

# **The impact of a large scale organisational change programme on psychological contracts**

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**A research report submitted to the Gordon Institute of Business  
Science, University of Pretoria, in partial fulfilment of the  
requirements of the degree of Master of Business  
Administration**

**November 2007**

## **ABSTRACT**

This research is intended to provide insight into the impact of large scale organisational change on the psychological contracts of the three main employee groupings present in the South African workplace.

This study is important in that it seeks to assess whether organisational change moderates or reinforces differences among the three social identities, namely Africans; Coloureds, Indians and White females (the so-called “middle group”); and White males.

Within the context of large scale organisational change, this research showed significant differences among the social identities with respect to perceptions of the employer’s obligation to them and *vice versa*, loyalty to the organisation, opportunities for internal advancement, performance of duties beyond the normal scope for work, employment security, intent to leave the organisation and job satisfaction.

Owing to the presence of distinct social groupings in the workplace, organisational change management strategies that differentiate between the groups to address their specific concerns are required to embed and sustain organisational changes and to create a unified culture, with which all demographic groupings can affiliate, to enhance a sense of belonging.

## DECLARATION

I declare that this research project is my own, unaided work. It is submitted in partial fulfilment of the requirements of the degree of Master of Business Administration for the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University.

ELTON GEOFFREY FORTUIN \_\_\_\_\_

DATE \_\_\_\_\_

## **ACKNOWLEDGEMENTS**

This research paper was supervised by Dr. Albert Wöcke, Senior Lecturer at the Gordon Institute of Business Science (GIBS).

I would like to thank Dr Wöcke for his guidance and support, for clarifying and distilling my thoughts and views, and for providing important insights throughout the development of this research paper.

My gratitude also extends to the management and staff of the State Information Technology Agency for allowing me to undertake this research at the organisation.

To my better half, Mauberine Fortuin, thank you for your love, support and understanding and for providing me the space to conclude this research paper.

Thank you to the many colleagues and friends at GIBS who helped me through the MBA programme. I would especially like to thank Joris Coopmans for his friendship and support.

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## **CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM**

### **1.1. DESCRIPTION OF THE PROBLEM AND BACKGROUND**

For an organisation to remain sustainable would imply that it is perpetually attuned to successfully meeting the requirements of a vast array of stakeholders ranging from customers to shareholders and employees, labour unions, government and regulatory authorities. Hence, to satisfy this myriad of – often – competing requirements placed on the organisation by its stakeholders, suggests that since these requirements are never static, but rather dynamic and ever-changing, so too is the organisation.

Maguire (2002) asserts that organisational change may impact heavily upon employees' psychological contracts, while social information processing theory suggests that when change occurs employees will alter perceptions of what they owe the employer and what they are owed in return (Robinson & Rousseau, 1994, contained in Maguire, 2002).

What is disconcerting, however, is that 70% of change initiatives fail (Kotter, 1995; Beer & Nohria, 2000), which could have serious implications for employees' psychological contracts, which are considered to denote a relationship of exchange between the employee and employer (Millward & Brewerton, 2001) and have as their essence, reciprocity (Cappelli, 1997).

The central premise of the psychological contract is that employees are key to sustainable competitive advantage and it follows that relationships between employers and employees are critical to ensuring productivity and the continued release of innovation and creativity (Flood, Turner, Ramamoorthy & Pearson, 2001).

This presents a significant challenge for organisations when embarking on large scale change, since failure to meet the set objectives or realise the vision could leave employees disillusioned, rather than excited and energised about the future of the organisation.

It is however generally accepted that organisations are operating in an increasingly challenging environment. Holbeche (2006) asserts that this calls for ongoing organisational change spurred by unrelenting forces:

- Increased globalisation;
- Impact of technology;
- Increased competition in the local market;
- Pressure on organisations to adapt to changing socio-economic environments; and
- A changing customer profile.

In order to deal successfully with these forces, many organisations are realising that they need the ability to make organisation-wide change happen fast (Holbeche, 2006). This requires an internal competency to deal effectively and efficiently with the impact of change.

Yet, if this is a prerequisite for contemporary organisations, it is distressing that Kanter, Stein and Jick (1999) state that while implementing change sounds reasonable, managing change is probably one of the most troubling and challenging tasks facing organisations today.

Is this a reasonable assumption? Intuitively, I would state that it is. Organisations, after all, are made up of people. People by their very nature are creatures of habit and habits can be hard to break.

Think of a chain smoker attempting to break the habit. We can assume that this person knows of the benefits of not smoking, such as improved health and mitigating the risk of cancer. But change is not easy. Changing behaviour can be a painful and uncomfortable process, yet the rewards of undergoing change, as in this instance, can be life altering. Metaphorically, however, organisations do not comprise only one chain smoker, but many hundreds, if not thousands of chain smokers. Hence the complexity of ensuring everyone is aiming for the same objective – such as improved health and mitigating the risk of cancer – becomes colossal.

For organisations to change, employees need to change (Morrison, 1994), hence Rousseau (2004) asserts that modern organisations cannot succeed unless employees agree to contribute to their employers' mission and survival. "Workers and employers need to agree on the contributions that workers will make to the firm and *vice versa*. Understanding and effectively managing these psychological contracts can help organisations thrive" (Rousseau, 2004, p 120).

This research paper seeks to assess the impact of large scale organisational change on the psychological contracts of the three social identities present in the South African workplace, using the State Information Technology Agency (SITA) as a case study.

## **1.2. PURPOSE OF THE STUDY**

The contemporary South African workplace and labour market has, since the advent of democracy in the country, undergone significant change.

According to Selby and Sutherland (2006), since democracy in 1994 the South African government has introduced a plethora of legislation and regulation aimed at transformation to enable previously disadvantaged South Africans full access to all aspects of the economy, including company ownership, share capital and top management positions.

According to Booyesen (2005: p 9) “On the journey towards transformation a number of Law Reform efforts and Employment Equity legislation have been initiated in South Africa to achieve social justice and equality and to redress past unfair discrimination”.

This transformation led to the introduction of a variety of Employment Equity legislation, the most important of which are the Constitution of South Africa (1996) and the Employment Equity Act (1998), which seeks to promote equal opportunity in the workplace, with affirmative action occupying a central role (Booyesen, 2005).

According to Thomas and Jain (2004), apartheid legislation disrupted the labour market and advantaged the minority of the population, the White group. The authors assert that post 1994, legislation has had as its central mission to disrupt the labour market once again, this time to empower the majority of the population the Black Africans, in order to redress past injustices (Thomas & Jain, 2004).

These interventions have led to significant changes in the workplace and Ngambi (2002) and Booyesen (2004a, 2004b & 2007) identify several examples of intergroup anxiety and tension that have resulted from the apartheid legacy and transformation efforts.

Booyesen (2004b & 2005) maintains that there are three dominant social identities present in the South African workplace: White males, Africans and a “middle group” consisting of White females, Coloureds and Indians.

Booyesen (2005) describes the nature of the three dominant social groups in the workplace: Africans may now have political power and although the power shifts have begun taking place in the workplace, this has not been as substantive as expected and many Africans are frustrated by the pedestrian pace of transformation. White males by contrast feel threatened by a perceived lack of future opportunities and of being unvalued, especially when they are expected to mentor and coach new African employees. The third group find themselves in the middle, or somewhat in-between White males and Africans. These are Indians, Coloureds and White females who were not sufficiently White or of the wrong gender to benefit from apartheid and now find themselves being not Black enough.

The State Information Technology Agency (SITA), a public sector information technology company reporting to the national Department of Public Service and Administration, is a microcosm of the contemporary South African workplace where all the afore-mentioned legislation, labour market forces and social identities are present.



In 2004, SITA embarked on a comprehensive three-year long turnaround strategy, called *Tswelopele*, a Tswana word for ‘moving forward together’ (SITA, 2004). The overarching purpose of this large scale change programme was to restore stakeholder confidence in SITA and re-establish it as an efficient and effective information and communications technology partner to the South African government (SITA, 2004 & 2007).

While transforming SITA may have improved its efficacy, the concomitant structural changes, job reviews, setting of new strategic objectives and offers of voluntary severance packages have, albeit intuitively, impacted the nature of psychological contracts or the expectations and perceptions employees have of their relationship with SITA.

Guzzo, Noonan and Elron (1994), contained in Lewis (1997), assert that when employees’ expectations are met, the psychological contract is the glue that binds employees to the organisation.

To this end, what perceptions do the dominant social identities have of the impact of the large scale change programme and did it serve to strengthen or dilute the glue that binds them to the organisation?

Given the present nature of the South African workplace, measuring the impact of a large scale change programme on the psychological contracts of the three social identities is important and an aspect which requires investigation.

Furthermore, using SITA as a case study, this research paper aims to determine, within the context of large scale organisational change, whether the three social identities differ in terms of:

- The impact of a large scale change programme;
- Perceptions of their psychological contracts; and
- Outcomes of the psychological contract in terms of commitment, obligation, job satisfaction and intention to leave.

## **CHAPTER 2:           THEORY AND LITERATURE REVIEW**

### **2.1. OVERVIEW OF THE STATE INFORMATION TECHNOLOGY AGENCY**

In the mid-1990s a Presidential Review Commission (PRC) was established and one of its briefs was to undertake a critical review of information technology (IT) and its application in the South African government (SITA, 2006 and Kaplan, 2007).

According to Msimang (2005, p 5) this was a necessary step by the newly-elected democratic government in setting its agenda for an efficient and relevant public service. “The government accepted quite early in its tenure that service delivery can be best enhanced through the efficient use of information and communications technology.”

The PRC study on the reform and transformation of the public sector confirmed that government was suffering from a high turnover and loss of IT personnel and skills to the private sector due to higher salaries and better career prospects offered by the latter (SITA, 2006).

The study further revealed other serious deficiencies, namely that government’s IT systems were largely not interoperable and that its various IT departments were very slow to transform. The commission also found that procurement of IT products and services by the state was not appropriately coordinated, resulting in

the loss of economies of scale, despite government being the largest consumer of IT goods and services in the country. This lack of coordination also resulted in a severe duplication of processes and systems across government (SITA, 2006 & Kaplan, 2007).

Based on the commission's recommendations, parliament enacted the State Information Technology Agency (SITA) Act number 88 of 1998, which led to the creation of SITA (Pty) Limited in 1999. The key aspects of the act were for SITA to:

- Provide information technology, information systems and related services to government;
- Maintain information systems security; and
- Act as an IT procurement agency for the South African government (SITA, 2006).

SITA was formed through the amalgamation of three government IT entities, namely Infoplan, the IT division of the Department of Defence, National Treasury's Central Computing Services and the IT division of the South African Police Service (SITA, 2006 and Kaplan, 2007). Though registered and managed as a private company, SITA remains in the portfolio of the Department of Public Service and Administration, whose Minister serves as the sole shareholder acting on behalf of the state (Top women in business and government, 2007).

Msimang (2007, p1) confirms that “although state-owned, SITA was established as a proprietary limited company that competes in the marketplace for a significant portion of its revenue. We are expected to operate profitably and do not receive a single cent in government subsidies”.

The Act referred to previously was subsequently amended through the SITA Act number 38 of 2002, which further specified SITA’s mandate to:

- Improve service delivery to the public through the provision of information technology, information systems and related services in a maintained information systems security environment to departments and public bodies; and;
- Promote the efficiency of departments and public bodies through the use of information technology (SITA, 2006).

According to SITA (2006), its core service offering to the South African government is to:

- Provide and maintain Private Telecommunications Networks/Value Added Networks;
- Provide or maintain transversal systems (i.e. IT systems that run across government departments);
- Provide data processing for technology information systems;
- Procure IT for government;
- Set standards for interoperability;

- Set standards for information security;
- Set standards for certification of IT acquisition;
- Certify all IT acquisitions for compliance;
- Eliminate duplication; and
- Leverage economies of scale for government.

SITA employs 3 434 staff members of which 1 307 are contractors. Of the permanent staff, some 45% are African, 6% are Coloured, 5% are Indian and 44% are White. The gender split among permanent staff is 56% male and 44% female (SITA Shared Services, 2007).

According to its latest Annual Report, for the year to March 2007 SITA realised R3 357 billion in revenue, up 15,6% from R2 904 billion the previous financial year. Gross profit improved by 33,9% from R532 million in 2005/6 to R712 million, while its surplus for the year increased by 76,4% from R81,3 million last year to R143,5 million (SITA, 2007).

According to ITWeb (2007, p 51) “back in 2004, SITA's surplus was 1,5 cents in every rand of its revenue. Today, a net surplus of R143 million on its R3,36 billion in revenues translates into 4,3 cents in the bank for every rand in revenue”. This reflects a substantial improvement in profitability and financial sustainability.

### **2.1.1 SITA's turnaround strategy – the *Tswelopele* programme**

According to Mogashoa (2007), SITA's formation in 1999 was not without significant challenges, especially since the company was established through the amalgamation of three separate entities, which each had different visions and cultures.

These disparate cultures were further reinforced by the organisation's initial structure, which comprised four subsidiary companies, namely SITA-D, SITA-C, SITA-E and SITA-H. Furthermore, the organisation suffered high senior management turnover and leadership challenges, while service delivery in some areas worsened and staff morale was low (SITA, 2006).

