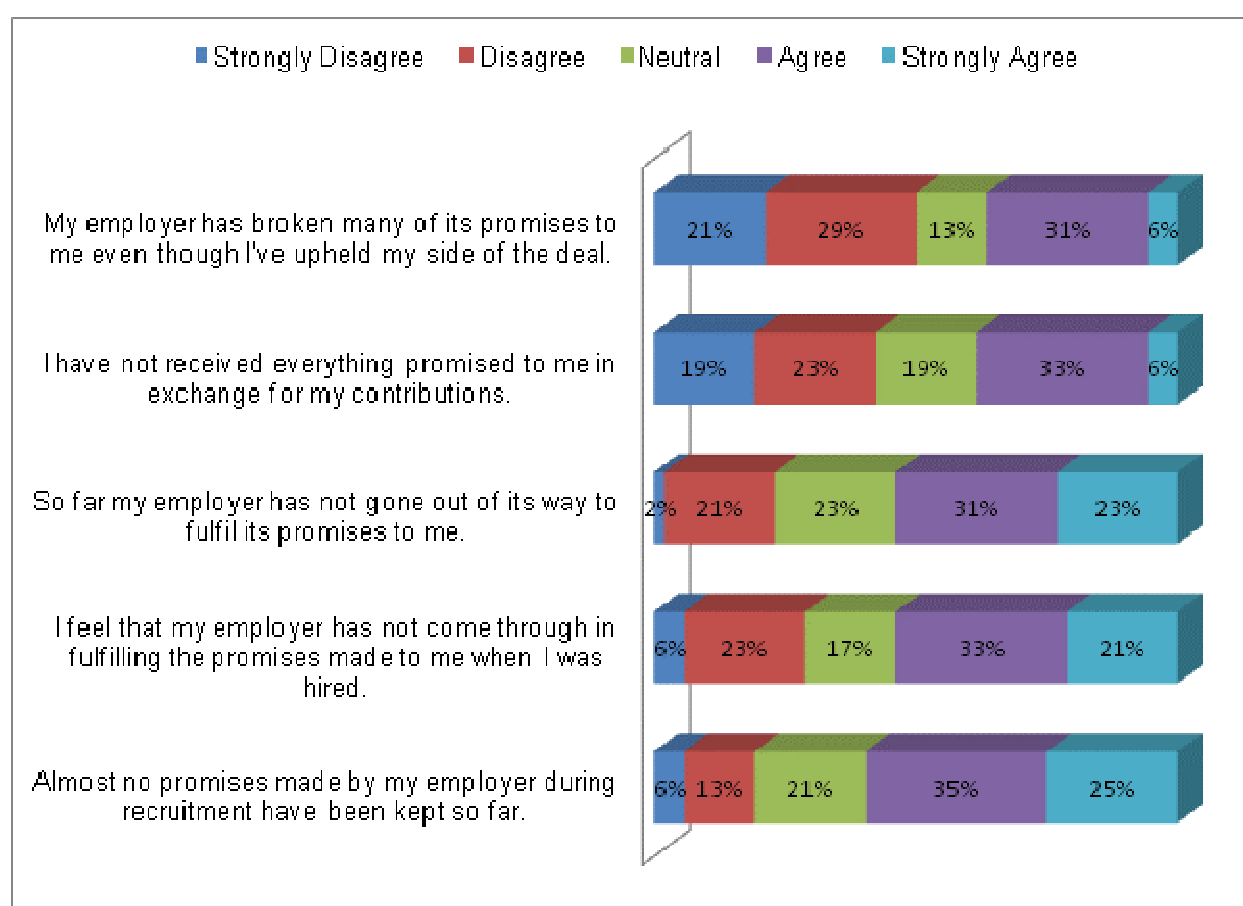


Figure 6.8: Psychological contract breach (n=52)

The majority of the sample (42%) indicated that they have received everything that was promised to them in exchange for their contributions. In addition to this, 39% of the sample felt that they have not received everything that was promised to them.

Furthermore, the majority of respondents (54%) felt that their employer has not come through in fulfilling the promises made to them when they were hired at the organisation. In contrast, 29% of the sample felt that promises were kept when they were hired. With regards to promises that were made during the recruitment and selection stage, 60% of the sample indicated that almost no promises have been kept. A minor 19% of the sample felt that these promises have been kept during recruitment.

To summarise this section, it is clear that breach has been reported by respondents. It is interesting to note that the majority of respondents felt that promises that have been made during the recruitment and selection stage, have not been kept. During the recruitment and selection process, the initial employee expectations are established (Makin, Cooper & Cox, 1996). The initial schemas that employees have when they begin the recruitment process will influence how they react if their expectations are not met (Aggarval & Bhargava, 2008).

According to Aggarval, Datta and Bhargava (2007), literature suggests that recruiters tend to portray jobs in more positive and favourable terms. Chances of psychological contracts being violated are therefore high as many of the expectations are set unrealistically high.

### 6.2.3 SECTION D: PSYCHOLOGICAL CONTRACT VIOLATION

As breaches of the psychological contract are perceived inconsistencies between what has been promised and what is delivered, violation refers to the affective reactions that may be experienced when breach is perceived (Conway & Briner, 2005).

For psychological contract violation, figure 6.9 shows that the majority of the sample (52%) indicated that they feel frustrated by the way they have been treated by their organisation. Conversely, 36% of the sample disagreed with this statement. With regards to contract violation, 39% of the sample felt that their organisation has violated their psychological contract. Only 34% of the sample felt that the organisation has not violated the psychological contract between them.

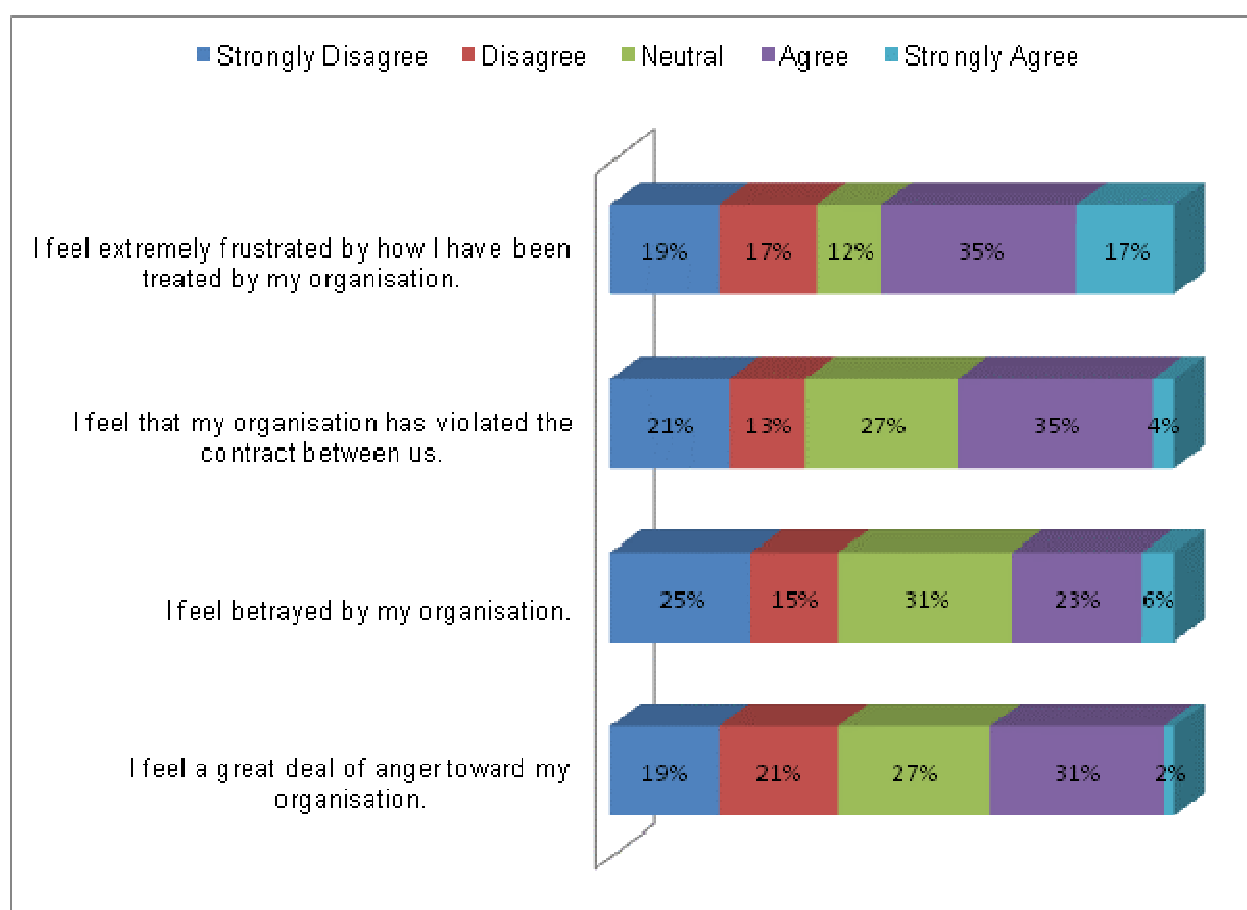


Figure 6.9: Psychological Contract Violation (n=52)

As violation of the psychological contract leads to a variety of emotional reactions, 29% of the sample felt betrayed by their organisation, where 33% of employees indicated that they feel angry toward their organisation. Based on the above results, it is clear that violation is present in the psychological contracts of employees.

#### **6.2.4 SECTION E: THE EXIT, VOICE, LOYALTY AND NEGLECT (EVLN) INSTRUMENT**

The next section will discuss the various items related to exit, voice, loyalty, and neglect under separate subheadings. Employees occasionally encounter a problem or a problematic event at work. This may be a difference of opinion with supervisors, frustrations with regard to the behaviour of co-workers, or dissatisfaction, for instance, about a schedule or a specific task assigned to do. Employees tend to react differently to these experiences.

For this questionnaire section, respondents were given several descriptions of possible reactions to problematic events at work. Respondents were then asked to indicate how likely it would be for them to react to problematic events in the described ways listed under the various subsections.

##### **6.2.4.1 EXIT**

Exit behaviour refers to behaviour that is directed toward leaving the organisation, including looking for a new position as well as resigning (Robbins & Judge, 2006). Employees terminate their relationship with the organisation by quitting their jobs (Liljegren, 2008). It can be observed from figure 6.10 that there seems to be strong exit behaviour directed towards the organisation. When responding to problematic events at work, the majority of the sample indicated that they would possibly:

- Change their field of work (52%),
- Look for job advertisements in newspapers (55%),
- Change employers (48%),
- Look for a job outside the field of poultry (46%), and
- Consider possibilities to change jobs (51%).

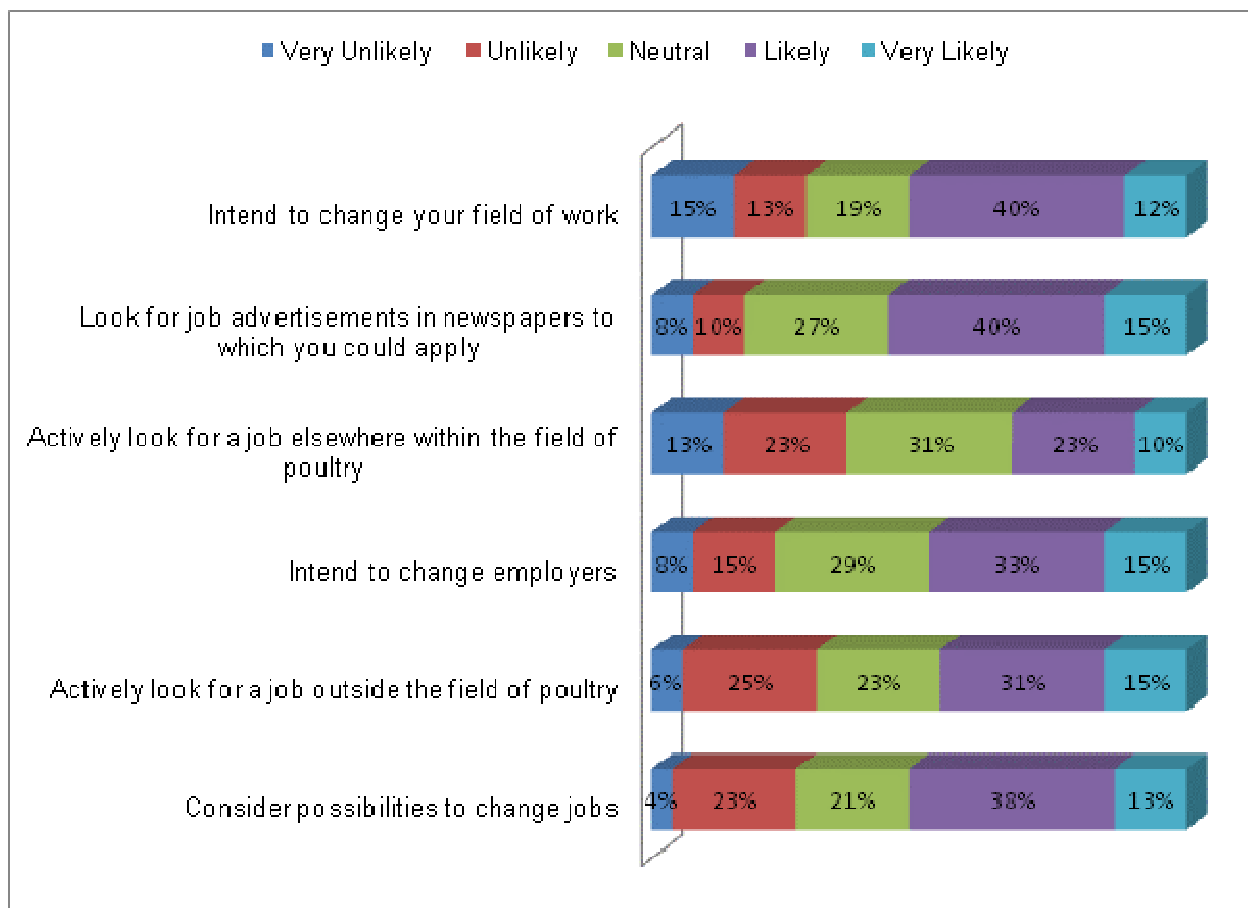


Figure 6.10: Employee Exit (n=52)

Responses for the item “Actively look for a job elsewhere within the field of poultry” were balanced, as 36% indicated that they would not look for jobs elsewhere within the field of poultry, where 31% felt neutral, and 33% of respondents felt that they would look for a job elsewhere within their current field of work (poultry).

#### 6.2.4.2 CONSIDERATE VOICE

According to Hagedoorn et al. (1999) there are two types of voice behaviour: aggressive and considerate. Considerate voice refers to attempts made by employees to solve the problem, considering their own concerns as well as those of the organisation (Hagedoorn et al., 1999). Figure 6.11 shows all items related to considerate voice.