Kaplan (2007, p 6) concurs that SITA's implementation has been challenging: "SITA was formed to address government's IT constraints. While we believe that it was the right thing to do, its implementation over the past nine years has been challenging. It's hard to dictate to a department that has been relying on certain private sector IT vendors for many years to suddenly stop dealing with them directly and take advice from SITA. Another challenge has been to hire and retain the level of skill required that gives sufficient comfort to departments to trust SITA with complex IT projects. Over the years, SITA has also struggled with the stigma of being viewed as a competitor to the private sector."

To address these challenges, SITA initiated the *Tswelopele* turnaround strategy in 2004, under the auspices of its then chief executive officer, Mavuso Msimang. The strategy was conceived as a three-year long programme that would be underpinned by six key strategic imperatives, namely:

- Radically improve service delivery to clients;
- Prioritise citizen-focused projects;
- Drive to best demonstrated practices in people management and leadership;
- Overhaul internal and external communications to improve transparency, visibility and the image of the organisation;
- Build an appropriate organisational structure to achieve strategic objectives; and
- Maintain financial sustainability (SITA, 2005).

The programme comprised three phases, namely Phase 1: strategic review; Phase II: strategic planning; and Phase III: strategy implementation (SITA, 2005).

The key elements of the three phases are tabled below:



Table 2.1. Key deliverables of the *Tswelopele* Turnaround Strategy

Phase I	Phase II	Phase III
<ul style="list-style-type: none"> <li>• Conduct climate survey</li> <li>• Key poor service delivery issues identified</li> <li>• Cumbersome procurement processes identified</li> <li>• Mandatory and optional services revisited and refined</li> <li>• Regional operations redefined and repositioned</li> <li>• New SITA value proposition defined</li> <li>• The six strategic imperatives developed</li> </ul>	<ul style="list-style-type: none"> <li>• SITA C, D, E and H re-organised around competencies</li> <li>• New executives appointed</li> <li>• High level SITA operating model defined</li> <li>• Performance management policy developed and implemented</li> <li>• SITA balanced scorecard developed</li> <li>• Procurement division redesigned</li> </ul>	<ul style="list-style-type: none"> <li>• Implement new organisational structure</li> <li>• Finalise divisional structures and fill affected positions</li> <li>• Inculcate a culture of performance management</li> <li>• Implement quality management strategy, tools and methodologies</li> <li>• Finalise SITA business model</li> <li>• Implement SITA balanced scorecard</li> <li>• Implement divisional projects aligned to <i>Tswelopele</i></li> </ul>

Source: Adapted from *Tswelopele Programme Office Update and Way Forward presentation, July 2005*

While the above table provides only a cursory overview of *Tswelopele*, it was a comprehensive programme aimed at creating major change in SITA to transform the organisation in all respects to become what Kotter (1996, p 14) terms the new “way we do things around here”. Mogashoa (2007) perhaps best summarised the *Tswelopele* programme when empathically stating that “it looked at everything”. *Tswelopele*’s ultimate objective was to deliver a transformed organisation (SITA, 2005, p 96) with a “service and performance-driven culture”.

According to SITA (2007) the programme has, by and large, achieved its objectives, of which the main highlights are:

- “Implementation of best-of-breed human capital policies and management strategies which include a Performance Management System and an aggressive gender strategy;
- Radical improvement of the procurement services with average tender days reducing from 240 days (2004/2005) to about 75 days (2005/2006), and the share of Black Economic Empowerment companies increasing to over 60%;
- Establishment of customer satisfaction levels and improvement of some, like South African Police Services, from 46% (2004/2005) to 64% (2005/2006); and
- Over-achievement of revenue and net profit margin targets in both 2004/2005 and 2005/2006 financial years” (SITA, 2007, p 4).

#### **2.1.2. SITA in the context of the South African Information Technology (IT) Sector**

“Government’s technology is in need of a major refresh. They do acknowledge the positive role that technology can play in improving service delivery to citizens. SITA is government’s IT intermediary. With its R3 billion of revenue, it is the largest public sector IT player in the country by far. Through its tender process, we estimate it influences around 30% of government IT spend” (Kaplan, 2007, p 2).

The South African IT industry is estimated to be a R50 billion per annum sector, of which R11 billion is government spend on IT. This makes the South African government the single biggest spender on IT in the country and expectations are that government will have a net incremental IT spend of R14 billion over the next three years (Kaplan, 2007).

Due to the SITA Act, its current influence on government IT spend is mainly legislated. “SITA intends improving its overall customer satisfaction and service delivery to the point where government departments increasingly want to involve SITA in their projects, rather than being forced to do so” (Kaplan, 2007, p 8).

Kaplan (2007, p 17) also asserts that although state-owned, SITA is comparable to the “big four local players” in the South African IT sector, namely Business Connexion Group Limited (BCX), GijimaAST Limited, Bytes Technology Group (BTG) and Dimension Data Africa (Didata Africa). He expects that these four players will benefit most from government IT contracts awarded through SITA given their respective strengths and areas of expertise.

Figure: 2.1. SITA peer comparison – revenue

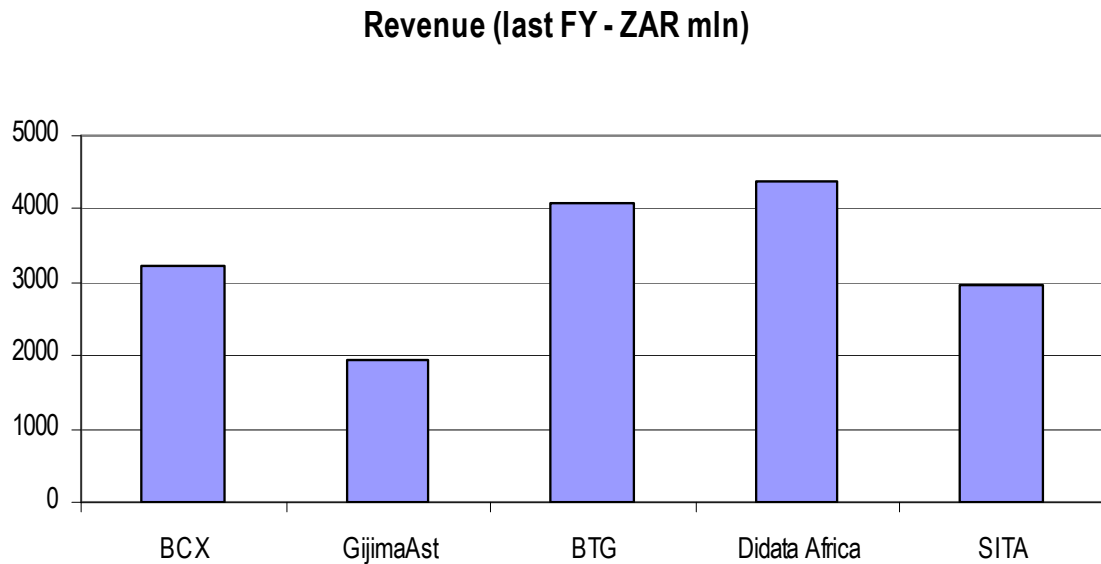


Figure 2.2. SITA peer comparison – Earnings before Interest and Tax (EBIT) margin

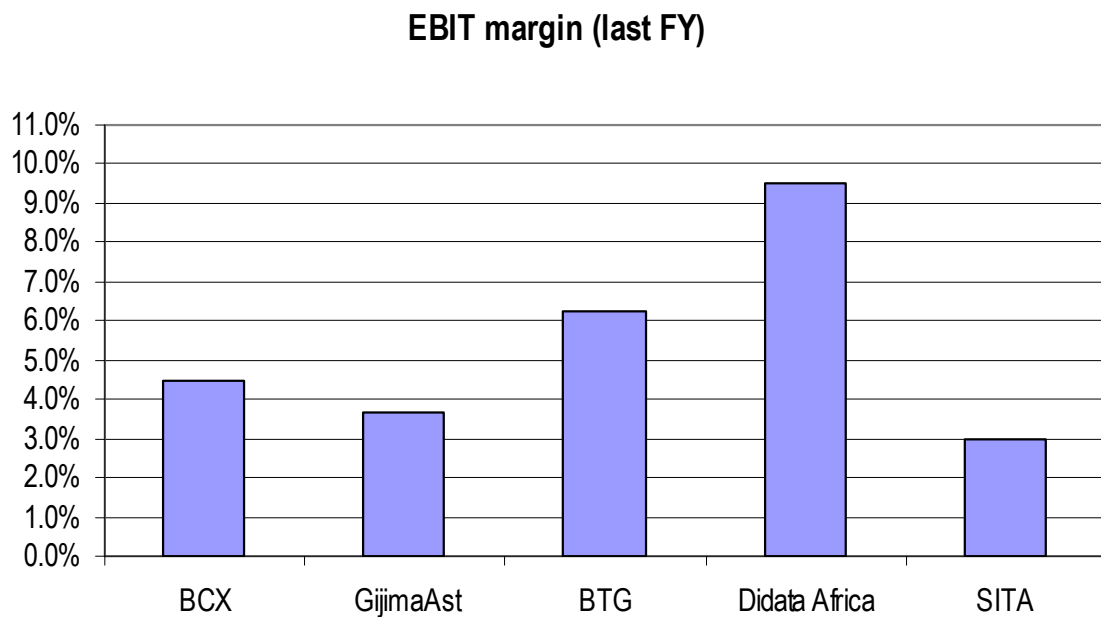
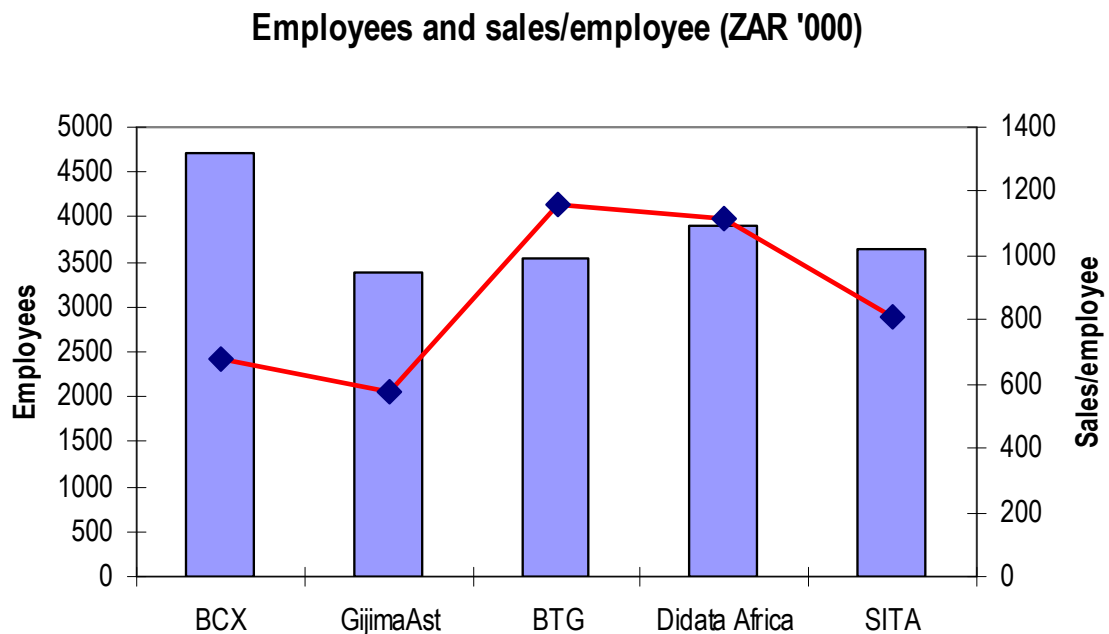


Figure 2.3. SITA peer comparison – employees and sales per employee



Source: Kaplan Equity Analysts, *Government IT Spend – an exciting journey into the future* (2007)

Kaplan (2007, p 6) states that the importance of a well-run SITA is critical for government to improve its IT efficacy: “Government desperately needs to improve its overall service delivery to the citizens of South Africa.”

From the literature on SITA, it is evident that a symbiotic relationship exists, or should exist between SITA and the IT industry, since “the products and services that SITA provides span the entire spectrum of the IT industry services. It has become increasingly difficult for the organisation to develop the breadth and depth of skills required to provide these products and services with excellence” (SITA, 2007, p 5).

To contextualise this point, in SITA's latest Annual Report (2007, p 2), Geraldine Fraser-Moleketi, Minister for Public Service and Administration, states that government has stressed the need for strong strategic partnerships between the public sector and the IT industry to drive the state's transformation and public service delivery objectives. "SITA has actively pursued such partnerships, recognising that ultimately service delivery is underpinned by two critical pillars, namely collaboration and integration. Collaboration with information and communications technology role players is key to improving government's administrative efficiency and service delivery, while integration of the state's information systems is important to deliver seamless information across the various spheres of government."

## **2.2. PSYCHOLOGICAL CONTRACTS**

### **2.2.1. Introduction**

According to Rousseau and Parks (1993), in every employment relationship, actual contractual terms are formed through written, oral (explicit) or tacit means (implicit) that indicate agreement regarding mutual obligations. These actual terms are observable by third parties and enforceable in law. However, the very observance of conflict also indicates that regardless of the actual terms, individuals to a contract have their own terms regarding what is owing between the employee and the organisation, which may differ from the actual terms and from each other. These individually held perceptions are known as

'psychological contracts', or the mutual obligations of employment as perceived in the mind of the individual (Rousseau & Parks, 1993).

Rousseau (2004) asserts that psychological contracts motivate workers to fulfil commitments made to employers when workers are confident that employers will reciprocate and fulfil their end of the bargain.

Rousseau (2004, p 120), however, states that employers have their own psychological contracts with workers depending upon "their individual competence, trustworthiness and importance to the firm's mission".

### **2.2.2. Defining psychological contracts**

According to Grant (1999), the classic definition of the psychological contract focuses on employer and employee perceptions of the exchange implied by the employment relationship and also considers the social processes that shape these perceptions.

According to Schein (1980) contained in McDonald and Makin (2000), the psychological contract may be defined as an unwritten set of expectations operating at all times between every member of an organisation and the various managers and others in that organisation.

Spindler (1994) supports this definition, describing the psychological contract as the bundle of unexpressed expectations that exist at the interfaces between humans, adding that it creates emotions and attitudes which form and control behaviour.

Rousseau (1995) contained in McDonald and Makin (2000) defines psychological contracts as beliefs, based upon promises expressed or implied regarding an exchange agreement between an individual and, in organisations, the employing firm and its agents.

A psychological contract emerges when one party believes that a promise of future returns has been made and thus an obligation has been created to provide future benefits. These promises of future returns engender expectations among employees (Flood *et al*, 2001).

Grant (1999) asserts that a common feature apparent in these definitions is the concept of expectations, borrowing from expectancy theory in that they suggest that the psychological contract is influenced by our desired goals and outcomes.

Lewis (1997) adds that it is highly subjective, defined by the individual and is to be understood from the perspective of the employee and not the organisation.



Guzzo *et al* (1994) contained in Lewis (1997) state that organisations provide the context in which the employees' psychological contracts exist, asserting that the parties concerned may not have articulated or agreed to their expectations and, in fact, they might be incapable of doing so. When expectations are met, psychological contracts could be described as the glue that binds employees to organisations (Guzzo *et al*, 1994 contained in Lewis, 1997).

Lewis (1997) argues that since psychological contracts represent perceived needs, when these needs are not met, the subjective issues that the psychological contracts covered might be so emotionally laden that strong feelings can be provoked, opening an emotional can of worms.

### **2.2.3. Types of psychological contracts**

Golembiewski (2000) argues that historically it is possible to distinguish between four types of psychological contracts at work. The first type is the Command/Obey or Unbridled Authority Contract, characteristic of nineteenth century economics, where control is maintained by suppression to subsistence levels of employees.

Golembiewski (2000) states that the second type, which is characteristic of the early part of the twentieth century, is the Benevolent Autocracy/Loyalty contract that implies continuous employment in exchange for sufficient loyalty.

The third type is the Continuous Employment given Competence contract, which began somewhere in the 1960s as a result of the shortage of managers and executives caused by war and low birth rates (Golembiewski, 2000).

According to Golembiewski (2000), the fourth type of contract, the Continuous Employability contract, is an emerging creation of recent years; owing to the pace and change of global competition, organisational survival is questionable, hence companies cannot credibly promise continuous employment.

Rousseau (2004), however, asserts that there are generally three types of psychological contracts that differentiate how workers and employers behave toward each other.

Employees with relational contracts tend to be more willing to work overtime with or without payment, to assist colleagues and support organisational initiatives. This is characterised by the employees' perceived obligation of loyalty to their employer in exchange for job security. The relational contract can therefore be regarded as an employee's wish to build a long term relationship with his/her employer (Rousseau, 2004).

Transactional psychological contracts can be considered more economic in nature. Rousseau (2004) asserts that these contracts are characterised by high competitive wage rates and an absence of long term commitment. McDonald

and Makin (2000) state that this includes a willingness to work overtime, to provide high levels of performance for contingent pay, and to give notice before resigning, but with the employee feeling no loyalty to the organisation.

Rousseau (2004) postulates that a hybrid model or a so-called balanced psychological contract, which entails flexibility in the relationship, employee growth and development in exchange for performance and shared risk between the employee and employer is the third type of contract.

McDonald and Makin (2000) point out that psychological contracts are not either/or and descriptions are provided as a framework that represent points on a continuum. Psychological contracts will contain both transactional and relational elements, but in differing amounts.

McDonald and Makin (2000) further assert that like other contracts, the psychological contract is an important influence on the relationship between the employees and the organisation, but cautions that the influence may not be overtly apparent.

“Just as with other types of contracts, the psychological contract only becomes an important influence on behaviour, when it becomes salient, for example when it is broken or undergoes substantial change” (McDonald & Makin, 2000, p 85).

The most important effects occur when the contract has been broken or violated. In these circumstances research suggests that the nature of the contract will change, in particular there will be a move away from the relational end of the continuum towards the transactional (McDonald & Makin, 2000).

In addition to the three types of psychological contracts postulated by Rousseau (2004), Burr and Thomson (2002, p 7) contend that a new form of contract is emerging that has a “transpersonal perspective, an evaluation not only of ‘what’s in it for me’ (transactional) and ‘what’s in it for us’ (relational), but also of ‘what is the fit between me, us, and the rest of society’”.

Burr and Thomson (2002) assert that content terms from a transpersonal psychological contract will reflect a concern for the community, service to humanity, connectedness to the environment, compassion and care and voluntary selfless work.

According to O’Donahue, Hecke, Holland and Sheehan (2007), the attraction of incorporating a transpersonal perspective, as recommended by Burr and Thomson (2002), into the psychological contract concept lies in its potential to provide new insights into why individuals identify with their employing organisation.

“For example, the individual’s perception of breach by the organisation of an ideological commitment need not produce a negative personal impact in the way implied by a transactional/relational interpretative framework based only on economic and socio-emotional currencies” (O’Donahue *et al*, 2007, p 75).

Rousseau (2000, p 4) also refers to a transitional state in the employment relationship, which is not a psychological contract in itself, but “a cognitive state reflecting the consequences of organisational change and transitions that are at odds with a previously established employment arrangement”.

#### **2.2.4. Gender and the psychological contract**

Scandura and Lankau (1997) assert that research has been inconclusive, or at best scant, on gender differences in the psychological contract. They state that some previous studies have indicated that women are more committed than men, while others have indicated the opposite and still some report no differences in the organisational commitment of men and women.

Mathieu and Zajac (1990) contained in Scandura and Lankau (1997) suggest that gender may impact on employees’ perceptions of the workplace and that gender may impact whether individuals become more committed to an organisation that offers various kinds of opportunities such as flexible work hours.

Family orientated programmes may be more salient to women who must balance work and family demands and consequently face more work-family conflict than men, argue Greenhaus, Parasuraman, Granrose, Rabinowitz and Beutell (1989) contained in Scandura and Lankau (1997).

Scandura and Lankau (1997) assert that women are expected to have different responses to work than men, owing to factors such as socialisation to view their primary role within a family, as well as experiences such as discrimination and sex-role stereotyping in the workplace.

In their study of 160 women in management positions, Scandura and Lankau (1997) concluded that flexible work hours and family responsive work policies were shown to be significantly related to organisational commitment and job satisfaction among female managers.

#### **2.2.5. Permanent versus non-permanent employees**

According to Sinclair, Martin and Michel (1999) contained in Emmerik & Sanders (2005), part-time employees are acknowledged to differ in several aspects from full-time employees, and attitudinal and behavioural differences between part-time and full-time employees are frequently supposed. Conway and Briner (2002) also contained in Emmerik & Sanders (2005) gave a number of reasons for supposing that part-time employees may have a different psychological contract than full-time employees. These differences can be located at the organisational

level (e.g. differential treatment by the employer), at the individual level (e.g. different career orientations), at the interpersonal level (e.g. differential treatment by supervisor and colleagues), or can refer to the reduced time spent in the workplace.

Rousseau (2004) asserts that transactional contracts relate to employment of a short term duration alluding to temporary or non-permanent staff. Rousseau (1995) contained in McDonald and Makin (2000) suggests that non-permanent employees' obligations can be characterised by the saliency of transactional obligations and absence of relational obligations. Indeed Rousseau believes that non-permanent staff will have a predominantly transactional psychological contract.

Research by McDonald and Makin (2000) contradicts this view. Their findings from a survey of 145 people in the holiday industry, comprising 102 permanent and 43 non-permanent staff, found that there was no significant difference in the psychological contracts of permanent and non-permanent staff.

Research by Lee and Faller (2005) of 174 non-permanent respondents at an undisclosed South African company found that relational psychological contracts increased greatly after six months and continued to increase almost throughout the relationship.

### **2.2.6 Knowledge workers and psychological contracts**

Flood *et al* (2001, p 1) assert that industrial society is in the midst of a new phase of evolution towards a post industrial era. “The driving force of this change is the centrality of intellectual capital as a source of innovation and organisational advantage.” They assert that theoretical knowledge rather than labour is becoming the new source of added value.

Flood *et al* (2001, p 2) argue that occupations with high knowledge content are becoming increasingly central to economic activity and perhaps a critical source of competitive advantage to these organisations as these “employees are the ones to create most value to the organisation”.

Knowledge workers are unlike previous generations of workers, not only because of their access to educational opportunities, but because in knowledge organisations they own the means of production, that is knowledge that is located in brains, dialogue and symbols (Blackler, 1995; Drucker, 1999). As a consequence, productivity is now, more than ever, dependent on the contributions of specialist knowledge workers (Tovstiga, 1999).

Knowledge work – the acquisition, creation, packaging or application of knowledge – is characterised by variety and exception rather than routine, and is performed by professional workers with a high level of expertise (Davenport, Jarenpaa and Beers, 1996). Drucker (1999) explains that making knowledge



workers more productive requires attitudinal changes entailing the involvement and understanding of the entire organisation, not just the workers themselves.

Specifically, knowledge workers must be able to determine the focus of their task, and have autonomy and responsibility for their own productivity. Their tasks have to include a commitment to continuing innovation, and provide for continuous learning. There needs to be a commitment to quality and treating the knowledge worker as an asset rather than as a cost. When these factors are not an integral part of the organisational context, the productivity of the knowledge worker is at risk (Drucker, 1999).

Flood *et al* (2001) similarly assert that the creative energy of knowledge workers can only be realised if these employees are committed to the organisation.

#### **2.2.7. South African labour legislation and the psychological contract**

Wöcke and Sutherland (2008) hypothesise that labour legislation has changed the power distance between the three social groups/identities but has reinforced these identities, as reflected in differences in the psychological contract. Their research of some 500 managers from across South African industries and from all ethnic groups showed significant differences amongst the three social identity groupings in their perceptions of employment equity legislation, labour turnover, intentions to leave, perceptions of their obligations to the employer, sense of satisfaction and employment security (Wöcke & Sutherland, 2008).

Wöcke and Sutherland (2008, p 25) postulate that African managers felt most positive about employment equity legislation and it was expected that the legislation would “positively affect their future prospects, rewards and earnings and opportunity to use their skills and abilities”.

Their research, however, showed a higher turnover of African managers and their intention to leave, which is indicative of the strong influence that a favourable labour market has despite employers attempting to build a relational or balanced psychological contract (Wöcke & Sutherland, 2008).

Wöcke and Sutherland (2008) further showed that White males and the “middle group” had similar perceptions of their respective employers but differed from the African group in that they were not as strongly focussed on developing their own marketability, or transferability within the broader labour market. “As expected the highest degree of loyalty can be expected from White males, as they perceive their mobility to be the lowest” (Wöcke & Sutherland, 2008, p 25).

Wöcke and Sutherland (2008) hypothesise that despite the differences in the psychological contracts, there were no significant differences between the three groups on their views of the employer or of employer obligations towards the respective respondents.

“The most significant differentiator between the groups is the labour legislation and historical social identities and accounts for the differences in psychological contract. This finding shows that external labour market forces play an important role in psychological contract formation which in turn influences many human resources practices” (Wöcke & Sutherland, 2008, p 26).

Furthermore, the authors assert that there were no significant differences between the social identity groupings in terms of job satisfaction, yet African respondents showed a significantly higher propensity to find a new job in the short term (Wöcke & Sutherland, 2008).

#### **2.2.8. Outcomes of the psychological contract**

Psychological contracts denote a relationship of exchange (Millward & Brewerton, 2001) and having as their essence, reciprocity (Cappelli, 1997).

Wöcke and Sutherland (2008, p 5) state that effective management of psychological contracts relates to the maintenance of perceived obligations. “A met psychological contract will lead to the knowledge worker feeling an obligation to contribute, and in the context of the modern workplace, this includes such behaviours as being a team player, expending extra effort as needed, and generally putting the organisation’s interests before one’s own.”

Flood *et al* (2001) found that the level of met expectations in a psychological contract have a direct effect on the employees' commitment to the organisation and their intention to stay.

A violation of the psychological contract occurs when an employee experiences a discrepancy between the fulfilment of obligations by the organisation and promises made about fulfilling these obligations (Rousseau, 1995).

Robinson and Rousseau (1994) contained in McDonald and Makin (2000) found that employees experiencing contract violation are more likely to report having a transactional psychological contract with their employing organisation. They also found evidence that psychological contract violation has a stronger impact on relational obligations and that employees who experienced psychological contract violations were likely to feel less obliged to fulfil relational type obligations to their employers, which could have considerable detrimental consequences for the organisation.

The violation of psychological contracts is known to have material effects on the relationship between the employer and employee (Robinson & Morrison, 2000). As the relationship is based on the principle of reciprocity, when an employee experiences a breach of the psychological contract, employees may withhold their contributions to the organisation, and in some instances leave the organisation (Restubog, Bordia & Tang, 2006).