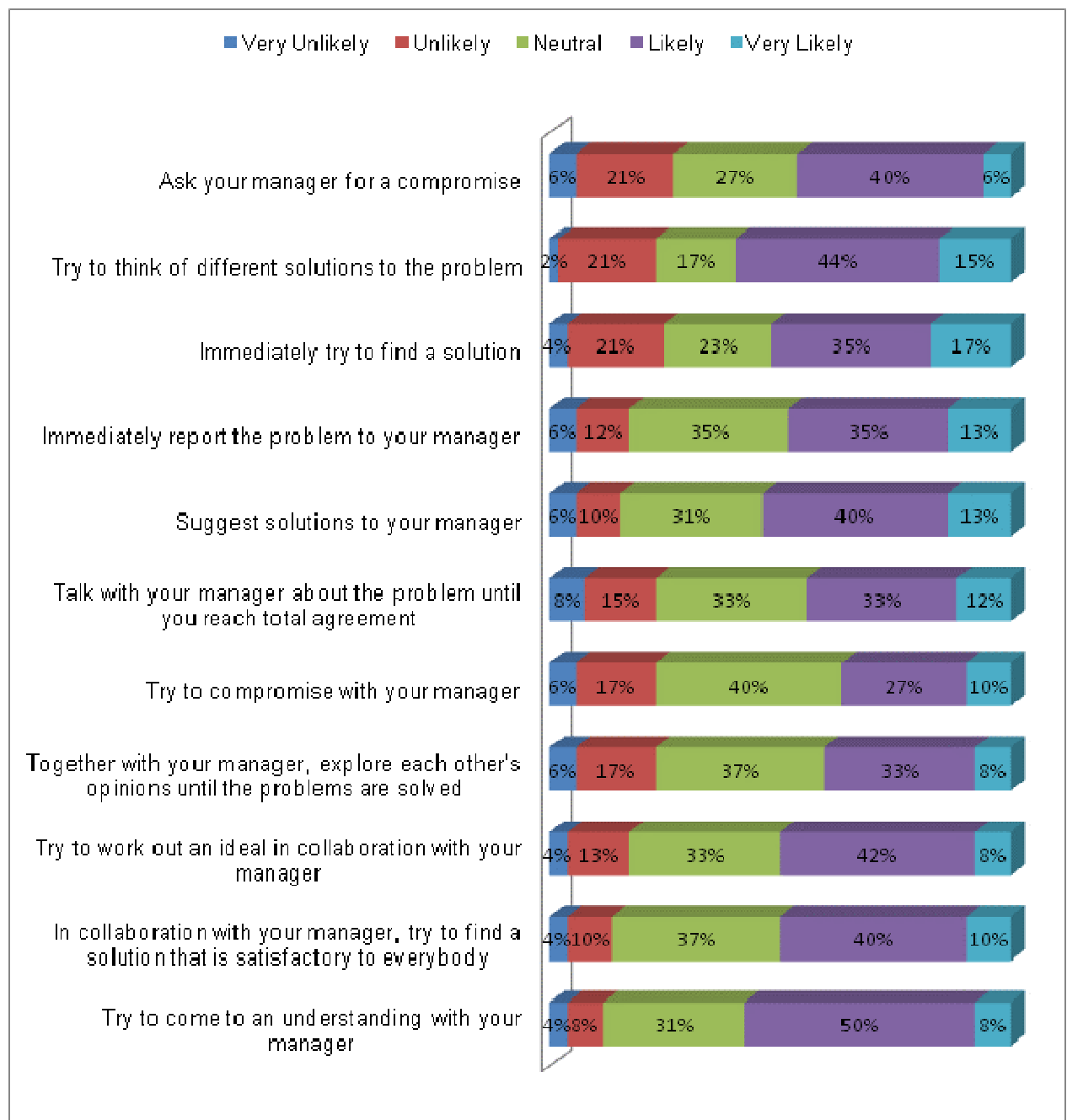


Figure 6.11: Considerate Voice (n=52)

From figure 6.11 it is clear that the majority of respondents indicated that they were most likely to respond to a problematic event at work with considerate voice. Considerate voice includes discussing issues with a supervisor in order to reach total agreement (Liljegren, 2008).



When responding to problematic events at work, the majority of the sample indicated that they would possibly:

- Ask their manager for a compromise (46%),
- Think of different solutions to the problem (59%),
- Immediately try to find a solution (52%),
- Report the problem to their manager (48%),
- Suggest solutions to their manager (53%),
- Talk to their manager about the problem until both parties reached total agreement (45%),
- Together with their manager, explore each other's opinions until the problems are solved (41%),
- Work out an ideal in collaboration with their manager (50%),
- Find a solution that is satisfactory to everybody, in collaboration with their manager (50%), and
- Try to come to an understanding with their manager (58%).

Based on the above results, employees seem to actively make attempts to solve the problem when responding to problematic events at work, whilst considering their own interests including those of the organisation.

#### **6.2.4.3 PATIENCE**

In an article by Leck and Saunders (1992), the authors argued that it would be better to re-label loyalty as patience, because the term loyalty is also used to describe an attitude, while patience is more suitable to describe behaviour. Furthermore, patience describes the act of waiting optimistically better than loyalty (Hagedoorn et al., 1999).

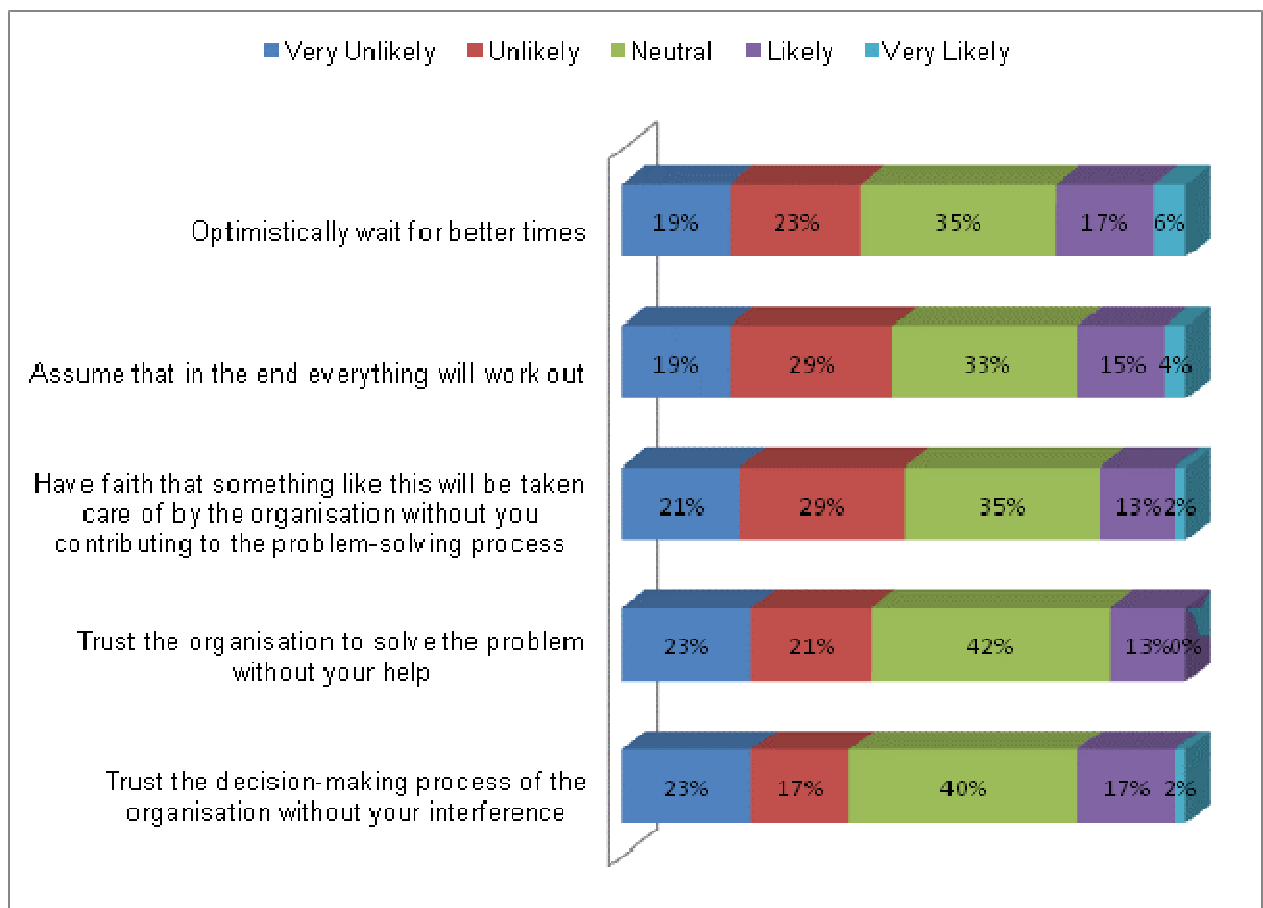


Figure 6.12: Patience (n=52)

It can be observed from figure 6.12 that respondents were not likely to respond to a problematic event with patience. Significantly, respondents chose to be neutral about the items “trust the organisation to solve the problem without your help” (42%), and “trust the decision-making process of the organisation without your interference” (40%). Based on figure 6.12, respondents were not likely to:

- Optimistically wait for better times (42%),
- Assume that that in the end, everything will work out (48%),
- Have faith that the organisation will take care of the problem without the respondent contributing to the problem solving process (50%), and
- Trust the organisation to solve the problem without the respondent’s help (44%).

To summarise this section, it seems as if employees are not likely to optimistically wait for conditions to improve at work, when they respond to problematic events. Some examples of patience include speaking up for the organisation in the face of external criticism and trusting the organisation to make ethical decisions (Robbins & Judge, 2006).

#### 6.2.4.4 AGGRESSIVE VOICE

Aggressive voice consists of efforts to win, without consideration for the concerns of the organisation. This is a less constructive form of employee voice. Examples of aggressive voice include being persistent with one's supervisor in order to achieve a personal goal, and starting an argument with one's superior (Hagedoorn et al., 1999).

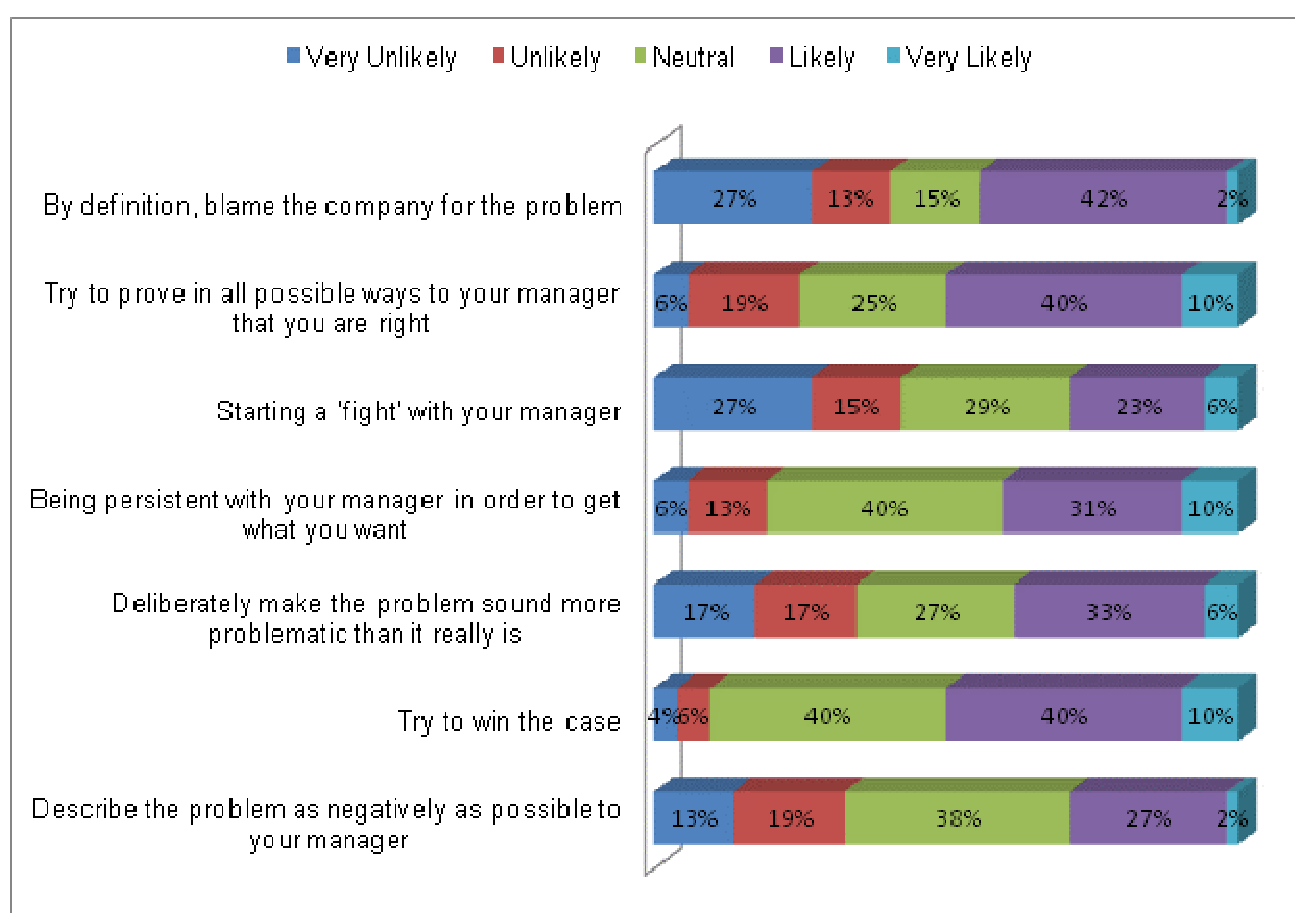


Figure 6.13: Aggressive Voice (n=52)

It can be observed from figure 6.13 that there seems to be strong aggressive voice behaviour directed towards the organisation. When responding to problematic events at work, the majority of the sample indicated that they would possibly:

- Blame the company for the problem (44%),
- Prove in all possible ways that they are right (50%),
- Be persistent with their manager in order to get what they want (41%),
- Make the problem sound more problematic than it really is (39%), and
- Try to win the case (50%).

#### 6.2.4.5 NEGLECT

Neglect, according to Robbins and Judge (2006), refers to employees who are passively allowing working conditions to worsen and deteriorate. Other examples include chronic absenteeism or lateness, presenteeism, increased error rates, as well as reduced effort.