A violation of the psychological contract leads to a variety of reactions, dependent on the severity of the breach and the nature of the psychological contract. According to Rousseau (2004), Coyle-Shapiro and Kessler (2000) and Rousseau and McLean Parks (1993), breaches of transactional psychological contracts lead to an exit from the organisation, while breaches of relational psychological contracts can lead to a variety of reactions ranging from the withdrawal of commitment, reverting to economic (or transactional) contract, turnover, or further actions to diminish the employment relationship.

Wöcke and Sutherland (2008) assert that it can therefore be expected that a perceived breach of the psychological contract by all three social identities in the South African workplace will lead to a withdrawal of commitment or exit from the organisation or a devaluation of the relational contract to a transactional one.

Furthermore, according to Bussin (2002), the issue of increasing retention and decreasing turnover has become paramount in organisational life, and that attracting and retaining key talent has become a critical organisational competency. One of the key features of knowledge workers in the new world of work is their increasing mobility and the consequences of this to the organisation. The mobility of these knowledge workers is a major concern in the new economy as their departure from an organisation means loss of both tangible and intangible knowledge and possibly competitive advantage (Kinneer & Sutherland, 2000).

## **2.3 CHANGE MANAGEMENT**

### **2.3.1. Introduction**

Identifying the need for organisation-wide change and leading organisations through that change is widely recognised as one of the most critical and challenging responsibilities of organisational leadership.

Kotter (1996, p 3), surmised that “by any objective measure, the amount of significant, often traumatic, change in organisations has grown tremendously over the past two decades. Although some people predict that most of the re-engineering, re-strategising, mergers, downsizing, quality efforts, and cultural renewal projects will soon disappear, I think it is highly unlikely. Powerful macroeconomic forces are at work here, and these forces may grow even stronger over the next few decades. As a result, more organisations will be pushed to reduce costs, improve quality of products and services, locate new opportunities for growth, and increase productivity”.

### **2.3.2. Defining change management**

Change management is frequently defined as the “continuous process of aligning an organisation with its marketplace and doing so more responsively and effectively than competitors” (Kudray & Kleiner, 1997, p 18). This describes an

organisational view of change management, which is more comprehensive than a project-based perspective.

Moran and Brightman (2001) describe change management as the process of renewing the organisation's direction, structure and capabilities to serve the ever-changing needs of the market place, customers and employees.

According to the Change Management Tool book (2004), change means departing to new destinations. It involves curiosity, but also fear. It entails some future state to be realised, some current state to be left behind and some structured organised process for getting from one state to the other, specifically from a problem state to a solved state. It is a matter of moving from one state to another (Nickols, 2004).

### **2.3.3. The need for change**

Every organisation is influenced by its internal and external environment. Internal environment refers to factors that affect its performance from within its boundaries. These are factors that are within an organisation's control. They include factors such as the organisation's management, mission, resources, system processes and structure. External environment refers to factors outside the control of the organisation. External environment includes factors such as customers, competition, suppliers, labour force, shareholders, society, technology, the economy and governments (Lussier, 1999).

Lussier and Achua (2000) and Ivancevich and Matteson (1996) assert that rapid environmental changes cause fundamental transformations. Such transformations have dramatic impact on organisations and present new opportunities and threats for leadership. The environment is characterised by rapid technological changes, a globalised economy, changing market requirements and intense domestic and international competition. Change oriented leaders respond by initiating strategies that match the requirements of these turbulent environments.

A changing environment is unpredictable. It displays frequent shifts in products, technology, competitors, markets and/or political factors. The change in environment can be characterised by:

- Continuously changing or evolving products;
- Significant technological innovations that make production processes or equipment obsolete;
- Continuous change in competitors, customers, or other stakeholders or their actions; and
- Influence over government actions by various interest groups for protection of consumers, product safety, pollution control and civil rights (Hellriegel, Jackson, Slocum & Staude, 2001).

In changing environments, organisations must constantly seek to satisfy the needs of their customers whose needs and demands are changing. To achieve



this, organisations need to keep up with trends in the market. Success depends on the organisation's ability to anticipate market trends and respond to them quickly (Hellriegel *et al*, 2001; Daft, 2001).

No business can ignore the need for change as it evolves in the context of a more rapidly changing environment. It can either instigate or submit to change, but it must change. The evolution or revolution of the business environment is beyond the control of individual business entities (Pendleburg, Grouard & Meston, 1998).

#### **2.3.4. Theoretical models and frameworks**

Lewin's (1958) three-phase model of change – unfreezing; movement or change; and refreezing – has changing the individuals who comprise the organisation as a central aspect. The model also explicitly recognises that change will be resisted, and that overcoming this resistance requires leadership.

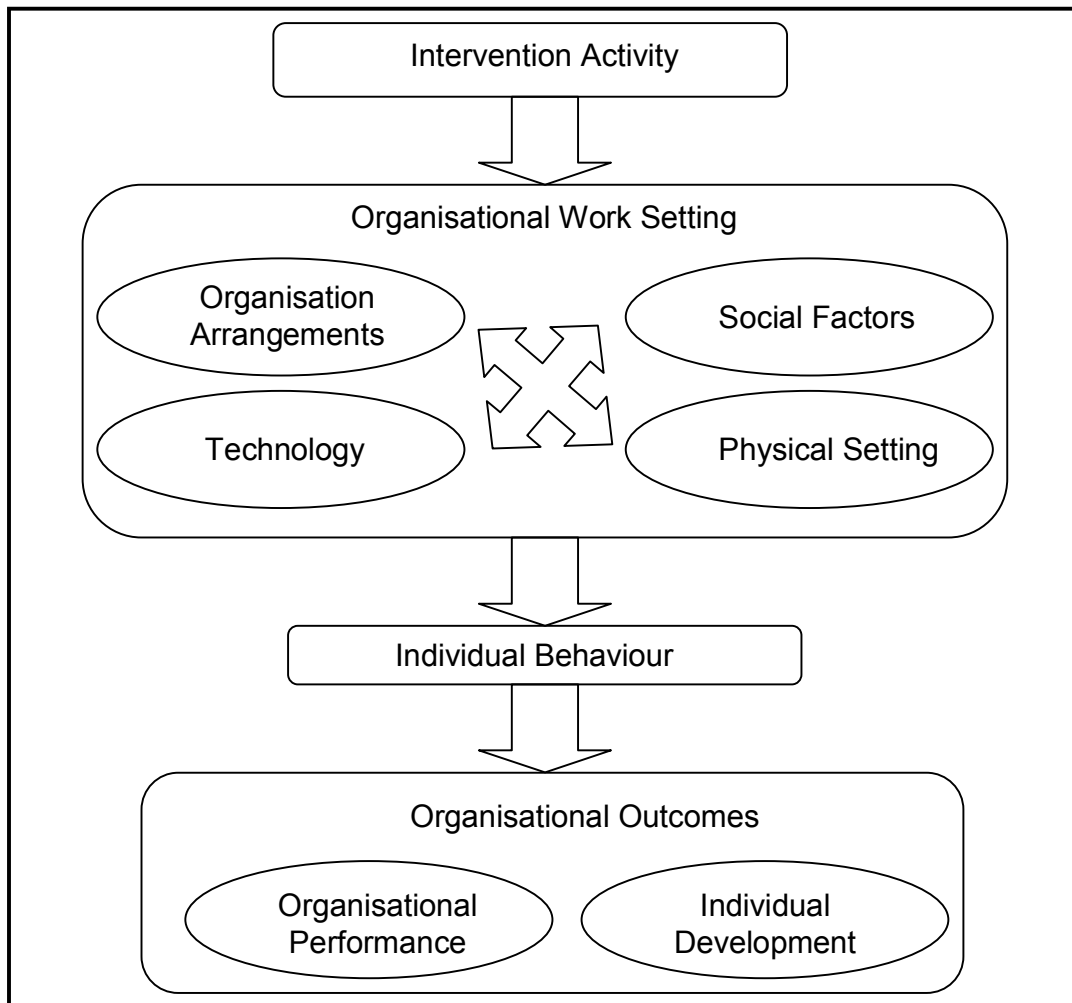
Lewin (1958) identified three ways that organisational change could be accomplished:

- Changing the individuals who work in the organisation (their skills, values, attitudes and eventually behaviour) – with an eye to instrumental organisational change;
- Changing various organisational structures and systems – reward systems, reporting relationships, work designs; and

- Directly changing the organisational climate or interpersonal style – how open people are with each other, how conflict is managed, how decisions are made.

Robertson and Seneviratne (1995) add changes in technology and physical setting to the ways change can be accomplished, which they group with organisational arrangements and social factors into a category they label *organisational work setting*. As illustrated in Figure 2.4, their model of the organisational change process has three phases: (a) planned interventions create changes in the organisation work setting; (b) these changes in the work setting lead individuals to change their behaviour; (c) these individual behavioural changes impact organisational performance and individual development, the key organisation outcomes.

Figure 2.4 Outcomes of planned organisational change



Source: Adapted from Robertson, PJ and Seneviratne SJ. (1995). *Outcomes of Planned Organisational Change in the Public Sector. Public Administration Review.*

According to Sapienza (1995), underlying discussions of change strategies are two different models of behavioural change. The first views behaviour as a function of attitude, with attitude change seen as driving changes in behaviour, as postulated by Lewin (1958). The second views behaviour as a function of context, with changes in context seen as driving changes in behaviour.

From the literature on change management, there appears to be increased recognition that a balanced approach that employs mutually reinforcing interventions, tailored to the particular circumstances and history of the organisation, to change both attitudes and context is likely to be the most effective in creating the desired change (Sapienza, 1995; Beer and Nohria, 2000).

Beer and Nohria (2000) illustrate how these two archetypes/models of change are reflected in the business world. They note that there are contradictions between the two models and the change strategies that follow from them.

Beer and Nohria (2000) argue that change managers can start with an approach based on changing the context (economic value, theory E) and then follow with changing of attitudes (organisational capability, theory O). They contend that you should not reverse this owing to the loss of trust caused by the tough actions associated with aggressive change in context (theory E). Because this sequential approach takes time, they advocate an integrated approach, emphasising that success depends upon explicitly confronting the tension between the goals of creating organisational economic value and creating organisational capability. A graphic representation of this theory is shown in Table 2.2.

Table 2.2. Dimensions of change: Theory E and Theory O

Dimensions of change	Theory E	Theory O	Theories E and O combined
Goals	Maximise shareholder value	Develop organisational capabilities	Embrace paradox between economic value and organisational capability
Leadership	Manage change from the top down	Encourage participation from the bottom up	Set direction from the top and encourage people from below
Focus	Emphasise structure & systems	Build up corporate culture: employees' behaviour & attitudes	Focus simultaneously on the hard (structures & systems) and the soft (corporate culture)
Process	Plan & establish programmes	Experiment & evolve	Plan for spontaneity
Reward systems	Motivate through financial incentives	Motivate through commitment – use pay as fair exchange	Use incentives to reinforce change but not to drive it

Source: Beer and Nohria (2000: p 137)

### 2.3.5. Approaches and tools

Kotter (1996) outlines eight errors which cause change initiatives to fail and an eight step process for creating major change.

He argues that a common error made by organisations is allowing too much complacency, stating that organisations plunge ahead without establishing a high enough sense of urgency in fellow managers and employees. Conversely, Kotter (1996) states that establishing a sense of urgency is the first step in his eight-

stage process of creating a major change, which entails examining the market and competitive realities and identifying and discussing crises, potential crises, or major opportunities.

Kotter (1996) further argues that major change is impossible unless the head of the organisation is an active supporter and that failing to create a sufficiently powerful guiding coalition will render the change process ineffective. He propagates the view that putting together a group with enough power to lead the change and getting the group to work like a team is essential.

He lists underestimating the power of vision as another common error in implementing major change. He states that creating a vision to direct the change effort and developing strategies for achieving that vision are paramount to successfully implementing organisational change.

Under communicating the vision is a significant impediment to successful change. Kotter (1996) argues that unless employees are willing to help, major change is impossible and that without credible communication the hearts and minds of employees are never captured. He states that this is more than speeches and newsletters, but speaks to behaviour of highly visible individuals as well. Behaviour that is antithetical to the vision will amount to cynicism among the broader ranks of employees. Communicating the vision and using the coalition as role models is therefore vital.

Kotter (1996) lists step five in the change process as empowering broad-based action by ridding the organisation of obstacles in the way of the new vision, changing systems and structures that undermine the change vision and encouraging risk taking and non-traditional ideas, activities and actions.

Generating short term wins or the lack thereof, is listed by Kotter (1996) as another contributory factor leading to change programmes either succeeding or failing. He argues that complex change takes time and risks losing momentum if there are no short term goals to meet and celebrate. “Without short-term wins, too many employees give up or actively join the resistance” (p 11).

Kotter (1996) also cautions against declaring victory too soon, especially since cultural changes can take between three to 10 years to sink deeply into the organisation. Kotter (1996) suggests that gains should be consolidated and used to produce more change to reinvigorate the process.

The eighth common error Kotter (1996) lists is neglecting to anchor changes firmly in the organisation, which conversely is also the eighth step in the process of creating major change. Kotter (1996, p 14) argues that change sticks only when it becomes “the way we do things around here”.