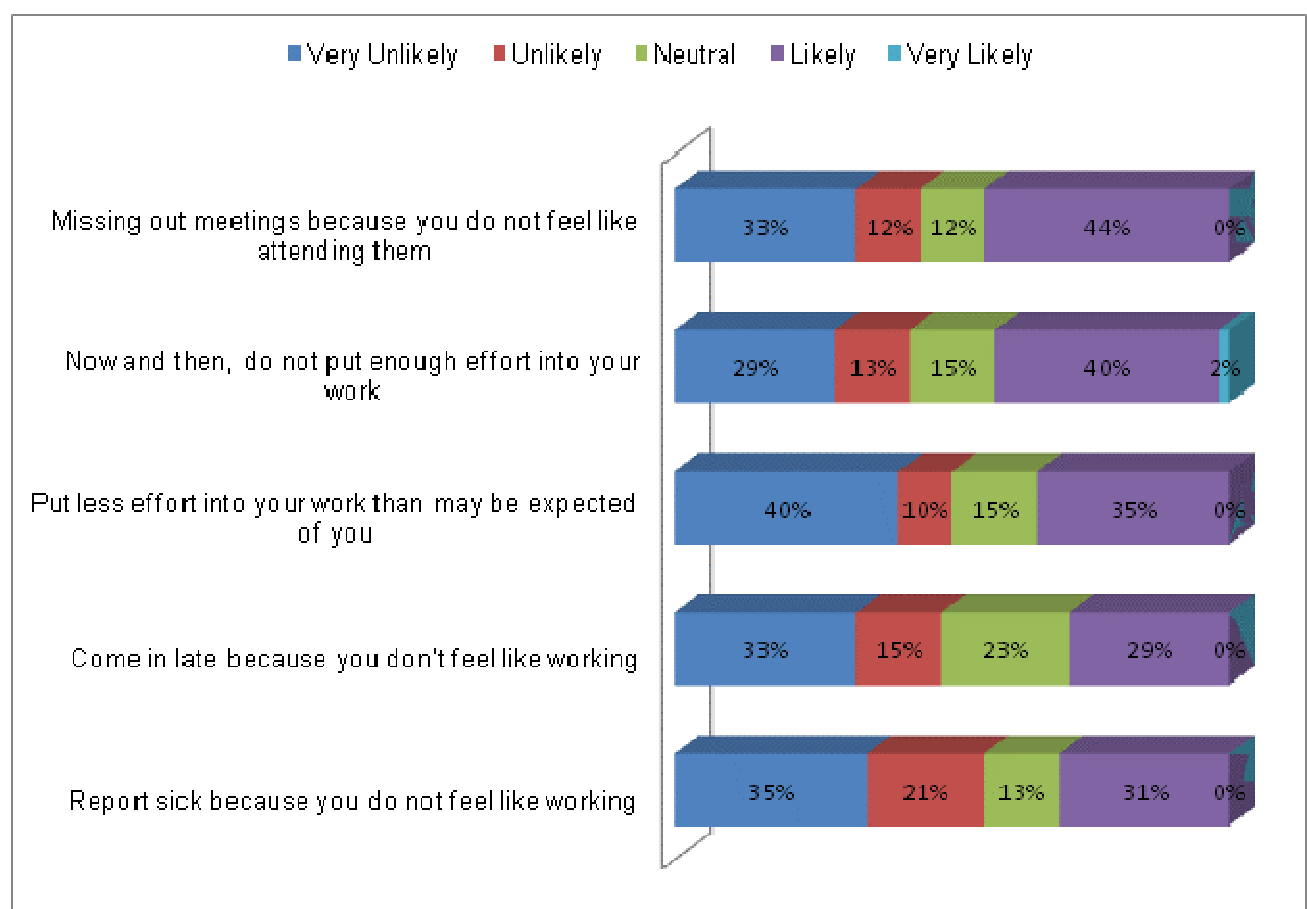


Figure 6.14: Neglect (n=52)

Responses for this section seem to be balanced. When employees respond to problematic events at work, figure 6.14 shows that 44% of respondents indicated that they would not attend meetings because they “do not feel like attending them”, where 42% of the sample would not put enough effort into their work. With regards to absenteeism, 31% of the sample indicated that they would report sick as they “do not feel like working”.

## **6.2.5 SECTION F: ORGANISATIONAL CITIZENSHIP BEHAVIOUR**

The next section will discuss items related to organisational citizenship behaviour by focusing on the items altruism, conscientiousness, sportsmanship, courtesy, and civic virtue.

### **6.2.5.1 ALTRUISM**

Altruism refers to discretionary behaviour that is directed at serving other employees with an organisationally relevant task, such as taking some of the workload of other employees who have been absent (Fields, 2002). With regards to altruism, figure 6.15 shows that the majority of the sample indicated that they:

- Help orientate new employees even though it is not required of them (52%),
- Willingly help other employees who have work-related problems (67%),
- Help employees who have been absent from work (56%),
- Are always ready to assist fellow employees (62%), and
- Assist employees who have heavy workloads (63%).

To summarise this section, employees seem to strongly engage in altruistic behaviour that fall outside their normal job description and also offer assistance to their co-workers.

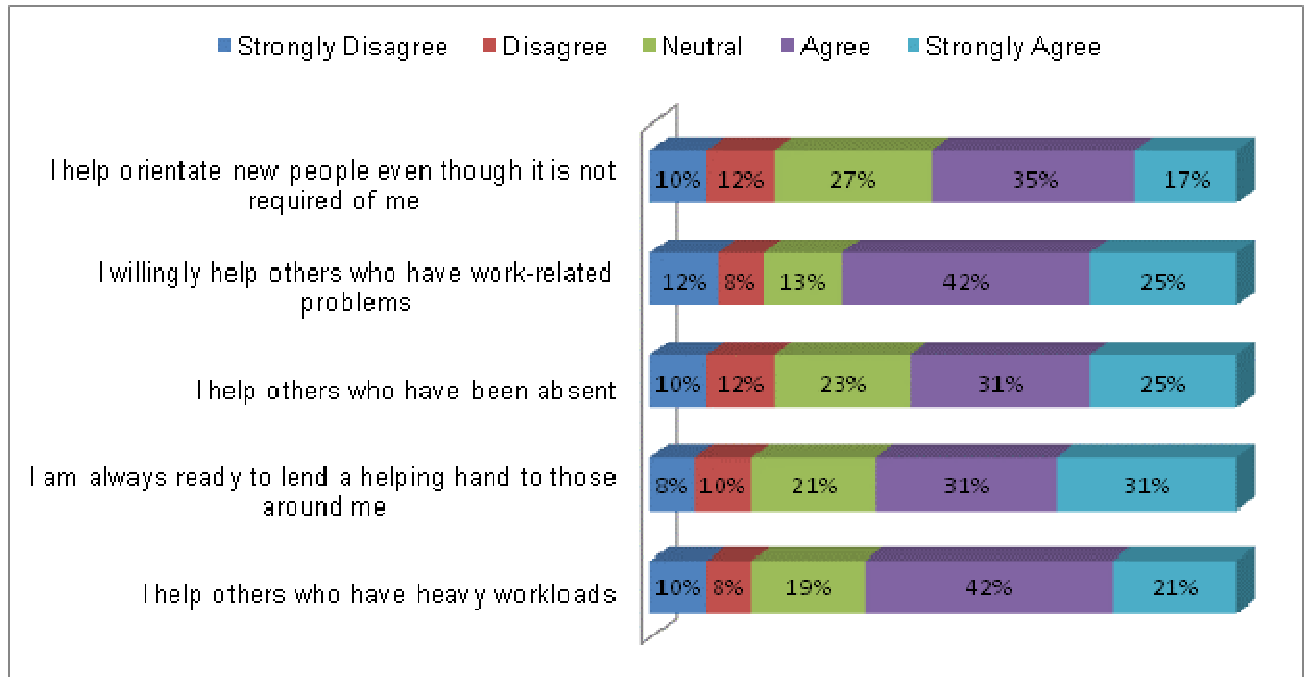


Figure 6.15: Altruism (n=52)

### 6.2.5.2 CONSCIENTIOUSNESS

Conscientiousness can be defined as discretionary behaviour that goes beyond the minimum role requirements of the organisation, such as not taking extra breaks and adhering to the company's code of conduct at all times (Fields, 2002).

With regards to items related to conscientiousness, figure 6.16 shows that the majority of the sample indicated that they:

- Obey company rules and regulations even when others are not watching them (64%),
- Do not take extra breaks (62%),
- Are not absent from work (62%),
- Believe in giving an honest day's work for an honest day's pay (72%), and
- Classify themselves as being the most hardworking (59%).

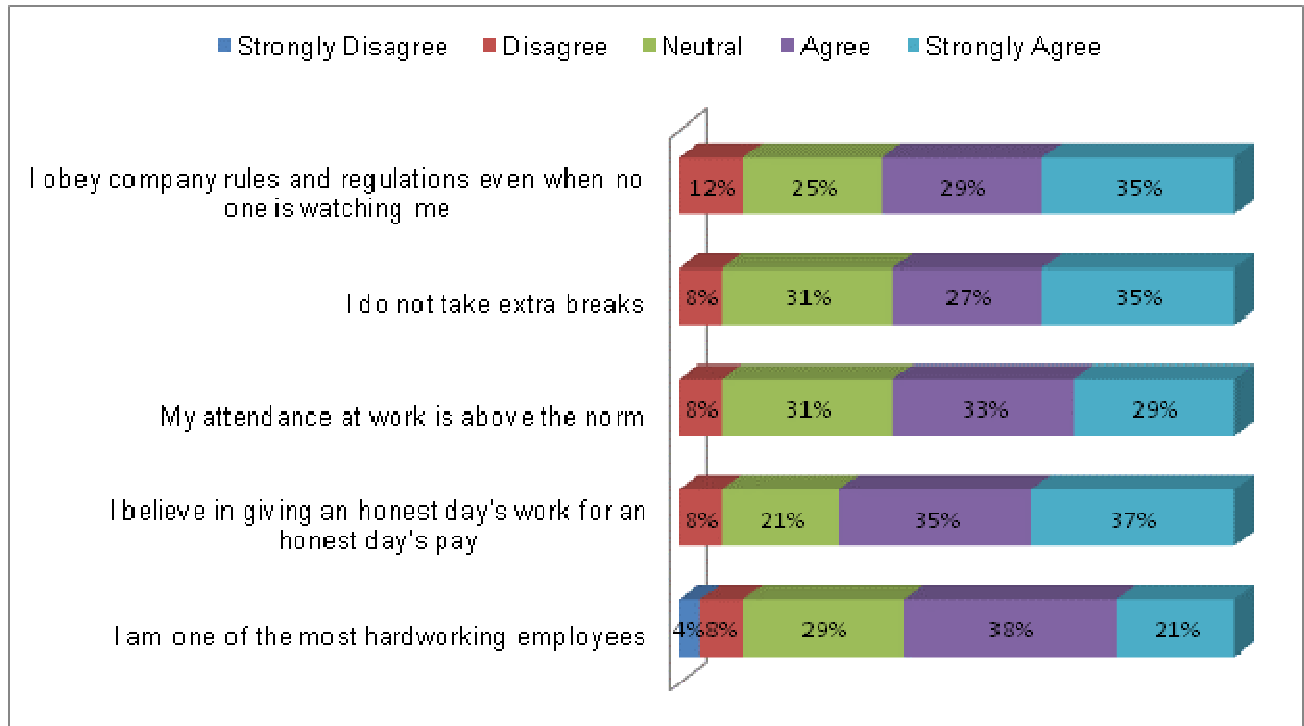


Figure 6.16: Conscientiousness (n=52)

To summarise this section, it can be deduced from figure 6.16 that respondents are actively conscientious at work. It is interesting to note that even though breach, violation, and destructive behaviour have been reported by respondents in previous sections, employees seem to actively engage in citizenship behaviours at work.

### 6.2.5.3 SPORTSMANSHIP

According to Fields (2002), sportsmanship refers to discretionary behaviour that indicates the willingness of an employee to tolerate less than ideal circumstances without excessive complaining.

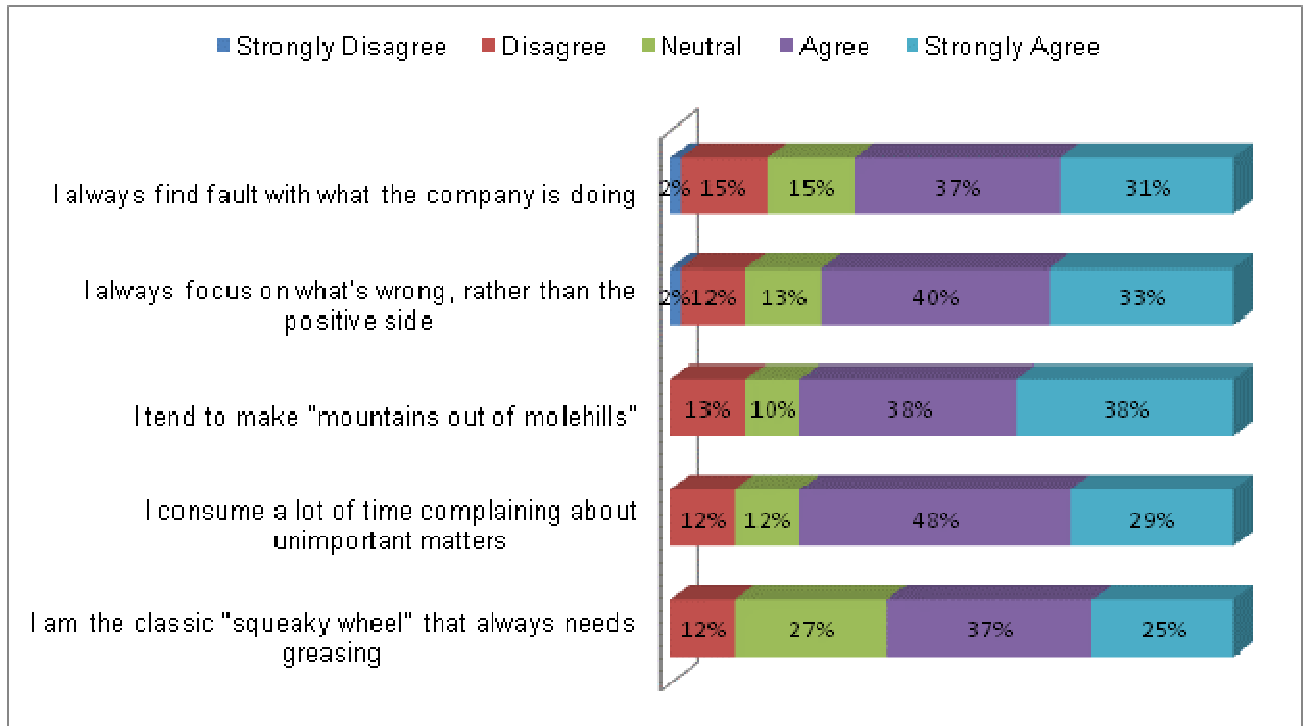


Figure 6.17: Sportsmanship (n=52)

It can be observed from figure 6.17 that the majority of respondents (68%) always find fault with what the company is doing, where 73% of the sample always focus on what is wrong, rather than focusing on the positive side. Furthermore, a major 76% of respondents indicated that they tend to make "mountains out of molehills", where 77% of the sample consume a lot of time complaining about unimportant matters. Lastly, a major 62% of the sample classify themselves as a "squeaky wheel that always needs greasing".

It is interesting to note that based on figure 6.17, respondents are not actively engaging in sportsmanship behaviour. Furthermore, it is clear that the majority of the sample do not show tolerance of inevitable problems and inconveniences that may be part of their job.



#### 6.2.5.4 COURTESY

Fields (2002) defines courtesy as behaviour that is aimed at preventing the incidence of work-related problems, such as considering the impact of individual actions on other employees in the workplace.

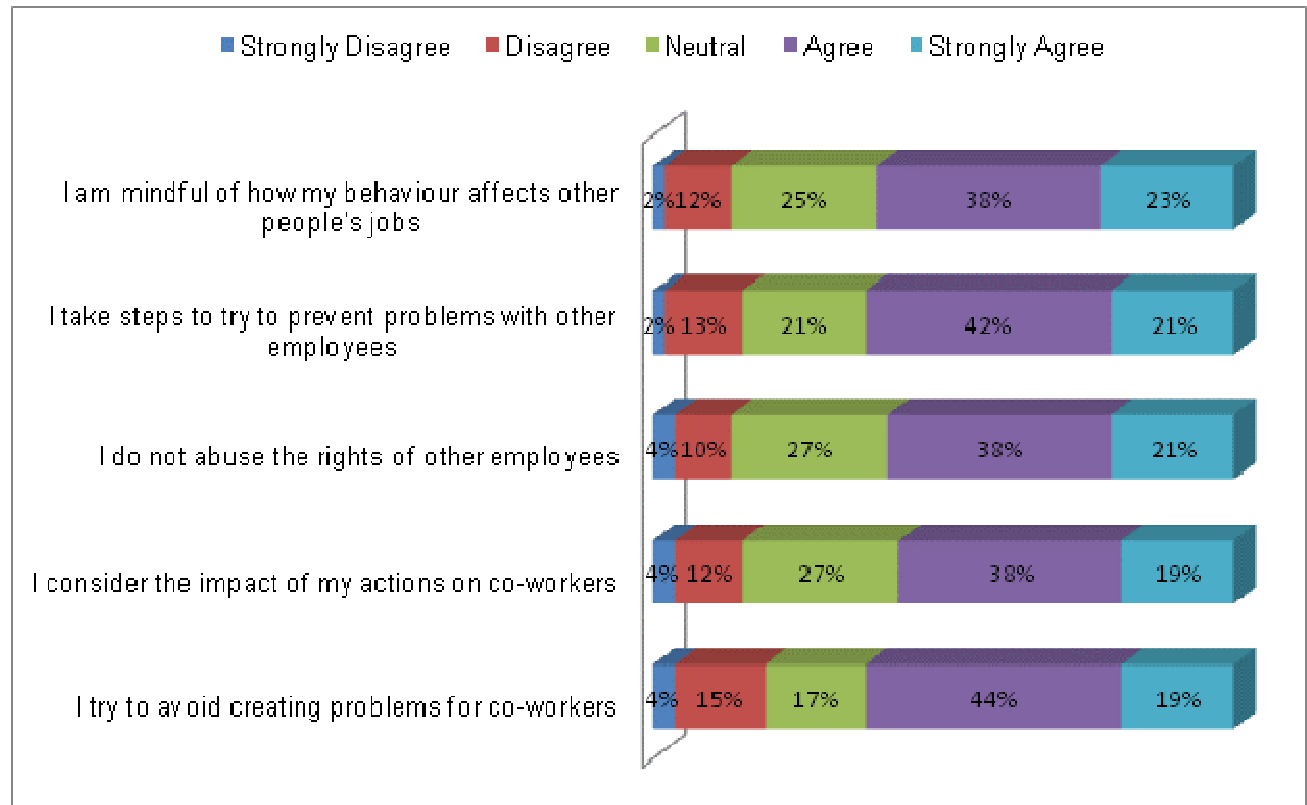


Figure 6.18: Courtesy (n=52)

It can be observed from figure 6.18 that respondents seem to actively engage in courtesy behaviour at work, as 61% of the sample indicated that they are mindful of how their behaviour affects other employees' jobs. Furthermore, the majority of the sample indicated that they take steps to prevent problems for other employees (63%), that they do not abuse the rights of co-workers (59%), consider the impact their actions have on co-workers (57%), and try to avoid creating problems for co-workers (63%).

To summarise this section, it is clear that employees try to prevent possible conflict escalation and interpersonal conflict at work, mediate in interpersonal discussions that have the potential to get out of hand, and clarifying rumours or not perpetuating them (Staw, 2004).

### 6.2.5.5 CIVIC VIRTUE

Civic virtue refers to discretionary behaviour that indicates that the employee participates responsibly in, or is concerned about, the political life of the organisation, such as keeping up with company developments and keeping abreast of changes at the organisation (Fields, 2002).

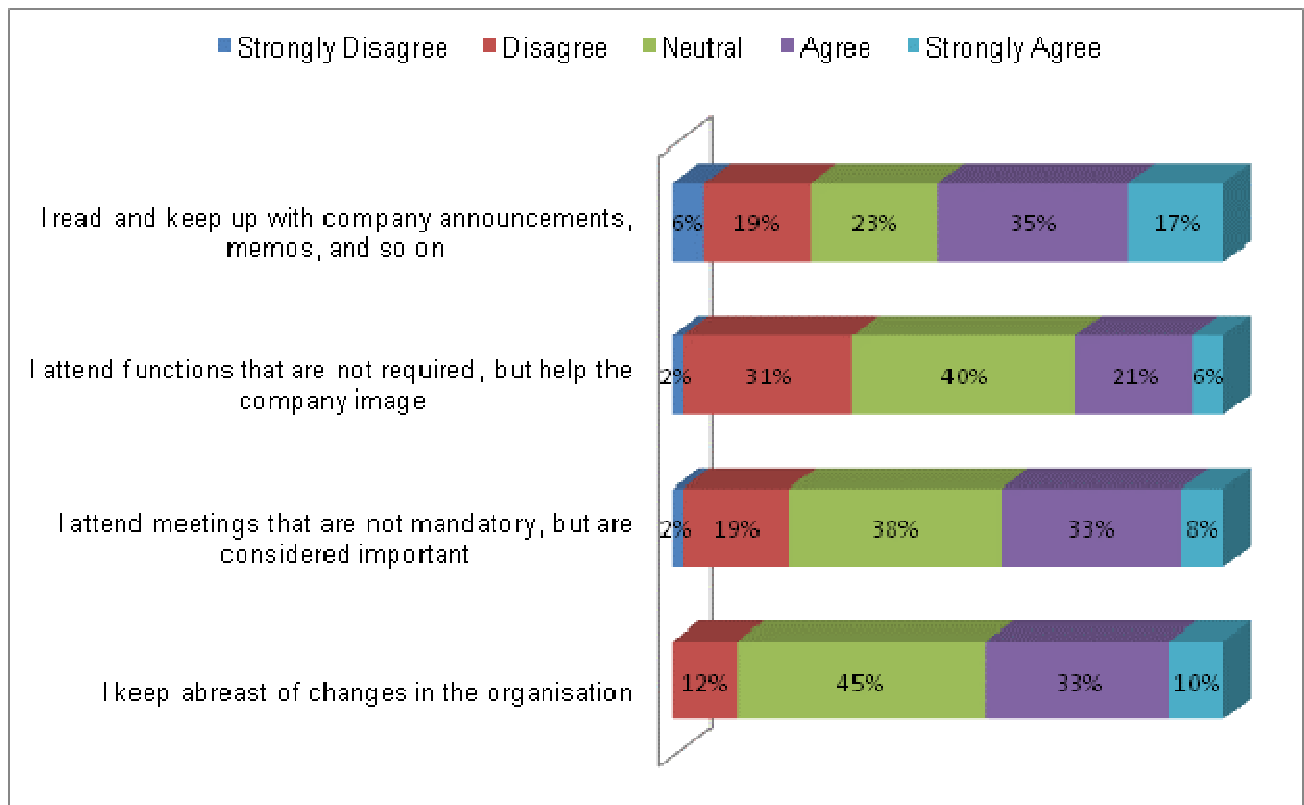


Figure 6.19: Civic Virtue (n=52)

Significantly, respondents chose to be mostly neutral about the items “I attend functions that are not required, but help the company image” (40%), and “I keep abreast of changes in the organisation” (45%). The majority of the sample indicated that they read and keep up with company announcements (52%), and attend meetings that are not mandatory, but considered important (41%). In summary, neutral responses appear to be high for all items related to civic virtue.

### 6.2.6 SECTION G: THE PSYCHOLOGICAL RECESSION

Table 6.1 on page 108 shows descriptive statistics of items related to the psychological recession. It is clear that employees have been negatively impacted by the psychological recession, which can be defined as an emotional state in which employees feel extremely vulnerable to economic difficulty, leading to a negative and cynical view of the present and an even gloomy view of the future (Roche, 2007).

Watson (2010) states that a psychological recession involves more than just an economic cycle. Due to lay-offs and intense cost cutting, employees are suffering the consequences of broken careers, families, and hope for the future (Watson, 2010). Psychological contracts may therefore be more prone to breach and violation in the current psychological recession employees experience. With regards to retrenchments and layoffs at work, a major 88% of respondents indicated that the organisation has retrenched employees in the last two years.

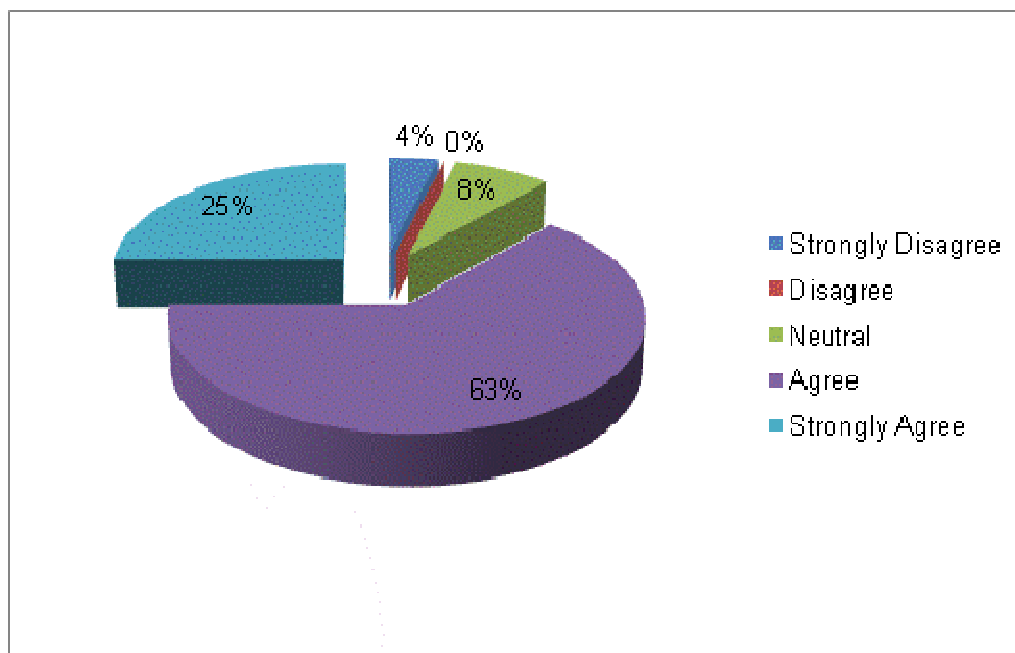


Figure 6.20: My organisation has retrenched people in the last two years (n=52).

Table 6.1: Descriptive Statistics for Items Related to Section G: The Psychological Recession (n=52)

ITEM	MEAN	S.D.	STRONGLY DISAGREE		DISAGREE		NEUTRAL		AGREE		STRONGLY AGREE	
			Count	Percentage	Count	Percentage	Count	Percentage	Count	Percentage	Count	Percentage
My organisation has retrenched people in the last two years	4.06	0.83	2	4%	0	0%	4	8%	33	63%	13	25%
I feel insecure about my future employment in this company	3.63	1.03	1	2%	7	13%	13	25%	20	38%	11	21%
I see the world as a risky place	3.35	1.08	4	8%	7	13%	13	25%	23	44%	5	10%
I feel my workload is too heavy	3.21	1.04	2	4%	12	23%	16	31%	17	33%	5	10%
There are too many changes taking place at my company	3.48	0.92	2	4%	5	10%	15	29%	26	50%	4	8%
I feel that there is not enough stability in my job	3.40	1.05	2	4%	8	15%	17	33%	17	33%	8	15%
South Africa's future is not looking too good	3.33	1.10	2	4%	11	21%	15	29%	16	31%	8	15%
I feel depressed when I hear about all the negative things currently taking place in the world	3.48	1.09	3	6%	8	15%	9	17%	25	48%	7	13%
The current economic recession makes me feel anxious	3.48	1.20	4	8%	8	15%	9	17%	21	40%	10	19%
I do not trust my organisation to look after my best interests	3.38	1.29	4	8%	12	23%	8	15%	16	31%	12	23%

Reviewing the theoretical definitions of the psychological recession, Tausig and Fenwick (1999) state that increased unemployment rates negatively affect health and well-being of employees because they increase stress based on an increased risk of unemployment and the perceived risk of job insecurity.

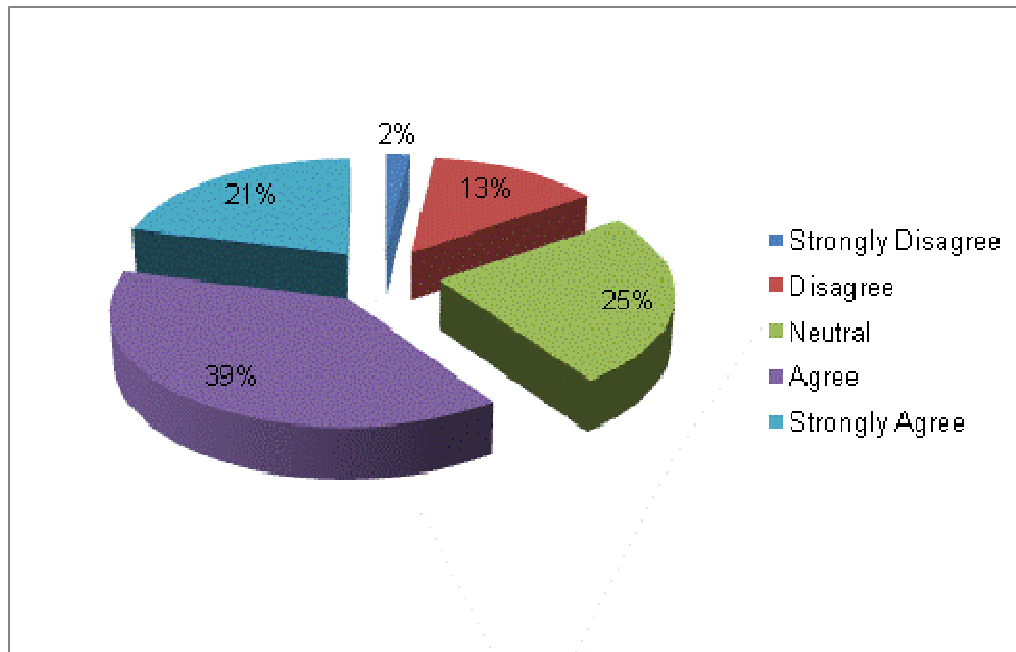


Figure 6.21: I feel insecure about my future employment in this company (n=52).