Table 2.3. Kotter's eight-stage process of creating major change

<p><b>1. ESTABLISHING A SENSE OF URGENCY</b></p> <ul style="list-style-type: none"> <li>➤ Examining the market and competitive realities</li> <li>➤ Identifying and discussing crises, potential crises, or major opportunities</li> </ul>
<p><b>2. CREATING THE GUIDING COALITION</b></p> <ul style="list-style-type: none"> <li>➤ Putting together a group with enough power to lead the change</li> <li>➤ Getting the group to work together like a team</li> </ul>
<p><b>3. DEVELOPING A VISION AND STRATEGY</b></p> <ul style="list-style-type: none"> <li>➤ Creating a vision to help direct the change effort</li> <li>➤ Developing strategies for achieving that vision</li> </ul>
<p><b>4. COMMUNICATING THE CHANGE VISION</b></p> <ul style="list-style-type: none"> <li>➤ Using every vehicle possible to constantly communicate the new vision and strategies</li> <li>➤ Having the guiding coalition role model the behaviour expected of employees</li> </ul>
<p><b>5. EMPOWERING BROAD-BASED ACTION</b></p> <ul style="list-style-type: none"> <li>➤ Getting rid of obstacles</li> <li>➤ Changing systems or structures that undermine the change vision</li> <li>➤ Encouraging risk taking and non-traditional ideas, activities, and actions</li> </ul>
<p><b>6. GENERATING SHORT TERM WINS</b></p> <ul style="list-style-type: none"> <li>➤ Planning for visible improvements in performance, or "wins"</li> <li>➤ Creating those wins</li> <li>➤ Visibly recognising and rewarding people who made the wins possible</li> </ul>
<p><b>7. CONSOLIDATING GAINS AND PRODUCING MORE CHANGE</b></p> <ul style="list-style-type: none"> <li>➤ Using increased credibility to change all systems, structures, and policies that don't fit together and don't fit the transformation vision</li> <li>➤ Hiring, promoting, and developing people who can implement the change vision</li> <li>➤ Reinvigorating the process with new projects, themes and change agents</li> </ul>
<p><b>8. ANCHORING NEW APPROACHES IN THE CULTURE</b></p> <ul style="list-style-type: none"> <li>➤ Creating better performance through customer- and productivity-oriented behaviour, more and better leadership, and more effective management</li> <li>➤ Articulating the connection between new behaviours and organisational success</li> <li>➤ Developing means to ensure leadership development and succession</li> </ul>

Source: Kotter, JP. (1996). *Leading Change*. Boston: Harvard Business School Press



### **2.3.6. Factors important to successful change management**

Covin and Kilmann (1990) conducted research among a variety of participants comprising researchers, managers and internal and external consultants who were interested in increasing the effectiveness of planned organisational change efforts.

Through a content analysis process of 398 questionnaires, the researchers grouped responses into meaningful categories to identify issues that have a highly positive or highly negative impact on large scale change efforts.

From their research findings, Covin and Kilmann (1990) identified six broad categories of issues that were regarded as having a highly positive impact on large scale change efforts, as well as eight broad categories of issues that had a highly negative effect on change initiatives.

The findings of their research have been summarised in Table 2.4 to indicate what respondents had identified as positive impact issues and what the corresponding negative impact issues were on large scale change programmes:

Table 2.4. Issues impacting on large scale change efforts

Positive impact issues	Corresponding negative impacts
<ul style="list-style-type: none"> <li>Visible management support and commitment</li> </ul>	<ul style="list-style-type: none"> <li>A lack of management support</li> <li>Inconsistent actions by key managers</li> </ul>
<ul style="list-style-type: none"> <li>Preparing for successful change</li> </ul>	<ul style="list-style-type: none"> <li>Top managers forcing change</li> </ul>
<ul style="list-style-type: none"> <li>Encouraging employee participation</li> </ul>	<ul style="list-style-type: none"> <li>A lack of meaningful participation</li> <li>No placement or a misplacement of responsibility</li> </ul>
<ul style="list-style-type: none"> <li>A high degree of communication</li> </ul>	<ul style="list-style-type: none"> <li>Poor communication</li> </ul>
<ul style="list-style-type: none"> <li>Recognition of a strong business-related need for change</li> </ul>	<ul style="list-style-type: none"> <li>The purpose of the programme is not clear</li> <li>Unrealistic expectations</li> </ul>
<ul style="list-style-type: none"> <li>A reward system that supports necessary changes</li> </ul>	

Source: Adapted from Covin and Kilmann (1990)

Apart from the positive impact issue, *a reward system that supports necessary changes*, all other issues listed under positive impacts almost clearly have a corresponding or equivalent negative issue or issues as listed by the respondents to the Covin and Kilmann (1990) questionnaire.

This would suggest that overwhelmingly issues that were cited as positive and key to implementing a successful change programme, were equally detrimental if there was a lack thereof, which could hamper the change initiative and the likelihood of successfully implementing a large scale change programme.

#### **2.3.7. The SITA change methodology**

According to Mogashoa (2007), former project manager for the *Tswelopele* programme, SITA utilised the ADKAR change methodology. ADKAR is an acronym for Awareness, Desire, Knowledge, Ability and Reinforcement.

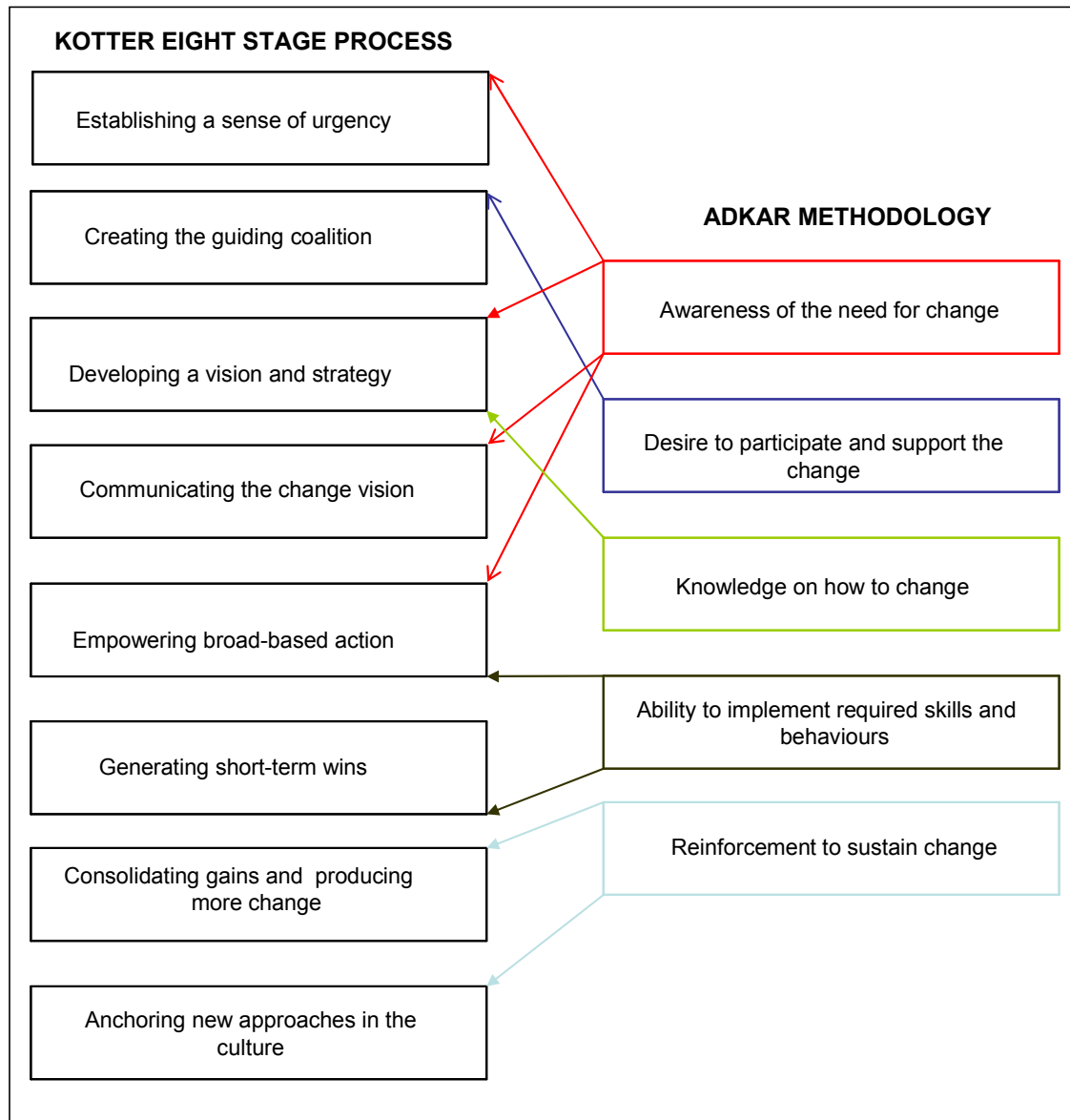
Table 2.5. ADKAR change methodology

	PHASES OF CHANGE	ENABLERS FOR CHANGE
<b>A</b>	<b>A</b> wareness of the need for Change	<ul style="list-style-type: none"> <li>• Management communications</li> <li>• Customer input</li> <li>• Marketplace changes</li> <li>• Ready access to information</li> </ul>
<b>D</b>	<b>D</b> esire to participate and support the Change	<ul style="list-style-type: none"> <li>• Fear of job loss</li> <li>• Discontent with current state</li> <li>• Imminent negative consequence</li> <li>• Enhanced job security</li> <li>• Affiliation and sense of belonging</li> <li>• Career advancement</li> <li>• Acquisition of power position</li> <li>• Incentive or compensation</li> <li>• Trust and respect for leadership</li> <li>• Hope in future state</li> </ul>
<b>K</b>	<b>K</b> nowledge on how to Change	<ul style="list-style-type: none"> <li>• Training and education</li> <li>• Information access</li> <li>• Examples and role models</li> </ul>
<b>A</b>	<b>A</b> bility to implement required skills and behaviours	<ul style="list-style-type: none"> <li>• Practice applying new skills or using new processes and tools</li> <li>• Coaching</li> <li>• Mentoring</li> <li>• Removal of barriers</li> </ul>
<b>R</b>	<b>R</b> einforcement to sustain the Change	<ul style="list-style-type: none"> <li>• Incentives and rewards</li> <li>• Compensation changes</li> <li>• Celebrations</li> <li>• Personal recognition</li> </ul>

Source: ADKAR Model for Managing Change (2003), unpublished SITA presentation

The ADKAR change model followed by SITA has many similarities to Kotter's (1996) eight-stage process for creating major change, as illustrated in Figure 2.5.

Figure 2.5. Kotter's eight-stage process compared with ADKAR methodology



#### 2.4. CHANGE AND THE PSYCHOLOGICAL CONTRACT

According to Maguire (2002), organisational change could impact heavily upon employees' psychological contracts.

Robinson and Rousseau (1994) contained in Maguire (2002) assert that when change occurs, social information processing theory suggests that employees will alter perceptions of what they owe the employer and what they are owed in return.

Organisation-specific events play a major role in the renegotiation of the psychological contract. Rousseau (1995) suggests that human resources management practices adopted from organisational strategies have direct implications for the development of the psychological contract.

Morrison (1995) states that the way an organisation initiates and manages change has profound implications for the psychological contract and may create new or reinforce old expectations.

The role of the individual employee in changing the psychological contract also plays a major part in the change process. Rousseau and Greller (1994) suggested that: [a] person's experience in an organisation, even the very nature of the relationship with the organisation is shaped by personnel actions such as recruiting, appraising performance, training and benefits administration.

Each has obvious implications for differentiating among individuals. However, each has a powerful impact on what goes on within individuals as well, particularly in terms of choices they make regarding the organisation: whether to

join, how to expend effort, what to learn, how long to stay, or the way to treat other people. How people interpret and make sense of their experiences during recruitment, performance reviews, transfers and promotions forms the basis for understanding the conditions of their employment (Rousseau & Greller, 1994).

More simply put, the psychological contract encompasses the actions employees believe were expected of them and what response they expected in return from the employer (Rousseau & Greller, 1994).

These authors explained that, “HR (Human Resources) has largely ignored the implications of its practices on the creation of the psychological contract” (p 386) and “recognising how HR practices shape individual psychological contracts can move us toward more consistent communication and management of the psychological contract” (p 399). Person-specific events and psychological contract focus the organisation and the individual into working out a shared and explicit understanding of evolving expectations. Moreover, once employee and employer can say what they need and describe what they believe they are receiving, a basis exists for improved contract performance.

Furthermore De Meuse, Bergman and Lester (2001) argue that as companies modify their strategies, employees are likely to believe that their individual contributions are not in alignment with what the company (presumably) promised

them. If the imbalance is perceived to exist, over time employees begin to question the nature of the employer/employee relationship.

In addition, Morrison and Robinson (2000) assert, a discrepancy between the perception of what was promised and what was received could result in withdrawal behaviour that could impact job satisfaction, organisational commitment, trust in the organisation, citizen behaviour and turnover intentions.



## **CHAPTER 3: RESEARCH PROPOSITIONS**

### **3.1. INTRODUCTION**

The context for this integrative research project is to investigate the impact of a large scale organisational change programme on employees' psychological contracts, using the State Information Technology Agency (SITA) as a case study.

The research propositions are derived from relevant sections of the literature and are explored in the questionnaire.

Zikmund (2003, p 43) defines a proposition as “a statement concerned with the relationship among concepts; an assertion of a universal connection between events that have certain properties”.

### **3.2. PROPOSITIONS**

The research propositions are aimed at determining the nature of the psychological contracts among the three social identities in the workplace following a large scale change programme to transform a public sector information technology company, SITA.