With regards to job insecurity, figure 6.21 shows that a major 60% of the sample felt insecure about their future employment in the organisation. A minor 15% of the sample disagreed with this statement.

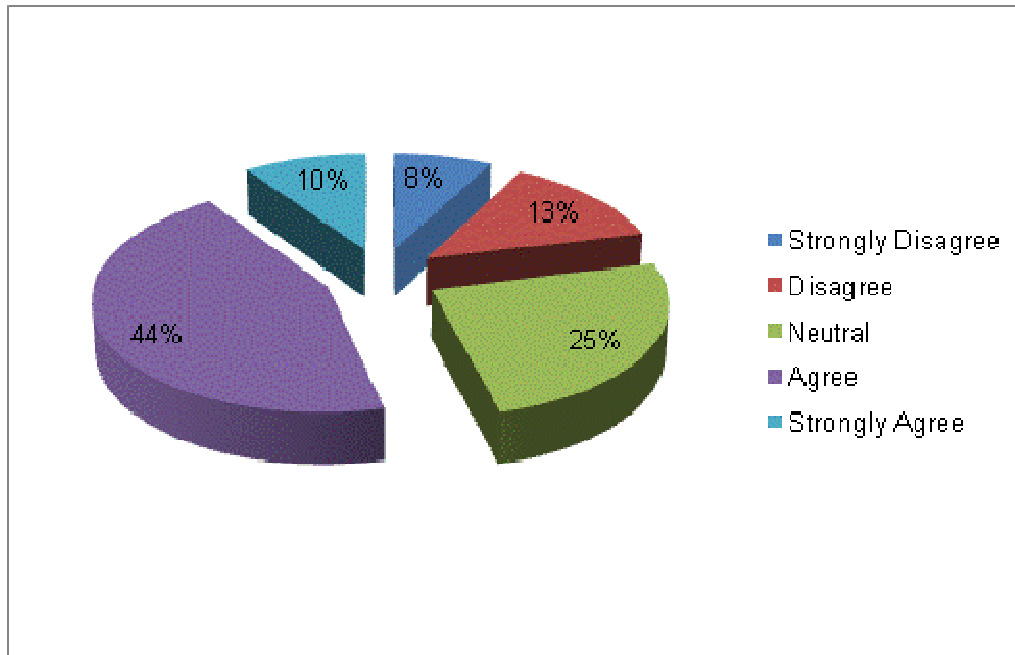


Figure 6.22: I see the world as a risky place (n=52).

Since employees start to view the world as a risky place in which they have little or no control (Bardwick, 2008), figure 6.22 shows that the majority of the sample (54%) indicated that they perceive the world as a risky place.

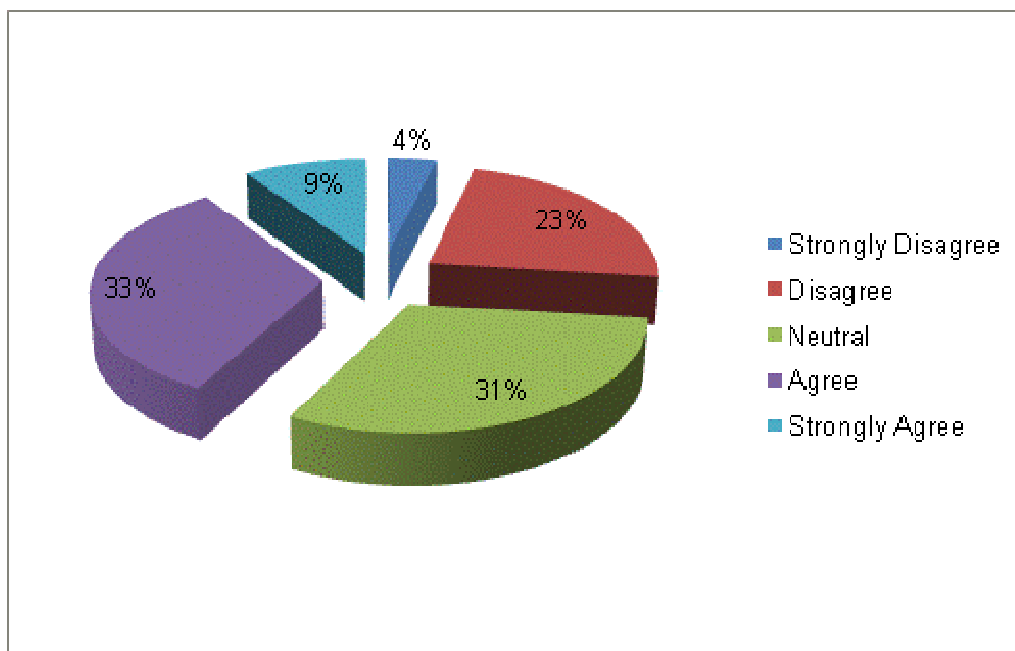


Figure 6.23: I feel my workload is too heavy (n=52).

With regards to increased workloads and stress, it can be observed from figure 6.23 that the majority of the sample (42%) felt that their workload is too heavy. On the other hand, only 27% of the sample disagreed with this statement.

Figure 6.24 shows items related to rapid organisational changes, another characteristic of the psychological recession. It can be observed from figure 6.24 that a major 58% of the sample felt that there are too many changes taking place at their organisation. A minor 13% of the sample disagreed with this statement.

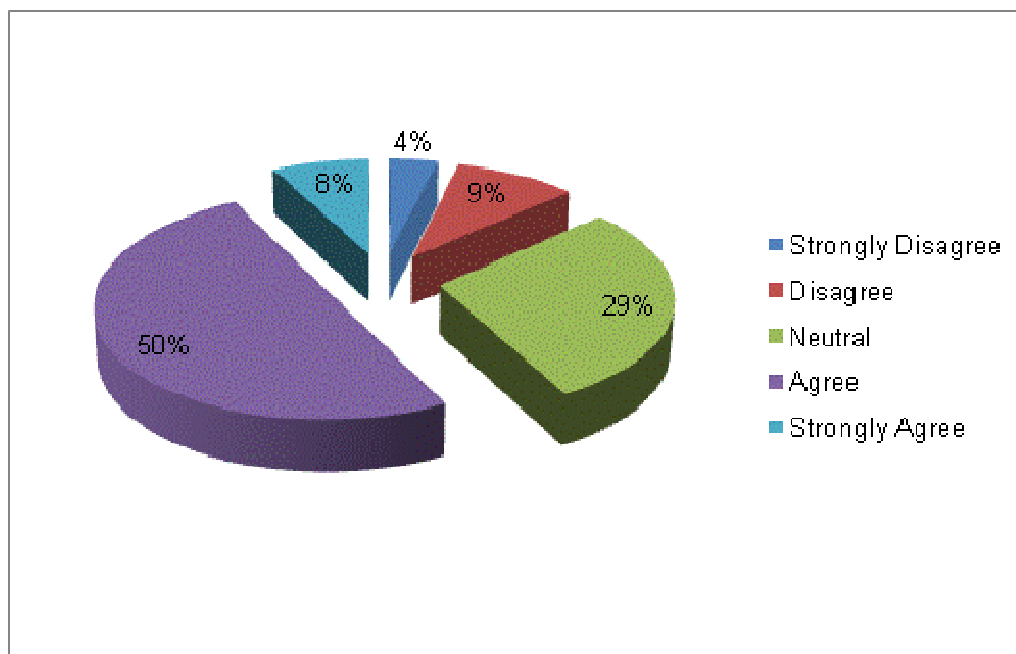


Figure 6.24: There are too many changes taking place at my company (n=52).

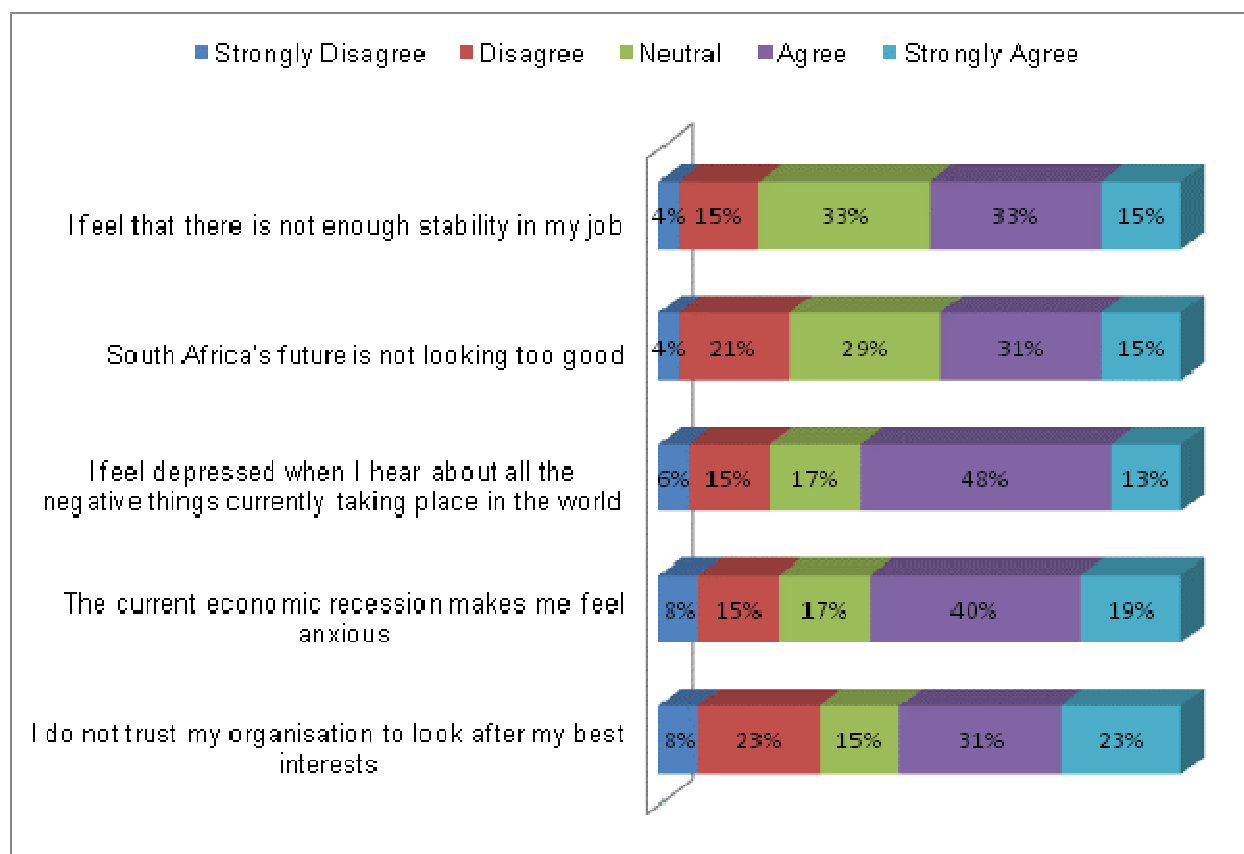


Figure 6.25: The Psychological Recession (n=52)

Figure 6.25 shows that the majority of the respondents indicated that:

- They do not have enough job stability (48%),
- South Africa's future does not look promising (46%),
- They feel depressed when hearing about all the negative things currently taking place in the world (61%),
- The current economic recession makes them feel anxious (59%), and
- They do not trust their organisation to look after their best interests (54%).

To conclude this section, it is clear that employees have been harshly impacted by the psychological recession, which places strain on the psychological contract. According to Bardwick (2008), the widespread psychological recession is largely the result of organisations no longer considering employees as key assets. This negative impact of the psychological recession may be due to the weak application of HRM practices. The next section will discuss the inferential statistics that may provide more insight into these correlations.



### 6.3 INFERENCE STATISTICS

The descriptive statistics discussed in the previous section presented the data in a way that was informative, while inferential statistics consist of techniques that helped the researcher make generalisations about the population from which the sample was selected.

The hypotheses discussed in chapter five are based on relationships. Pearson product moment correlations were calculated to measure the degree and direction of the relationships between the variables. The direction of the relationship can be classified into two categories: positive and negative (inverse). In a positive correlation, the two variables tend to move in the same direction. For example, as the value of the X variable increases, the Y variable also tends to increase; when the X variable decreases, the Y variable also decreases (Gravetter & Wallnau, 2005).

If an inverse correlation exists between two variables, the two variables tend to move in opposite directions. As the X variable increases, the Y variable decreases. The direction of a relationship is also identified by the sign of the correlation. A positive value indicates a positive relationship; where a negative value indicates an inverse relationship (Gravetter & Wallnau, 2005).

It is important to note that Pearson product moment correlations only indicate a relationship as it does not explain why the two variables are related to each other. The relationships between the variables should therefore not be interpreted as proof of a cause-and effect relationship between the variables. Although there may be a causal relationship, the simple existence of a correlation does not prove it (Gravetter & Wallnau, 2005).

Table 6.2 and 6.3 show the Pearson product moment correlation coefficients for the summated scores. For layout purposes, the correlation matrix was split into two separate tables.

Table 6.2: Pearson Product Moment Correlation Coefficients for the Summated Scores (n=52)

ITEM	HRM PRACTICES	PSYCHOLOGICAL CONTRACT BREACH	PSYCHOLOGICAL CONTRACT VIOLATION	EXIT	CONSIDERATE VOICE	PATIENCE	AGGRESSIVE VOICE
HRM PRACTICES		-.770	-.682	-.620	.590	.662	-.638
PSYCHOLOGICAL CONTRACT BREACH	-.770		.691	.504	-.423	-.541	.574
PSYCHOLOGICAL CONTRACT VIOLATION	-.682	.691		.685	-.566	-.639	.673
EXIT	-.620	.504	.685		-.689	-.667	.707
CONSIDERATE VOICE	.590	-.423	-.566	-.689		.677	-.587
PATIENCE	.662	-.541	-.639	-.667	.677		-.637
AGGRESSIVE VOICE	-.638	.574	.673	.707	-.587	-.637	
NEGLECT	-.545	.494	.694	.748	-.535	-.558	.755
ALTRUISM	.493	-.371	-.506	-.536	.620	.477	-.521
CONSCIENTIOUSNESS	.442	-.494	-.627	-.518	.446	.485	-.540
SPORTSMANSHIP	.320	-.375	-.481	-.444	.378	.480	-.498
COURTESY	<b><u>.285</u></b>	<b><u>-.249</u></b>	-.452	-.376	<b><u>.235</u></b>	<b><u>.268</u></b>	-.502
CIVIC VIRTUE	.406	-.409	-.518	-.539	.391	.407	-.520
THE PSYCHOLOGICAL RECESSION	-.520	.474	.645	.620	-.471	-.475	.628

Correlations are statistically significant for n = 52 and a = .05 if |r| > .273 and practically significant if |r| > .300  
Insignificant correlations are in bold and underlined.

Table 6.3: Pearson Product Moment Correlation Coefficients for the Summated Scores (n=52)

ITEM	NEGLECT	ALTRUISM	CONSCIENTIOUSNESS	SPORTSMANSHIP	COURTESY	CIVIC VIRTUE	THE PSYCHOLOGICAL RECESSION
HRM PRACTICES	-.545	.493	.442	.320	<b><u>.285</u></b>	.406	-.520
PSYCHOLOGICAL CONTRACT BREACH	.494	-.371	-.494	-.375	<b><u>-.249</u></b>	-.409	.474
PSYCHOLOGICAL CONTRACT VIOLATION	.694	-.506	-.627	-.481	-.452	-.518	.645
EXIT	.748	-.536	-.518	-.444	-.376	-.539	.620
CONSIDERATE VOICE	-.535	.620	.446	.378	<b><u>.235</u></b>	.391	-.471
PATIENCE	-.558	.477	.485	.480	<b><u>.268</u></b>	.407	-.475
AGGRESSIVE VOICE	.755	-.521	-.540	-.498	-.502	-.520	.628
NEGLECT		-.581	-.710	-.650	-.570	-.766	.666
ALTRUISM	-.581		.540	.496	.480	.612	-.420
CONSCIENTIOUSNESS	-.710	.540		.609	.443	.694	-.541
SPORTSMANSHIP	-.650	.496	.609		<b><u>.290</u></b>	.602	-.471
COURTESY	-.570	.480	.443	<b><u>.290</u></b>		.594	-.385
CIVIC VIRTUE	-.766	.612	.694	.602	.594		-.450
THE PSYCHOLOGICAL RECESSION	.666	-.420	-.541	-.471	-.385	-.450	

Correlations are statistically significant for n = 52 and a = .05 if  $|r| > .273$  and practically significant if  $|r| > .300$   
Insignificant correlations are in bold and underlined.

Correlation coefficients greater than .273 ( $r > .273$ ) are statistically significant, where coefficients greater than .300 are practically significant ( $r > .300$ ). The next section will analyse and discuss each hypothesis and link the results to the sub-problems identified in chapter one.

### **H<sub>1</sub>: THERE IS A RELATIONSHIP BETWEEN HRM PRACTICES AND THE PSYCHOLOGICAL RECESSION**

In chapter five it was proposed that when there is adequate application of progressive HRM practices, the negative impact of the psychological recession may be reduced. The results indicate the existence of an inverse relationship between HRM practices and the psychological recession (-.520). It can be said that with an increase in the number of progressive HRM practices, the less harsher the negative impact of the psychological recession on employees. The findings suggest that the negative impact of the psychological recession may be reduced due to the presence and effective application of HRM practices.

This section also addressed and resolved sub-problem one of the research project, as inferential statistics revealed the existence of an inverse relationship between the psychological recession and HRM practices. Furthermore, the questionnaire also measured the perceived negative impact of the psychological recession as well as the presence and effective application of progressive HRM practices.

### **H<sub>2</sub>: THERE IS A RELATIONSHIP BETWEEN THE PSYCHOLOGICAL RECESSION AND THE PSYCHOLOGICAL CONTRACT**

Hypothesis two is supported. A positive correlation was found between the psychological recession and psychological contract breach (.474) and violation (.645). The results indicate that the more negative and harsher the impact of the psychological recession, the more breach and violation were reported by respondents.

The harsh effects and negative impact of the psychological recession include anxiety, stress, depression, lack of job stability, increased sense of vulnerability, uncertainty, a sense of powerlessness, job insecurity, and organisational restructuring such as mergers, acquisitions and retrenchments.

The relationship between employer and employee becomes strained in the psychological recession, in which cutting costs and improving productivity are management goals (Brewster et al., 2003).

This section also answered sub-problem two of the research project, as the results suggest that the psychological recession could make psychological contracts brittle and prone to breach and/or violation. Furthermore, it was proposed in chapter five that when there is a greater negative impact of the psychological recession, the psychological contract may become more fragile and prone to breach and violation.

### **H<sub>3</sub>: THERE IS A RELATIONSHIP BETWEEN THE PSYCHOLOGICAL RECESSION AND EMPLOYEE BEHAVIOUR**

This hypothesis is aligned with sub-problem three of the research project. Constructive employee behaviour refers to considerate voice, patience, and organisational citizenship behaviour, as their purpose is to revive working conditions. Destructive employee behaviour refers to exit, aggressive voice, and neglect, as their purpose is to terminate the employment relationship.

With regards to constructive employee behaviour, the results indicate an inverse relationship between the psychological recession and considerate voice (-.471), including patience (-.475). To clarify, the findings suggest that when the harsh effects of the psychological recession increase, constructive employee behaviour such as considerate voice and patience shrinks. The findings suggest that employees may be less likely to optimistically wait for conditions to improve at work (patience), and actively make attempts to solve work-related problems, while considering their own concerns as well as those of the organisation (considerate voice).

Regarding organisational citizenship behaviour, the results indicate an inverse relationship between the psychological recession and altruism (-.420), conscientiousness (-.541), sportsmanship (-.471), courtesy (-.385), and civic virtue (-.450). To summarise this section, the findings suggest that the harsher the negative effects of the psychological recession, the less likely employees would engage in constructive behaviour at work.

With regards to destructive employee behaviour, the findings indicate a positive correlation between the psychological recession and employee exit (.620), aggressive voice (.628), and neglect (.666). In other words, as the harsh effects and negative impact of the psychological recession increase, destructive employee behaviour increases.

As proposed in chapter five, the findings may suggest that due to the psychological recession, employees may be more inclined to terminate their relationship with the organisation, engage in efforts to win (without consideration for the organisation), and passively allow working conditions to worsen and deteriorate. When there is a greater negative impact of the psychological recession, employees may have a greater tendency to display destructive behaviours at work.

#### **H<sub>4</sub>: THERE IS A RELATIONSHIP BETWEEN HRM PRACTICES AND THE PSYCHOLOGICAL CONTRACT**

In chapter five it was proposed that when there are a greater presence and application of progressive HRM practices, the psychological contract may be less fragile and prone to breach and/or violation;

The results indicate that there is an inverse relationship between HRM practices and psychological contract breach (-.770), including violation (-.682). It can be said that with an increase in the number of HRM practices reported by respondents, the less breach and violation of the psychological contract. The findings provide support for hypothesis four and resolve sub-problem four.

The presence and thorough application of progressive HRM practices may strengthen the psychological contract, by making the employment relationship less prone to breach and violation.

Guest and Conway (2004) state that HRM practices are strongly associated with a positive state of the psychological contract, which in turn is related to a range of positive attitudes and behaviours (Guest & Conway, 2004).

#### **H<sub>5</sub>: THERE IS A RELATIONSHIP BETWEEN HRM PRACTICES AND EMPLOYEE BEHAVIOUR**

Hypothesis five is supported. The model in chapter five proposed that when employees enjoy a greater presence and application of progressive HRM practices, they may have a greater tendency to display constructive behaviours.

With regards to constructive employee behaviour, the results shows a positive relationship between HRM practices and considerate voice (.590), patience (.662), altruism (.493), conscientiousness (.442), sportsmanship (.320), courtesy, (.285), and civic virtue (.406).

To summarise this section, an increase in the number of HRM practices reported by respondents correlated with an increase in constructive employee behaviour. The findings may suggest that when there are a greater presence and application of progressive HRM practices at work, employees may have a greater tendency to engage in constructive employee behaviours.

With regards to destructive employee behaviour, the results show the existence of an inverse relationship between the number of HRM practices reported by respondents and employee exit (-.620), aggressive voice (-.638), and neglect (-.545). In other words, an increase in the number of HRM practices reported by respondents correlated with a decrease in destructive employee behaviour. The findings suggest that when employees enjoy a greater number and presence of progressive HRM practices, they may have a greater tendency to not engage in destructive behaviour at work.

From the above it is clear that employee behaviour is influenced by the application and presence of HRM practices in the organisation. According to Sonnenberg (2006), every added HRM practice provides additional information regarding employee and organisational obligations. Guzzo and Noonan (1994) state that the interpretations employees make of an organisation's HRM practices are relevant to their assessment of the fulfilment of their psychological contract.

#### **H<sub>6</sub>: THERE IS A RELATIONSHIP BETWEEN THE PSYCHOLOGICAL CONTRACT AND EMPLOYEE BEHAVIOUR**

The proposed model outlined and discussed in chapter five suggested that when employees' psychological contracts are violated and/or breached, they may have a greater tendency to display destructive behaviours at work. Conversely, when the employment relationship has not been breached and/or violated, employees may be more likely to engage in constructive behaviour at work.

With regards to psychological contract breach and constructive employee behaviour, the results show that when respondents indicated that their psychological contracts have been breached, constructive behaviour at work decreased. Employees may be less likely to engage in constructive behaviour at work, as inverse relationships were found between psychological contract breach and considerate voice (-.423), patience (-.541), altruism (-.371), conscientiousness (-.494), sportsmanship (-.375), courtesy (-.249), and civic virtue (-.409).

Inverse relationships were also found between psychological contract violation and considerate voice (-.566), patience (-.639), altruism (-.506), conscientiousness (-.627), sportsmanship (-.481), courtesy (-.452), and civic virtue (-.518).

With regards to psychological contract breach and destructive employee behaviour, the results indicate positive correlations between breach and exit (.504), aggressive voice (.574), and neglect (.494).



The findings suggest that when psychological contracts are breached, employees may have a greater tendency to engage in destructive behaviour at work, such as leaving the organisation (exit), engage in efforts to win without consideration for the concerns of the organisation (aggressive voice), and passively allowing working conditions to deteriorate (neglect).

Positive correlations were also found between psychological contract violation and exit (.685), aggressive voice (.673), and neglect (.694). Employees respond to psychological contract breach by lowering their job satisfaction, trust, and commitment to the organisation (Bal et al, 2008).

According to the affective events theory, a negative event at work may cause negative emotional responses, such as frustration and anger (Morrison & Robinson, 1997). With regards to psychological contract breach, when employees do not receive anything in return for their contributions, the situation may be perceived as a negative event.

#### **6.4 CONCLUSION**

This chapter revealed and discussed the results obtained from the study. The data analysis presented in this chapter provides a basis for developing the conclusions and recommendations that follow in chapter seven. Descriptive and inferential statistics were discussed and the next chapter will conclude the research by providing an overview of the theory underpinning the research. Furthermore, it will include a discussion of the research methodology undertaken plus its limitations. The chapter will summarise the main findings and their implications. Finally, recommendations to policy makers will be made and the scope for further research will be discussed.

## CHAPTER 7

### CONCLUSION AND RECOMMENDATIONS

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#### 7.1. INTRODUCTION

This chapter provides a synopsis of the research conducted, the results obtained from the empirical study, its implications for managers, and recommendations for further research. The main findings from the research are summarised and practical implications of these findings are discussed. Limitations of the study and scope for further research are also provided.

#### 7.2. SUMMARY OF CHAPTERS

The aim of this study was to investigate the impact of HRM practices on the psychological contract during a psychological recession. **Chapter one** introduced the research by delineating the main- and sub-problems and to explain how the researcher aimed to solve it. A thorough review of the literature was presented in chapters two, three and four. Chapters five and six focused on the research methodology and analysis of the data collected.

**Chapter two** delineated the definition of the psychological contract through reviewing how the concept has been defined. Furthermore, chapter two organised the discussion around the key terms and features of the definition of the psychological contract, and covered the history and development of the psychological contract concept. The concept of the psychological contract has been written about for over forty years (Conway & Briner, 2005). While there are many disagreements across definitions of the psychological contract, the most widely agreed definition of the psychological contract is that put forward by Rousseau (1989) (Conway & Briner, 2005).

Rousseau (1989) defines the psychological contract as an individual's belief regarding the terms and conditions of a reciprocal exchange agreement between the individual and another party. Key issues include the belief that a promise has been made and consideration offered in exchange for it, binding the parties to some set of reciprocal obligations (Rousseau, 1989).

The researcher then decided to include two additional chapters as part of the literature review. In **chapter three**, the various causes of psychological contract breach were discussed with emphasis on the importance of HRM practices and the negative effects of the psychological recession. The causes of psychological contract breach are those factors that are thought to cause breach. According to Conway and Briner (2005), breach is considered to be the most important idea in psychological contract theory as it is the main way of understanding how the psychological contract influences the attitudes, emotions, and behaviours of employees.

The literature revealed that the psychological recession makes the employment relationship brittle and prone to breach. Furthermore, the inadequate application of HRM practices is also considered to be a possible cause of breach (Conway & Briner, 2005), as HRM practices should create, maintain, and protect the psychological contract between organisations and their employees (Rousseau & Greller, 1994).

When psychological contracts are breached, employees respond by lowering their job satisfaction, trust, and commitment to the organisation (Bal et al, 2008). Breaches in psychological contracts have been viewed as having negative effects on employees' job attitudes and behaviour (Gakovic & Tetrick, 2003). For **chapter four**, the researcher outlined and discussed the various behavioural and attitudinal consequences of psychological contract breach.

The literature review provided a framework and direction for the investigation of the present research. In **chapter five**, the research methodology that was followed during the project was discussed. Furthermore, this chapter described the process of finding an answer to the main problem, whilst addressing the sub-problems outlined in chapter one. A quantitative research design was utilised and approval from the ethics committee was obtained by firstly applying to the faculty RTI and secondly, obtaining ethics approval at the organisation researched.

The research was undertaken only after ethics approval from the faculty RTI was obtained and an ethics serial number had been issued by the committee (H2010 BUS HR 14). The researcher used a self-administered questionnaire for the purpose of data collection. With regards to reliability, the measure was found to be reliable, with Cronbach's alpha being acceptable. After the data collection process, it was analysed with the assistance of the Unit for Statistical Consultation at the Nelson Mandela Metropolitan University.

The aim of **chapter six** was to present and discuss the main findings by using descriptive and inferential statistics. The results were discussed on a section by section basis and the outcomes of the hypotheses were discussed under the inferential statistics section.

### **7.3. SUMMARY OF MAIN FINDINGS**

The following section summarises the findings of the study. This discussion will outline the main findings pertaining to each of the sub-problems as outlined in chapter one.

#### **7.3.1. DESCRIPTIVE STATISTICS**

This section will provide a summary of the key findings related to the empirical study.

##### **7.3.1.1. HRM PRACTICES**

The application and presence of progressive HRM practices were found to be of concern. The majority of respondents:

- Felt that there is not a vital attempt to enrich and improve the jobs of employees (59%);
- Indicated that they have not been personally involved in workplace decision-making (63%);
- Felt that the organisation does not provide them with the opportunity to express their views at work (56%);
- Felt that their performance has not been appraised to their satisfaction during the previous year (54%);
- Indicated that their pay is not related to their personal performance (65%);

- Indicated that they have not been offered training and development (50%); and
- Indicated that when new positions come up in the middle and senior levels of management, the organisation does not fill them with people from inside the company (48%).