**Proposition 1:** A large scale organisational change programme will moderate perceptual differences of the programme's intended outcomes among the three social identities in the workplace.

**Proposition 2:** A large scale organisational change programme will result in the prevalence of a more relational psychological contract among the three social identities in the workplace.

**Proposition 3:** A large scale organisational change programme will moderate differences among the three social identities with respect to commitment, obligation and job satisfaction.

**Proposition 4:** A large scale organisational change programme will moderate differences among the three social identities with respect to intention to leave.

## **CHAPTER 4: RESEARCH METHODOLOGY**

### **4.1. INTRODUCTION**

This chapter describes the methodology that was used in the research study. This includes a description of the population, including the sample size and sampling method, the research instrument used for data collection, as well as the process followed to analyse the data. The limitations of the research have also been specified.

### **4.2. POPULATION**

The population is defined as a collection of all the observations of a random variable under study and about which the researcher is trying to draw conclusions in practice. A population must be defined in very specific terms to include only those units with characteristics that are relevant to the problem (Zikmund, 2003).

Since this research utilised a specific organisation as a case study, the population for this study is employees of the State Information Technology Agency (SITA). However, since the research problem aims to investigate the impact of a large scale change programme on psychological contracts, the population is further defined as those employees who were employed by SITA when the three-year long *Tswelopele* Turnaround Strategy was implemented in

2004 and are still in the employ of the organisation. In addition, the population is defined within the geographical limits of Gauteng province, where the majority of SITA employees are located.

For the purpose of this empirical study a random sample was drawn. A random sample ensures that all members of the population have an equal chance to participate in the research study. The systematic sampling technique was used for random sampling, which involves choosing the sample randomly from the existing employee population list or frame (Zikmund, 2003).

A list of SITA employees meeting the criteria of the population was obtained from the company's Human Resources Department. From this list, using a systematic sampling method 400 employees were randomly selected to participate in the survey.

According to Zikmund (2003), systematic sampling is a procedure in which an initial starting point is selected by a random process and every  $n$ th number on the list is selected. In this instance, every second name on the list was selected.

### **4.3. RESEARCH INSTRUMENT**

A survey research method was utilised as the basic research design to gather the primary data. The survey was quantitative in form and aimed to determine what impact a large scale change programme has on the psychological contracts of employees.

A questionnaire was used as the tool to collect the required information for this study. Hussey and Hussey (1997) assert that a quantitative methodology will attempt to measure variables or count occurrences of a phenomenon.

Quantitative research is also referred to as descriptive research. Gill and Johnson (1991) state that the descriptive survey is primarily concerned with addressing particular characteristics of a specific population, either at a fixed point in time or at varying times for comparative purposes. Hence the main concern is securing a representative sample of the relevant population. This is done to enable the researcher to generalise or extrapolate the findings.

Furthermore, the questionnaire is best suited to test a variety of variables amongst a wide range of respondents. The data is standardised and allows for easy comparison (Saunders, Lewis & Thornhill, 2003). English is the official business language of SITA and was used as the only language in which the questionnaire was provided.

The questionnaire was designed as a self-administered questionnaire. It was published on the Intranet to allow respondents to complete the questionnaire online. This also made it convenient and easier to tabulate the responses.

An explanatory letter (appendix 1) was e-mailed to each potential respondent, which explained the aim of the study, confidentiality of the responses and included a hyperlink which when accessed, directed respondents to the online questionnaire.

#### **4.3.1. Construction of the questionnaire**

The questionnaire that was finally used (appendix 2) was modelled, in part, on the layout and aspects of the Psychological Contract Inventory as developed by Rousseau (2005).

The questionnaire was constructed as follows:

- Section A was designed for respondents to provide basic demographic information in order to gain insight into the characteristics of the respondents and classify them according to Booysen's (2005) three social identities in the workplace, namely Africans, the "middle group" and White males.

- Section B contained a set of 18 statements and had the following instruction: “Using the five-point rating scale below, please work carefully through the following statements to indicate your perceptions of the *Tswelopele* Turnaround Strategy:

1	2	3	4	5
Not at all	Slightly	Somewhat	Moderately	To a great extent

To what extent do you believe the *Tswelopele* Turnaround Strategy positively influenced”. This section was designed for testing research proposition 1.

- Section C contained a set of seven items. The items were selected from Rousseau’s (2005) Psychological Contract Inventory to test the prevalence of the various types of psychological contracts among the target population. Furthermore this section was designed to test the respondents’ perceptions of their employer’s obligations and had the following instruction: “Please answer each statement using the following scale:

1	2	3	4	5
Not at all	Slightly	Somewhat	Moderately	To a great extent

Following the conclusion of the *Tswelopele* Turnaround Strategy, consider your current relationship with SITA. Please respond to each statement indicating to what extent SITA has made the following commitment or obligation to you?” This section was designed for testing research proposition 2.

- Section D also contained a set of seven items. The items were also selected from Rousseau's (2005) Psychological Contract Inventory to test the prevalence of the various types of psychological contracts among the target population. Furthermore, this section was designed to test the respondents' perceptions of their own obligations to their employer and had the following instruction: "Please answer each statement using the following scale:

1	2	3	4	5
Not at all	Slightly	Somewhat	Moderately	To a great extent

Following the conclusion of the *Tswelopele* Turnaround Strategy, consider your current relationship with SITA. Please respond to each statement indicating to what extent you have made the following commitment or obligation to SITA?" This was designed for testing research proposition 2.

- Section E contained a set of three items for the employer transition scales (mistrust, uncertainty and erosion) as per Rousseau's (2005) Psychological Contract Inventory and had the following instruction. "Please answer each statement using the following scale:

1	2	3	4	5
Not at all	Slightly	Somewhat	Moderately	To a great extent

Following the conclusion of the *Tswelopele* Turnaround Strategy, to what extent do the items below describe SITA's relationship with you?" This section was designed to test research proposition 2.



- Section F contained a set of three items for the corresponding employee transition scales (mistrust, uncertainty and erosion) as per Rousseau's (2005) Psychological Contract Inventory and had the following instruction.

"Please answer each statement using the following scale:

1	2	3	4	5
Not at all	Slightly	Somewhat	Moderately	To a great extent

Following the conclusion of the *Tswelopele* Turnaround Strategy, to what extent do the items below describe your relationship with SITA?" This section was designed to test research proposition 2.

- Section G contained five items comprising a global measure of Employer Fulfilment containing two items used previously in Rousseau and Tijoriwala (1999): "Overall, how well does your employer fulfil its commitments to you?" and "In general, how well does your employer live up to its promises?" Also included in the section was Rousseau and Tijoriwala's (1999) two-item measure of Employee Fulfilment: "Overall, how well have you fulfilled your commitments to your employer?" and "In general, how well do you live up to your promises to your employer?" The final item asked: "Overall, how satisfied are you in your job". This section included the following instruction: "Following the conclusion of the *Tswelopele* Turnaround Strategy, please respond to each statement using the following scale:

1	2	3	4	5
Not at all	Slightly	Somewhat	Moderately	To a great extent

This section was designed to test research proposition 3.

- Section H was designed to measure intention to leave and uses an existing three-item scale. It contained the following instruction: “Following the conclusion of the *Tswelopele* Turnaround Strategy, please respond to each statement using the following scale:

1	2	3	4	5
Very often/likely	Often/likely	Sometimes	Rarely	Never

This section was designed to test research proposition 4.

#### 4.3.2. Data analysis

The data was analysed using the NCSS system. Descriptive and inferential techniques were used. Analysis of variance tests were used to test at the 0.05 significance level (Zikmund, 2003).

#### 4.4. LIMITATIONS OF THE RESEARCH

The study was done as a cross sectional analysis, since it represents a snapshot of SITA employees at a specific point in time, hence it does not compare psychological contracts pre and post the *Tswelopele* programme. Based on the proposed research approach, several errors could also have been encountered, including deliberate falsification or unconscious misrepresentation.

One should also guard against assuming representivity, as this sample was drawn from Gauteng only. It also assesses the perceptions of employees' only and not those of the employer. The study can also not claim causality, only co-existence of the factors as this was not a longitudinal study.

The generalisability and validity of the study's findings could also be brought into question, since the target population is from one specific company. However, owing to the large sample size of 111 respondents, this concern is largely negated.

## **CHAPTER 5: RESEARCH RESULTS**

### **5.1. INTRODUCTION**

The research results and statistical analysis and interpretation are summarised and presented in this chapter. Survey response rates, demographic analysis, statistical techniques and the corresponding results are all reviewed.

### **5.2. RESPONSE RATE**

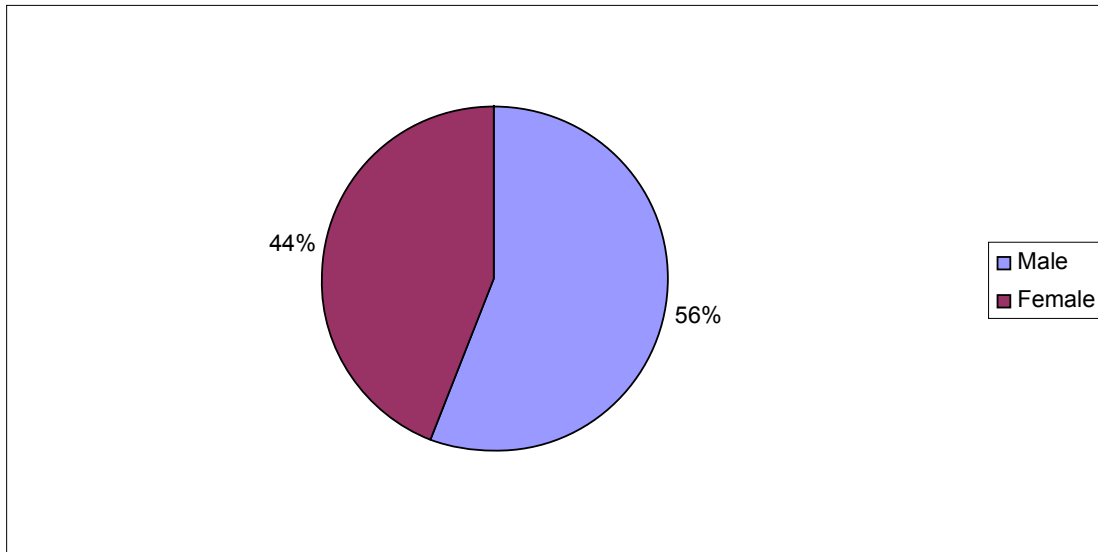
All SITA employees based in the Pretoria region, who had three years of service and above, were randomly selected to participate in the survey by means of systematic sampling. Of the 400 e-mailed questionnaires that were issued to employees meeting the above criteria, a total of 111 responded. This represents a response rate of 27,75%.

### **5.3. SAMPLE DEMOGRAPHICS**

Categories included in the respondents' demographic profile were gender, ethnicity, age, job level, job family, highest educational qualification, employment status and number of years' service with SITA.

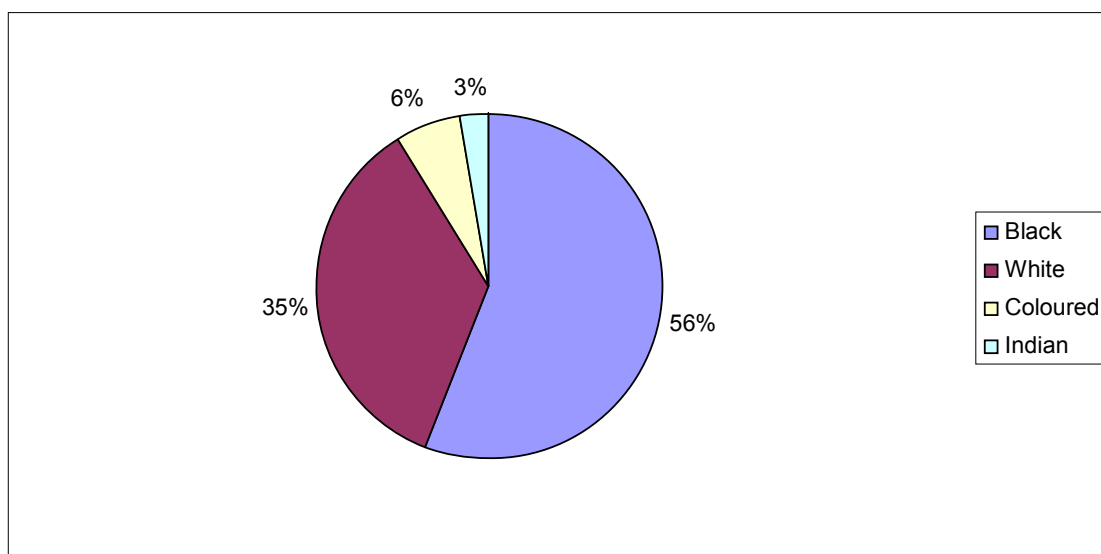
The distribution of the sample across these categories is presented below.