The interpretations that employees make of an organisation's HRM practices are relevant to their assessment of the fulfilment of their psychological contract (Guzzo & Noonan, 1994).

#### **7.3.1.2. PSYCHOLOGICAL CONTRACT BREACH AND VIOLATION**

The results indicated that respondents' psychological contracts have been breached. It was interesting to note that the majority of respondents felt that promises that have been made during the recruitment and selection stage, have not been kept (60%). During recruitment and selection, the initial employee expectations are established (Makin, Cooper & Cox, 1996). The initial schemas that employees have when they begin the recruitment process will influence how they react if their expectations are not met (Aggarval & Bhargava, 2008).

With regards to violation of the psychological contract, the majority of the sample indicated that their organisation has violated the contract between them (39%). Furthermore, a major 52% of the sample indicated that they feel frustrated by the way they have been treated by their organisation. From the above it is clear that respondents' psychological contracts have been breached and violated.

#### **7.3.1.3. DESTRUCTIVE BEHAVIOUR AT WORK: EXIT, AGGRESSIVE VOICE AND NEGLECT**

The results indicated strong exit behaviour towards the organisation, with 51% of the sample considering possibilities to change jobs, when responding to problematic events at work.

With regards to aggressive voice, the results indicate strong aggressive voice behaviour towards the organisation. When responding to problematic events at work, the majority of the sample (44%) blame the company for the problem, with 50% of the sample trying to win the case and prove in all possible ways that they are right.

For neglect, the results indicated that some employees do passively allow working conditions to deteriorate, with 44% of respondents indicating that they would not attend meetings because they “do not feel like attending them”. Furthermore, 42% of respondents indicated that they would not put enough effort into their work, when responding to problematic events at work.

#### **7.3.1.4. CONSTRUCTIVE BEHAVIOUR AT WORK: CONSIDERATE VOICE, PATIENCE AND ORGANISATIONAL CITIZENSHIP BEHAVIOUR**

With regards to considerate voice, employees seem to actively make attempts to solve the problem when responding to problematic events at work, whilst considering their own interests including those of the organisation. The majority of the sample indicated that they would try to come to an understanding with their manager (58%), and think of different solutions to the problem (59%), when responding to problematic events at work.

For patience, it seems as if employees are not likely to optimistically wait for conditions to improve at work, when they respond to problematic events. Half of all respondents indicated that they do not have faith that the organisation will take care of the problem without the respondent contributing to the problem solving process. Examples of patience include speaking up for the organisation in the face of external criticism and trusting the organisation to make ethical decisions (Robbins & Judge, 2006).

With regards to organisational citizenship behaviour, analysis of the data revealed that respondents seem to actively engage in various organisational citizenship behaviours at work.

The results indicated that employees seem to strongly engage in altruistic behaviour that fall outside their normal job description and offer assistance to their fellow co-workers. The majority of respondents indicated that they willingly help other employees who have work-related problems (67%).

For conscientiousness, the majority of the sample do not take extra breaks at work (62%), and believe in giving an honest day's work for an honest day's pay (72%). The results indicated that respondents seem to engage in discretionary behaviour that goes further than the minimum role requirements of the organisation.

It is interesting to note that respondents are not actively engaging in sportsmanship behaviour. Furthermore, the results indicated that the majority of the sample does not show tolerance of inevitable problems and inconveniences that may be part of their job. The majority of the sample (77%) indicated that they consume a lot of time complaining about unimportant matters at work.

With regards to courtesy, the results indicated that employees are courteous and try to prevent possible conflict escalation and interpersonal conflict at work. Most respondents (61%) indicated that they are mindful of how their behaviour affects other employees' jobs, actively take steps to prevent problems for other employees (63%), and try to avoid creating problems for co-workers (63%).

Neutral responses appear to be high for all items related to civic virtue. Respondents chose to be mostly neutral about the items "I attend functions that are not required, but help the company image" (40%), and "I keep abreast of changes in the organisation" (45%).

### 7.3.1.5. THE PSYCHOLOGICAL RECESSION

The results showed that respondents have been severely impacted by the psychological recession, which places strain on the psychological contract. The majority of respondents indicated that their organisation has retrenched employees in the last two years (88%), that they feel insecure about their future employment in the organisation (60%), perceive the world as a risky place (54%), and feel that their workload is too heavy (42%). Furthermore, the majority of respondents (58%) felt that there are too many changes taking place at their organisation.

### 7.3.2. INFERENCE STATISTICS

The results are summarised in light of the hypotheses and proposed model discussed in chapter five. As mentioned in chapter five, the proposed model has been aligned with the research questions, objectives and hypotheses.

#### **H<sub>1</sub>: THERE IS A RELATIONSHIP BETWEEN HRM PRACTICES AND THE PSYCHOLOGICAL RECESSION**

The results indicated the existence of an inverse relationship between HRM practices and the psychological recession. The findings suggest that the negative impact of the psychological recession may be reduced due to the presence and effective application of progressive HRM practices. This interaction is depicted in figure 7.1.

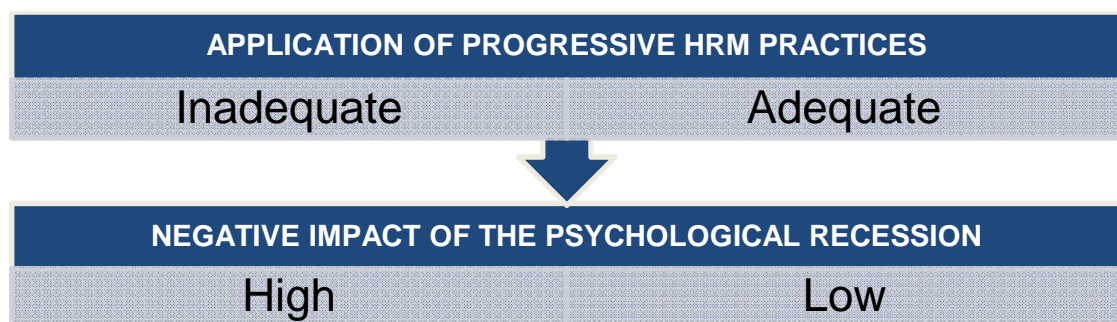


Figure 7.1: A model proposing the relationship between HRM practices and the psychological recession.



## **H<sub>2</sub>: THERE IS A RELATIONSHIP BETWEEN THE PSYCHOLOGICAL RECESSION AND THE PSYCHOLOGICAL CONTRACT**

Hypothesis two was supported, as a positive correlation was found between the psychological recession and psychological contract breach and violation. The results indicate that the more negative and harsher the impact of the psychological recession, the more breach and violation were reported by respondents. Furthermore, the results suggest that when there is a greater negative impact of the psychological recession, the psychological contract may become more fragile and prone to breach and violation. This relationship is depicted in figure 7.2.

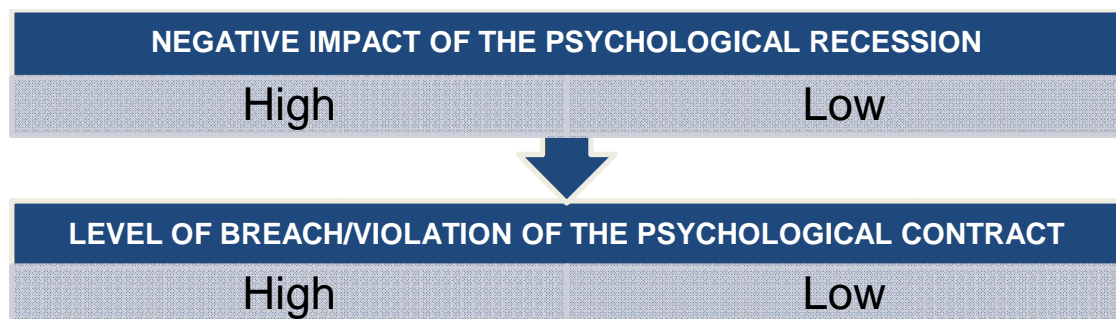


Figure 7.2: A model proposing the relationship between the psychological recession and the psychological contract.

The relationship between employer and employee becomes strained in the psychological recession, when management strategies include cutting cost and improving productivity (Brewster et al., 2003).

## **H<sub>3</sub>: THERE IS A RELATIONSHIP BETWEEN THE PSYCHOLOGICAL RECESSION AND EMPLOYEE BEHAVIOUR**

Hypothesis three was supported. The findings suggest that when the harsh effects of the psychological recession increase, constructive employee behaviour such as considerate voice and patience shrinks (inverse relationship). Conversely, the findings suggest that when the harsh effects of the psychological recession increase, destructive employee behaviour increases (positive relationship).

When there is a greater negative impact of the psychological recession, employees may have a greater tendency to display destructive behaviours at work. This relationship is shown in figure 7.3.

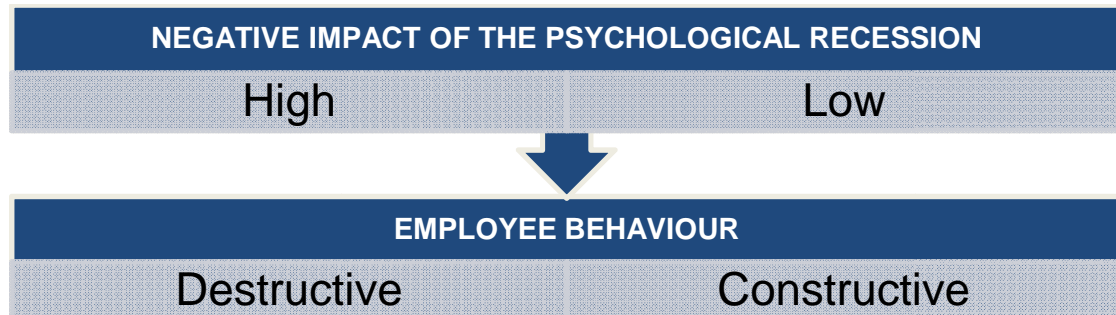


Figure 7.3: A model proposing the relationship between the psychological recession and employee behaviour.

#### **H<sub>4</sub>: THERE IS A RELATIONSHIP BETWEEN HRM PRACTICES AND THE PSYCHOLOGICAL CONTRACT**

The results indicated an inverse relationship between HRM practices and psychological contract breach, including violation. It can be said that the more HRM practices reported by respondents, the less breach and violation of the psychological contract. One of the roles of HRM should be the creation, maintenance and protection of the psychological contract (Rousseau & Greller, 1994). In other words, the presence and thorough application of progressive HRM practices should strengthen psychological contracts, making the employment relationship less prone to breach and violation.

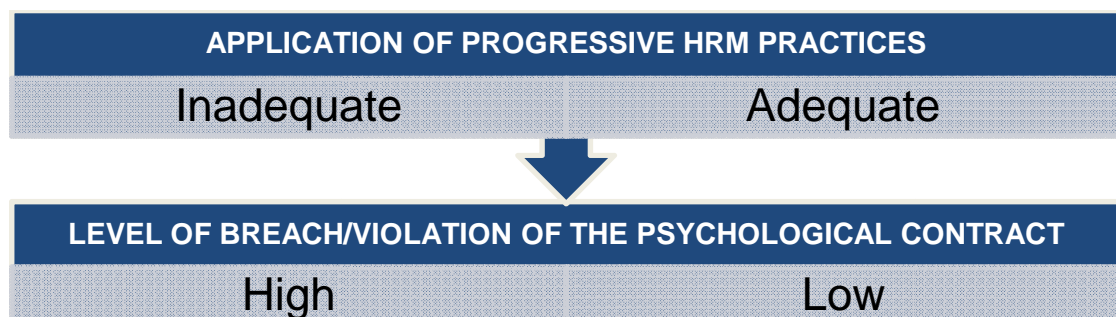


Figure 7.4: A model proposing the relationship between HRM practices and psychological contract breach and violation.

### **H<sub>5</sub>: THERE IS A RELATIONSHIP BETWEEN HRM PRACTICES AND EMPLOYEE BEHAVIOUR**

The results showed that an increase in the number of HRM practices reported by respondents correlated with an increase in constructive employee behaviour. The findings may suggest that when there is a greater presence and application of progressive HRM practices, employees may have a greater tendency to engage in constructive employee behaviours. Figure 7.5 depicts the relationship between HRM practices and employee behaviour.



Figure 7.5: A model depicting the relationship between HRM practices and employee behaviour.

Furthermore, the results indicated an inverse relationship between the number of HRM practices reported by respondents and destructive employee behaviour. The findings suggest that when employees enjoy a greater number and presence of progressive HRM practices, they may have a greater tendency to engage in constructive behaviour at work.

From the above it is clear that relationships between employee behaviour and the application and presence of HRM practices exist. The interpretations employees make of an organisation's HRM practices are relevant to their evaluation of the fulfilment of their psychological contract (Guzzo & Noonan, 1994).

### **H<sub>6</sub>: THERE IS A RELATIONSHIP BETWEEN THE PSYCHOLOGICAL CONTRACT AND EMPLOYEE BEHAVIOUR**

An inverse relationship was found between psychological contract breach and constructive employee behaviour. The results show that when respondents indicated that their psychological contracts have been breached, constructive behaviour such as considerate voice, patience, and organisational citizenship behaviours decreased. An inverse relationship was also found between psychological contract violation and constructive employee behaviour.

For destructive employee behaviour, positive relationships were found between psychological contract breach and various destructive employee behaviours such as exit, aggressive voice, and neglect. Furthermore, a positive relationship was also found between psychological contract violation and destructive employee behaviour.

These findings correspond with the proposed model depicted in figure 7.6. This model proposes that when employees' psychological contracts are violated and/or breached, they may have a greater tendency to display destructive behaviours at work. Conversely, when the employment relationship has not been breached and/or violated, employees may be more likely to engage in constructive behaviour at work.

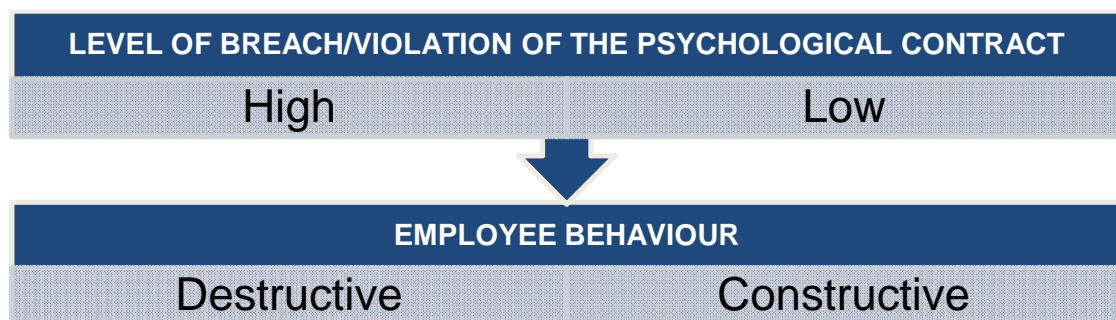


Figure 7.6: A model depicting the relationship between the psychological contract and employee behaviour.

### **7.3.3. OBJECTIVES AND HYPOTHESES**

A thorough literature review and empirical study allowed the researcher to answer and resolve the six sub-problems. Furthermore, the researcher ensured proper alignment between the main problem, sub-problems, objectives, hypotheses, and propositions. Despite limitations in the study, the research process was thoroughly planned and conducted in order to achieve the best answers to the sub-problems. The researcher is satisfied that all six research objectives have been met and hypotheses supported.

### **7.4. CONCLUSION, RECOMMENDATIONS AND IMPLICATIONS FOR MANAGERS**

This study highlights the practical importance of maintaining fulfilment of employees' psychological contracts during a psychological recession. Large-scale workforce and organisational changes have upset any number of psychological contracts at several levels (Rousseau, 1995). The psychological recession is an emotional state where employees feel chronically vulnerable, insecure about their jobs, anxious and depressed. Furthermore, the psychological recession causes employees to have a dour view of the future and perceive the world as a risky place. When economic conditions deteriorate, the psychological recession worsens (Bardwick, 2008).

In place of the psychological contract that long existed between organisations and employees, where employees believed that as long as they performed their jobs the organisation would take care of them, employees today feel as if they are disposable and replaceable (McIlvaine, 2008). The present study investigated the vital role of HRM practices in closing the gap that exists today in the relationship between organisations and their employees. Organisations should see their employees as key assets, and not as costs. Sensible managers will have to treat their employees with respect and trust.

The present study suggests that psychological contract breach and violation can be reduced when organisations are actively paying attention to the psychological contract, by developing and applying many explicit HRM activities and practices.

Sonnenberg (2006) supports this by stating that organisations should actively pay attention to managing the psychological contract through various HRM interventions and practices. Explicit HRM practices may help employees to develop expectations of their employment relationship, which safeguard them against disappointments (Sonnenberg, 2006).

Bardwick (2008, p.23) sums it up with the following:

The widespread psychological recession is largely the result of organisations no longer responding to employees as key assets. Feeling as if you're being endlessly pushed from here to nowhere and no one cares is not an ideal condition for individuals, their organisations, or the nation. The headless horseman is not a good role model; we need leaders who really believe it when they say that people are the most important asset.

Breach of the psychological contract, along with its negative consequences, is likely to remain widespread in organisations as long as the psychological recession continues. If the psychological recession continues to be part of organisational life, then the challenge for managers is to learn to successfully navigate through and control the psychological recession in a way that protects employees' sense of trust and psychological contract.

By effectively managing employees' trust, managers may be able to avoid psychological contract breach and violation, which in turn may prevent resentful employees to engage in destructive behaviours at work. Lastly, the findings also suggest that the negative consequences of breach and violation are likely to extend beyond just the hurt feelings of organisational members. Psychological contract breach and violation may result in behaviours which are destructive and damaging to organisations. In order to foster healthy relationships with employees, Bardwick (2008) states that organisations should do the following during a psychological recession:

- Provide enough disclosure about where employees stand with the organisation (organisational communication);

- Provide empathy so that employees can connect emotionally with the organisation;
- Provide recognition and admiration for employees' skills and personal qualities;
- Provide and show enough commitment to the importance of fostering good relationships at work; and
- Foster a culture of mutual respect in order to manage disagreements at work.

As with most research, this study is subject to a number of potential limitations. The outcomes of the present study may not be able to be generalised to other organisations since management practices and the organisational culture may be very different at other organisations. The sample for the present study only included permanent and higher-level staff members. The research could be expanded to include temporary staff and lower-level employees such as factory and farm workers.

It is also recommended that more research is required to identify specific HRM practices that may be of most value to employees during a psychological recession. Furthermore, although a sample size of 52 is adequate for statistical analysis, caution must be exercised in generalising the findings beyond the related hypotheses.

Lastly, the inferential statistics only indicated a relationship between the variables. These coefficients do not explain why variables are related. For future research, a larger sample and multivariate analysis may be required. The results of this study should be interpreted in terms of the limitations. The researcher hope that future research may replicate the current findings in various contract forms, organisations, and countries.

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**APPENDIX A**  
**QUESTIONNAIRE**

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<b>ALL RESPONSES ARE STRICTLY CONFIDENTIAL PLEASE DO NOT WRITE ANY PERSONAL/IDENTIFYING INFORMATION ON THIS QUESTIONNAIRE</b>	<b>Questionnaire Nr.</b>
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### SECTION A – BIOGRAPHICAL INFORMATION

SA1 Gender (✓)  Male  Female

SA2 Age  years

SA3 Home language (✓)  Afrikaans  English  Xhosa  Other (specify)

SA4 Skill Level (✓)

Top Management	Senior Management	Professional Management	Skilled Technician
Semi-skilled	Unskilled		

### SECTION B – HUMAN RESOURCE MANAGEMENT PRACTICES

<b>Please indicate to what extent you agree with each of the statements below by circling the appropriate number.</b>		<b>STRONGLY DISAGREE</b>	<b>DISAGREE</b>	<b>NEUTRAL</b>	<b>AGREE</b>	<b>STRONGLY AGREE</b>
SB1	There is a serious attempt in my organisation to make the jobs of people like me as interesting and as varied as possible.	1	2	3	4	5
SB2	When new positions come up in the middle and senior levels of management, my organisation normally try to fill them with people from inside the company.	1	2	3	4	5
SB3	I have been personally involved in workplace decision-making such as things like self-directed work teams, total quality management and various involvement activities.	1	2	3	4	5
SB4	My organisation provides me with sufficient opportunities to express my views on issues and concerns at work.	1	2	3	4	5
SB5	My personal performance has been appraised to my satisfaction during the past year.	1	2	3	4	5
SB6	My pay is related to my personal performance through some sort of performance- or merit-related pay.	1	2	3	4	5
SB7	During the past 12 months my organisation offered me training and development such as on-the-job training or some sort of course or planned activity to update my skills.	1	2	3	4	5

SECTION C – PSYCHOLOGICAL CONTRACT BREACH						
Please indicate to what extent you agree with each of the statements below by circling the appropriate number.		STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
SC1	My employer has broken many of its promises to me even though I've upheld my side of the deal.	1	2	3	4	5
SC2	I have <b>not</b> received everything promised to me in exchange for my contributions.	1	2	3	4	5
SC3	So far my employer has <b>not</b> gone out of its way to fulfil its promises to me.	1	2	3	4	5
SC4	I feel that my employer has <b>not</b> come through in fulfilling the promises made to me when I was hired.	1	2	3	4	5
SC5	Almost <b>no</b> promises made by my employer during recruitment have been kept so far.	1	2	3	4	5
SECTION D – PSYCHOLOGICAL CONTRACT VIOLATION						
SD1	I feel extremely frustrated by how I have been treated by my organisation.	1	2	3	4	5
SD2	I feel that my organisation has violated the contract between us.	1	2	3	4	5
SD3	I feel betrayed by my organisation.	1	2	3	4	5
SD4	I feel a great deal of anger toward my organisation.	1	2	3	4	5

## SECTION E – THE EXIT, VOICE, LOYALTY AND NEGLECT (EVLN) INSTRUMENT

Everybody occasionally encounters a problem or a problematic event at work. This can be a difference of opinion with your manager, frustrations with regard to the behaviour of co-workers, or dissatisfaction, for instance, about a schedule or a specific task you are assigned to do. People tend to react differently to these experiences. On the following pages, several descriptions of **possible reactions** are listed.

Indicate **HOW LIKELY IT IS** that you would **react to problematic events** in the described ways?

### EXIT

How likely is it that you would react to problems at work in the following ways?		VERY UNLIKELY	UNLIKELY	NEUTRAL	LIKELY	VERY LIKELY
SE1	Intend to change your field of work	1	2	3	4	5
SE2	Look for job advertisements in newspapers to which you could apply	1	2	3	4	5
SE3	Actively look for a job elsewhere <b>within</b> the field of poultry	1	2	3	4	5
SE4	Intend to change employers	1	2	3	4	5
SE5	Actively look for a job <b>outside</b> the field of poultry	1	2	3	4	5
SE6	Consider possibilities to change jobs	1	2	3	4	5

### CONSIDERATE VOICE

SE7	Ask your manager for a compromise	1	2	3	4	5
SE8	Try to think of different solutions to the problem	1	2	3	4	5
SE9	Immediately try to find a solution	1	2	3	4	5
SE10	Immediately report the problem to your manager	1	2	3	4	5
SE11	Suggest solutions to your manager	1	2	3	4	5
SE12	Talk with your manager about the problem until you reach total agreement	1	2	3	4	5
SE13	Try to compromise with your manager	1	2	3	4	5
SE14	Together with your manager, explore each other's opinions until the problems are solved	1	2	3	4	5
SE15	Try to work out an ideal in collaboration with your manager	1	2	3	4	5
SE16	In collaboration with your manager, try to find a solution that is satisfactory to everybody	1	2	3	4	5
SE17	Try to come to an understanding with your manager	1	2	3	4	5



PATIENCE						
SE18	Optimistically wait for better times	1	2	3	4	5
SE19	Assume that in the end everything will work out	1	2	3	4	5
SE20	Have faith that something like this will be taken care of by the organisation without you contributing to the problem-solving process	1	2	3	4	5
SE21	Trust the organisation to solve the problem without your help	1	2	3	4	5
SE22	Trust the decision-making process of the organisation without your interference	1	2	3	4	5
AGGRESSIVE VOICE						
SE23	By definition, blame the company for the problem	1	2	3	4	5
SE24	Try to prove in all possible ways to your manager that you are right	1	2	3	4	5
SE25	Starting a 'fight' with your manager	1	2	3	4	5
SE26	Being persistent with your manager in order to get what you want	1	2	3	4	5
SE27	Deliberately make the problem sound more problematic than it really is	1	2	3	4	5
SE28	Try to win the case	1	2	3	4	5
SE29	Describe the problem as negatively as possible to your manager	1	2	3	4	5
NEGLECT						
SE30	Missing out meetings because you do not feel like attending them	1	2	3	4	5
SE31	Now and then, do not put enough effort into your work	1	2	3	4	5
SE32	Put less effort into your work than may be expected of you	1	2	3	4	5
SE33	Come in late because you don't feel like working	1	2	3	4	5
SE34	Report sick because you do not feel like working	1	2	3	4	5

<b>SECTION F: ORGANISATIONAL CITIZENSHIP BEHAVIOUR</b>						
<b>Please indicate to what extent you agree with each of the statements below by circling the appropriate number.</b>		<b>STRONGLY DISAGREE</b>	<b>DISAGREE</b>	<b>NEUTRAL</b>	<b>AGREE</b>	<b>STRONGLY AGREE</b>
<b>ALTRUISM ITEMS</b>						
SF1	I help orientate new people even though it is not required of me	1	2	3	4	5
SF2	I willingly help others who have work-related problems	1	2	3	4	5
SF3	I help others who have been absent	1	2	3	4	5
SF4	I am always ready to lend a helping hand to those around me	1	2	3	4	5
SF5	I help others who have heavy workloads	1	2	3	4	5
<b>CONSCIENTIOUSNESS ITEMS</b>						
SF6	I obey company rules and regulations even when no one is watching me	1	2	3	4	5
SF7	I do not take extra breaks	1	2	3	4	5
SF8	My attendance at work is above the norm	1	2	3	4	5
SF9	I believe in giving an honest day's work for an honest day's pay	1	2	3	4	5
SF10	I am one of the most hardworking employees	1	2	3	4	5
<b>SPORTSMANSHIP ITEMS</b>						
SF11	I always find fault with what the company is doing (R)	1	2	3	4	5
SF12	I always focus on what's wrong, rather than the positive side (R)	1	2	3	4	5
SF13	I tend to make "mountains out of molehills" (R)	1	2	3	4	5
SF14	I consume a lot of time complaining about unimportant matters (R)	1	2	3	4	5
SF15	I am the classic "squeaky wheel" that always needs greasing (R)	1	2	3	4	5

<b>COURTESY ITEMS</b>						
SF16	I am mindful of how my behaviour affects other people's jobs	1	2	3	4	5
SF17	I take steps to try to prevent problems with other employees	1	2	3	4	5
SF18	I do not abuse the rights of other employees	1	2	3	4	5
SF19	I consider the impact of my actions on co-workers	1	2	3	4	5
SF20	I try to avoid creating problems for co-workers	1	2	3	4	5
<b>CIVIC VIRTUE ITEMS</b>						
SF21	I read and keep up with company announcements, memos, and so on	1	2	3	4	5
SF22	I attend functions that are not required, but help the company image	1	2	3	4	5
SF23	I attend meetings that are not mandatory, but are considered important	1	2	3	4	5
SF24	I keep abreast of changes in the organisation	1	2	3	4	5
<b>SECTION G: THE PSYCHOLOGICAL RECESSION</b>						
<b>Please indicate to what extent you agree with each of the statements below by circling the appropriate number.</b>		<b>STRONGLY DISAGREE</b>	<b>DISAGREE</b>	<b>NEUTRAL</b>	<b>AGREE</b>	<b>STRONGLY AGREE</b>
SG1	My organisation has retrenched people in the last two years	1	2	3	4	5
SG2	I feel insecure about my future employment in this company	1	2	3	4	5
SG3	I see the world as a risky place	1	2	3	4	5
SG4	I feel my workload is too heavy	1	2	3	4	5
SG5	There are too many changes taking place at my company	1	2	3	4	5
SG6	I feel that there is not enough stability in my job	1	2	3	4	5
SG7	South Africa's future is not looking too good	1	2	3	4	5
SG8	I feel depressed when I hear about all the negative things currently taking place in the world	1	2	3	4	5
SG9	The current economic recession makes me feel anxious	1	2	3	4	5
SG10	I do not trust my organisation to look after my best interests	1	2	3	4	5

**APPENDIX B**  
**QUESTIONNAIRE COVER LETTER**

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17 March 2011

Dear Employee

**Re: Current Group Services Research Project**

You are being asked to participate in a research study. The researcher, Anthonie Theron, will provide you with the necessary information to assist you to understand the study and explain what would be expected of you.

The purpose of the questionnaire is to provide insight as to how our Group Services employees currently view their relationship between them and the company, and to measure where our Human Resources Division can improve.

You have the right to query any concerns regarding the study at any time. Your identity will at all times remain confidential. The questionnaire has received ethics approval (serial number H2010 BUS HR 14) at the Nelson Mandela Metropolitan University. **Please do not write any identifying/personal information on the questionnaire** (i.e. name, surname, employee number, job title, contact information, etc.). Please put the completed questionnaire into the attached envelope.

Questionnaires will be collected door-to-door by Friday, 1 April 2011. Should you require any additional information regarding the study or completion of the questionnaire, please do not hesitate to contact Anthonie Theron at 083 276 9718.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mike Davis', is written over a horizontal line. The signature is stylized and somewhat cursive.

**MIKE DAVIS**  
**CHIEF EXECUTIVE OFFICER**