Figure 5.1. Distribution of respondents by gender



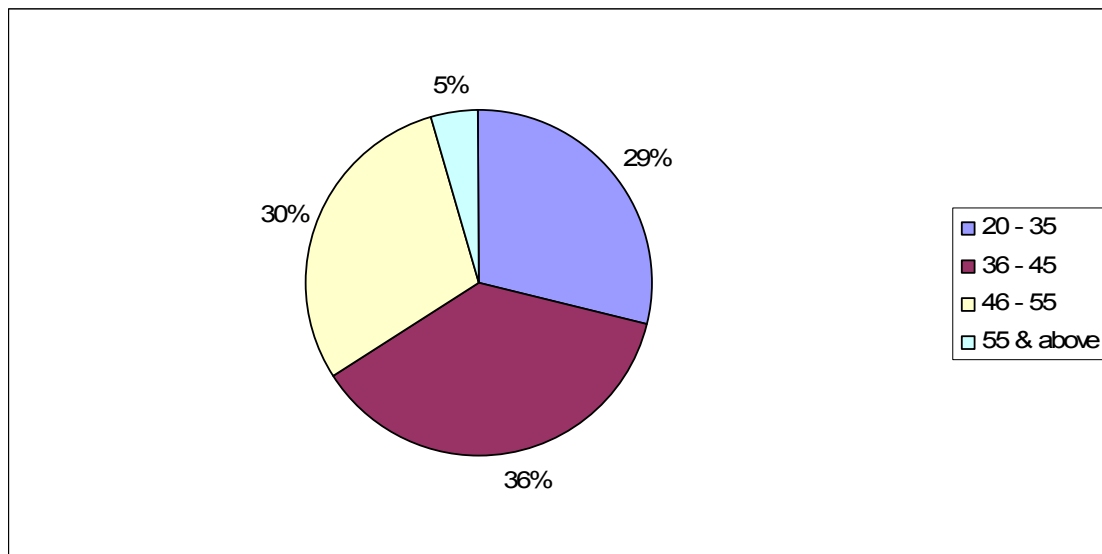
Fifty six percent of the respondents were male, which equates to 62 responses of the total number of 111 respondents. The female respondents total 44% or 49 respondents.

Figure 5.2. Distribution of respondents by ethnicity



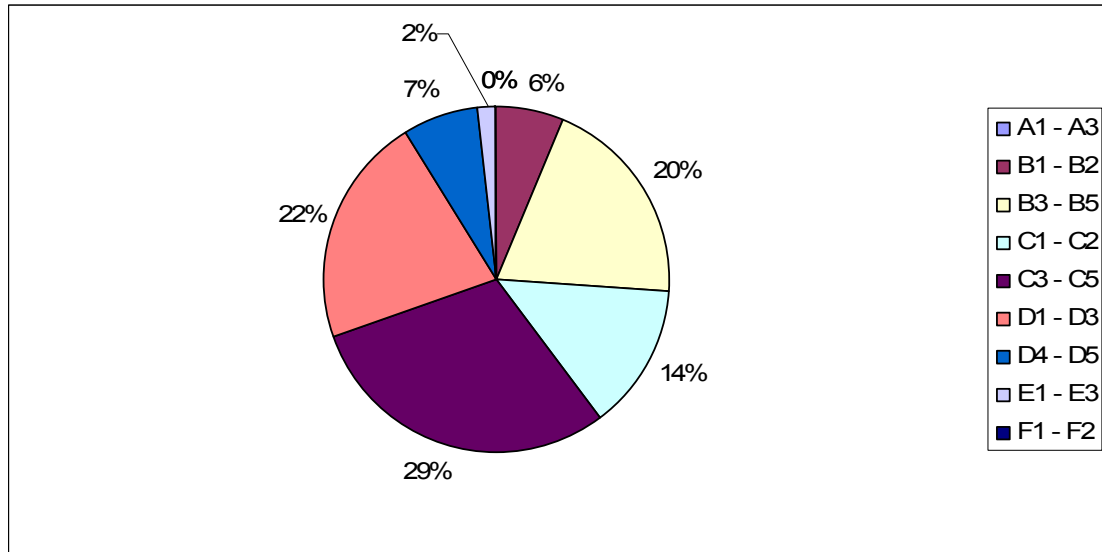
The respondents were predominately Black, comprising 56% or 62 of the total number of respondents. This was followed by Whites (35% or 39 respondents), Coloureds (6% or seven respondents) and Indians (3% or three respondents).

Figure 5.3. Distribution of respondents by age



The respondents fell largely into the 36 – 45 years old and 46 – 55 years old age groups, which comprised 36% or 41 respondents and 30% or 33 respondents respectively. The 20 – 35 age group comprised 29% or 32 of the total respondents, while the 55 and above age group comprised only 5% or five of the total number of respondents.

Figure 5.4. Distribution of respondents by job level



The highest percentage of respondents, namely 29% or 33 of the total number of respondents, fell into the C3 – C5 category. The was followed by 22% or 24 respondents falling into the D1 – D3 category. The remaining respondents were in the B3 – B5 category (20% or 22 respondents), C1 – C2 (14% or 15 respondents), D4 – D5 (7% or 8 respondents), B1 – B2 (6% or 7 respondents) and E1 – E3 (2% or 2 respondents).

SITA defines its job levels as per the following table:

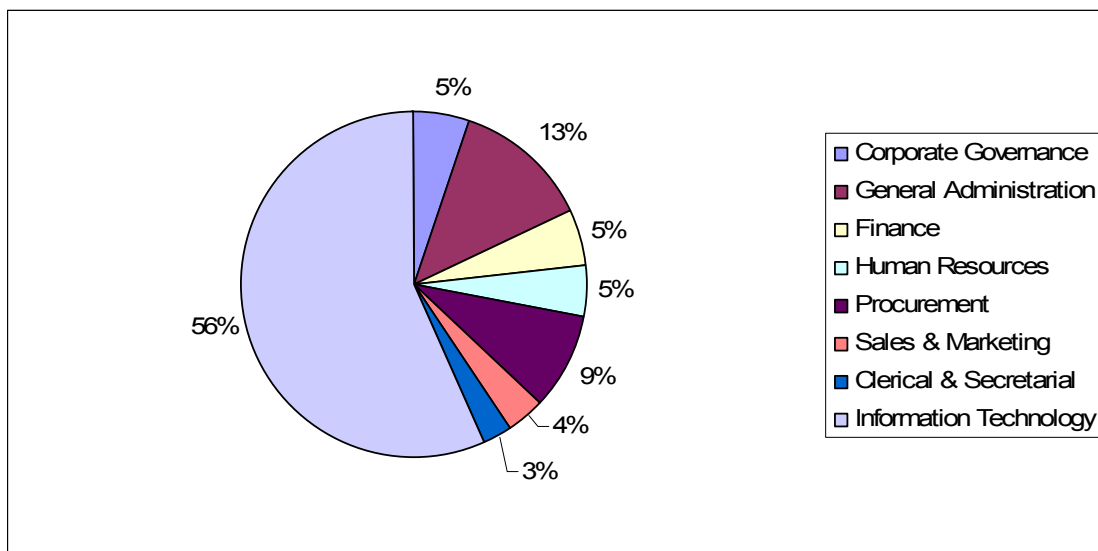
Table 5.1. SITA job level definitions

Job Level	Definition	Occupational Level	Percentage of survey respondents
A1 – A3	Very low skilled	General workers	0%
B1 – B2	Low level skilled	Clerical/operational	6%
B3 – B5	Skilled	Supervisory	20%
C1 – C2	High level skilled	Technical specialist	14%
C3 – C5	Lower level specialist	Junior management/senior supervisory	29%
D1 – D3	Lower middle management/high level specialist	Middle management	22%
D4 – D5	High level specialist/high middle management	Senior management	7%
E1 – E3	Heads of major functions	Executive management	2%
F1 – F2	Board level	Top management	0%

Source: Adapted from SITA Shared Services Quarterly Report (2007)

The 111 respondents represent a healthy mix of job levels in the organisation.

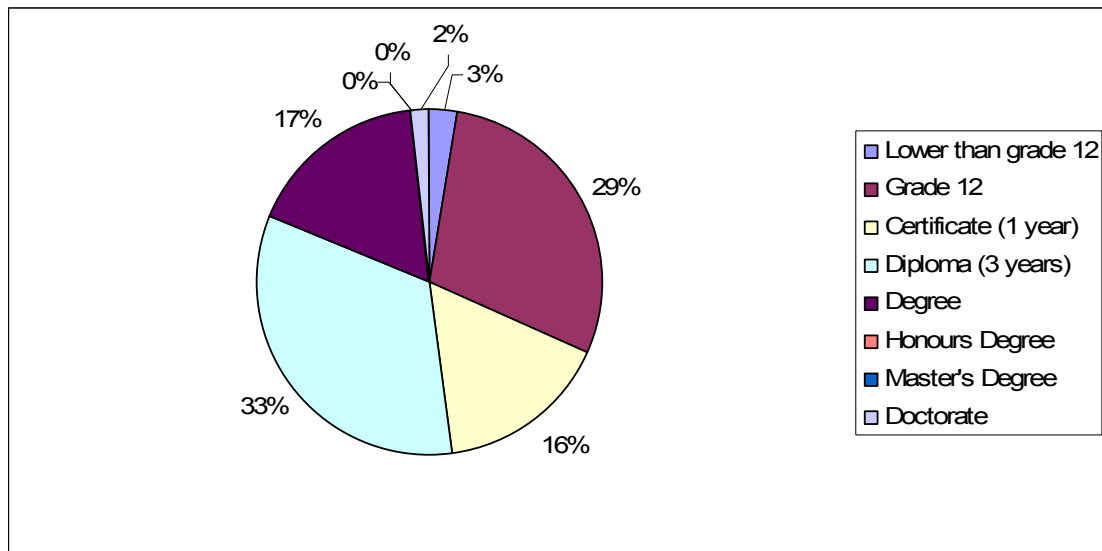
Figure 5.5. Distribution of respondents by job family





The majority of respondents fell into the Information Technology (IT) job family, which is to be expected for an IT company. This category comprised 56% or 63 of the total of 111 respondents. The remainder of the job families were relatively evenly spread with General Administration (13% or 14 respondents) and Procurement (9% or 10 respondents) being the second and third highest categories.

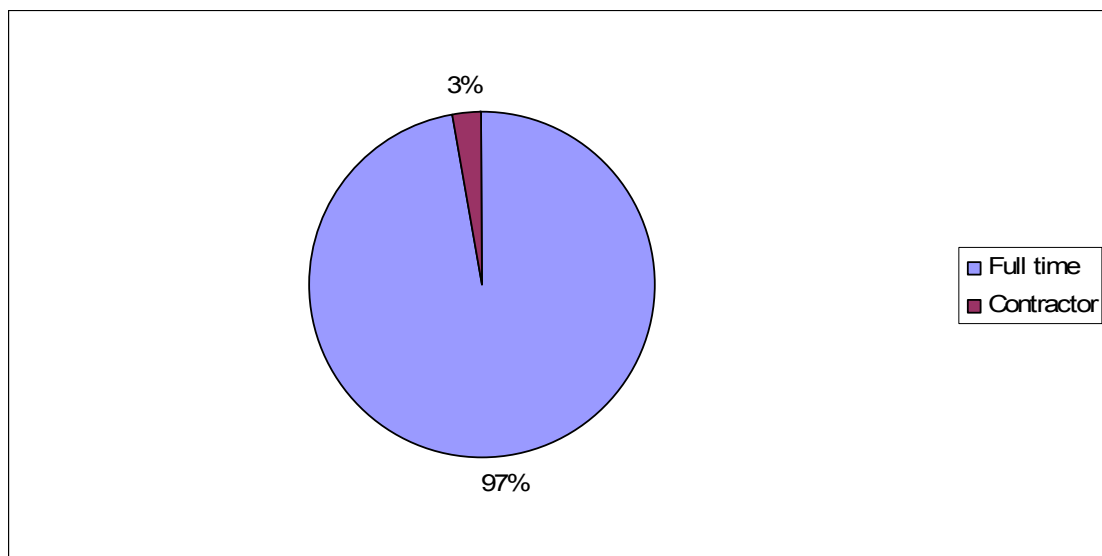
Figure 5.6. Distribution of respondents by educational qualification



Thirty-three percent or 37 of the total number of respondents had a three-year diploma as their highest educational qualification. Twenty-nine percent or 32 of the respondents listed Grade 12 as their highest educational qualification. One year certificates and degrees were relatively evenly distributed among respondents with one year certificate qualifications representing 16% of the responses and degrees 17% of responses, or 18 and 19 respondents

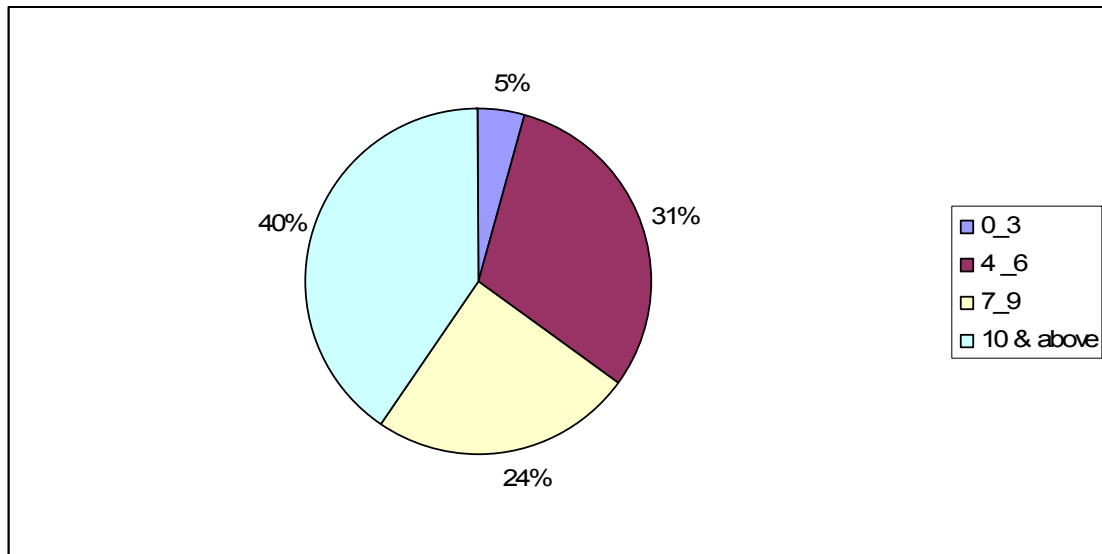
respectively. Three percent or 3 respondents had an educational qualification lower than Grade 12, while only 2% or two respondents listed a Doctorate as their highest educational qualification. Neither an Honours nor Master's degree were listed as qualifications.

Figure 5.7. Distribution by employment status



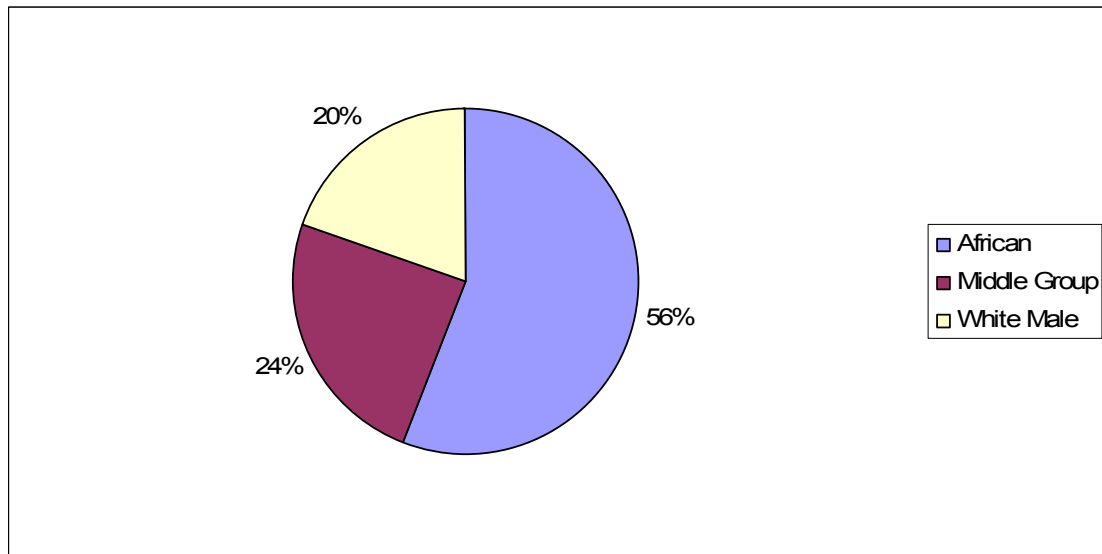
The majority of respondents were full time or permanent employees, representing 97% or 108 of the total number of 111 respondents. The remaining 3% or three respondents were contractors.

Figure 5.8. Distribution of respondents by number of years service



The majority of respondents, representing 40% of the sample or 45 respondents, have 10 years or more service with SITA. Thirty one percent, or 34 respondents, have 4 – 6 years service, while 24% or 27 respondents have 7 – 9 years service. Only 5% or five of the total of 111 respondents have 0 – 3 years service.

Figure 5.9 Distribution of respondents by social identity



For the purpose of this study, the sample is divided into three groups as described by Booyesen (2005), namely Africans (Black males and females), other previously disadvantaged individuals, also known as the “middle group”, which includes White females, Indians and Coloureds, and lastly White males.

The majority of the respondents are African, or Black males and females (56% or 62 respondents), followed by Coloureds, Indians and White females – the “middle group” (24% or 27 respondents) – and White males (20% or 22 respondents).

## **5.4. RESEARCH PROPOSITIONS**

### **5.4.1. Introduction**

For all the analyses that follow in the various tables and charts, the social identities are categorised as 1: Africans, 2: the “middle group” and 3: White males.

The overall mean and the significance and probability levels are stated per item, as well as the mean or median per social identity grouping. The applicable statistical tests that were conducted in the NCSS system are abbreviated as KW (Kruskall-Wallis), A (ANOVA) and KS (Kolmogorov-Smirnov).

### **5.4.2. Perceptions of the impact of large scale change**

Proposition 1: This proposition states that a large scale organisational change programme will moderate perceptual differences of the programme’s intended outcomes among the three social identities in the workplace.

Research proposition 1 was addressed in Section B of the questionnaire. In order to establish if there are differences among the three social identities, statistical analyses of the responses to the 18 items listed in Section B were conducted. The results were as follows:

Table 5.2. Perceptions of large scale change

Item	Mean All	Sig Level	Prob level	Mean			Test
				1	2	3	
1. Your obligation and commitment to SITA	3.87	0.05	0.01	4.11	3.37	3.81	KW
2. SITA's obligation and commitment to you	3.03	0.05	0.11	3.03	2.74	3.40	A
3. Your identification with SITA's values	3.81	0.05	0.05	3.85	3.48	4.09	KW
4. The competitiveness of your salary package	2.36	0.05	0.58	2.30	2.22	2.68	KW
5. Your employee benefits	2.71	0.05	0.72	2.79	2.55	2.68	KW
6. Linking your pay to your performance	2.68	0.05	0.16	2.59	2.51	3.13	KW
7. Recognition of your contributions to SITA	2.72	0.05	0.47	2.75	2.48	2.90	KW
8. Your current training and development opportunities	3.09	0.05	0.69	3.03	3	3.27	A
9. Your job satisfaction	2.83	0.05	0.07	2.75	2.59	3.36	KW
10. Your opportunities for career progression	2.37	0.05	0.10	2.56	2.03	2.27	KW
11. Your job security	2.91	0.05	0.55	3.01	2.81	2.77	KW
12. Fairness and justice in personnel procedures	2.33	0.05	0.98	2.30	2.33	2.40	KW
13. Regular consultation and communication with employees	3.02	0.05	0.56	3.04	2.85	3.18	KW
14. The company culture	2.97	0.05	0.12	2.93	2.74	3.36	A
15. The ethics and integrity of senior management	2.72	0.05	0.17	2.58	2.74	3.09	A
16. Employee participation in decision-making	2.39	0.05	0.87	2.37	2.40	2.45	KW
17. Employee morale	2.51	0.05	0.18	2.46	2.33	2.86	A
18. SITA's concern for employees' wellbeing	3.15	0.05	0.34	3.27	2.88	3.13	KW

Using a significance level of 0.05, the only items with a significant difference among the three social identities are found in item 1 which is the respondents' obligation and commitment to the organisation (0.01) and item 3 regarding the respondents' identification with the organisation's values (0.05).

#### **5.4.3. The psychological contracts of the three social identities**

**Proposition 2:** This proposition states that a large scale organisational change programme will result in the prevalence of a more relational psychological contract among the three social identities in the workplace.

Research proposition 2 was addressed in Sections C, D, E and F of the questionnaire. In order to establish if there are differences among the three social identities, statistical analyses of the responses were conducted.

Respondents were required to respond to Section C, in context of the extent to which the employer had made commitments or obligations to the employee. The following table provides an overview of the results:

Table 5.3. Employer obligations and commitments

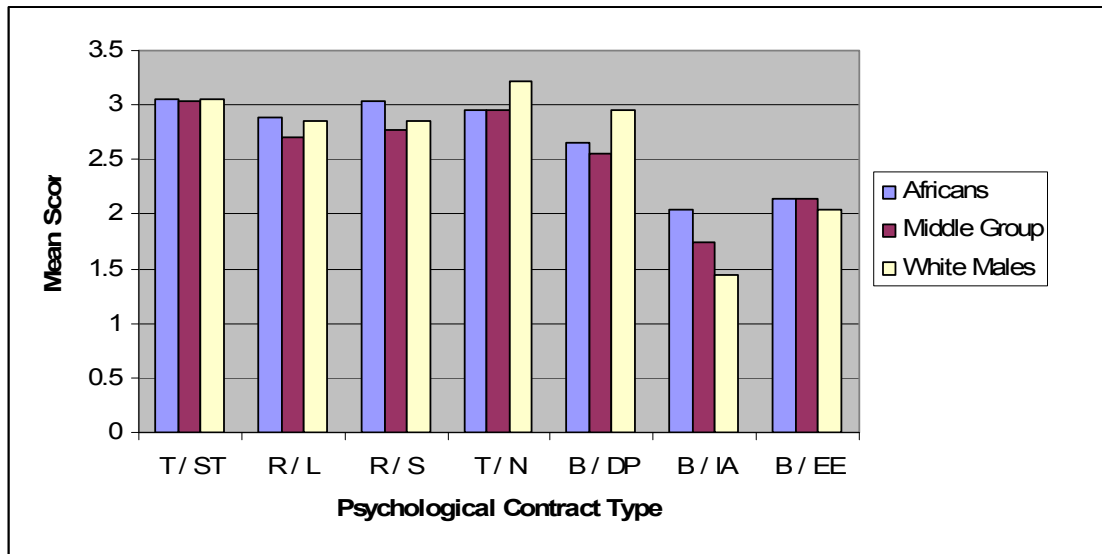
Psychological Contract Type	Mean All	Sig Level	Prob level	Mean			Test
				1	2	3	
<b>Transactional / Short Term (T / ST)</b>	3.18	0.05	0.03	3.06	3.03	3.72	A
<b>Relational / Loyalty (R / L)</b>	2.83	0.05	0.78	2.88	2.70	2.86	KW
<b>Relational / Stability (R / S)</b>	2.93	0.05	0.52	3.03	2.77	2.86	A
<b>Transactional / Narrow (T / N)</b>	3.00	0.05	0.61	2.95	2.96	3.22	KW
<b>Balanced / Dynamic Performance (B / DP)</b>	2.69	0.05	0.56	2.66	2.55	2.95	KW
<b>Balanced / Internal Advancement (B / IA)</b>	1.85	0.05	0.05	2.04	1.74	1.45	KW
<b>Balanced / External Employability (B / EE)</b>	2.12	0.05	0.72	2.14	2.14	2.04	KW

Using a significance level of 0.05, the only psychological contract type with a significant difference among the three social identities is found in the Transactional/Short Term psychological contract, which concerns the employer's offer of employment for a specific or limited time and Balanced/Internal Advancement, which concerns career development within the organisation.

In addition, a bar chart illustrating the mean scores for Section C across the three social identities is provided below.



Figure 5.10. Psychological contract dimensions: employer obligations



Respondents were required to respond to Section D, in the context of the extent to which they had made commitments or obligations to the employer. The following table provides an overview of the results:

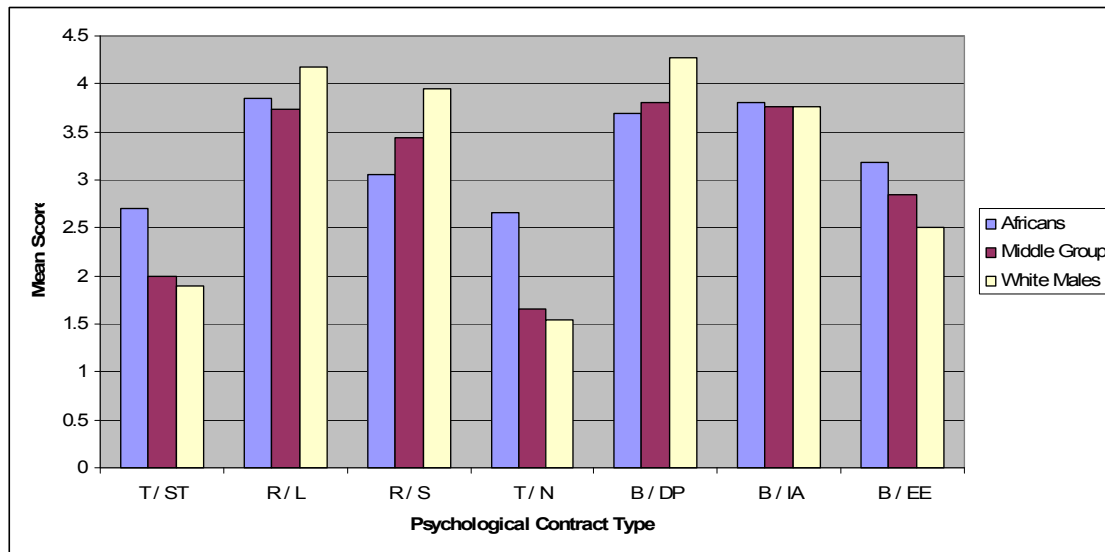
Table 5.4. Employee obligations and commitments

Psychological Contract Type	Mean All	Sig Level	Prob Level	Mean			Test
				1	2	3	
<b>Transactional / Short Term (T / ST)</b>	2.37	0.05	0.00	2.70	2	1.90	KW
<b>Relational / Loyalty (R / L)</b>	3.89	0.05	0.25	3.85	3.74	4.18	KW
<b>Relational / Stability (R / S)</b>	3.33	0.05	0.00	3.06	3.44	3.95	A
<b>Transactional / Narrow (T / N)</b>	2.19	0.05		2.66	1.66	1.54	
				<b>Median</b>			
				<b>1</b>	<b>2</b>	<b>3</b>	
<b>Transactional / Narrow (Group 1 &amp; 2)</b>		0.05	0.00	2	1		KS
<b>Transactional / Narrow (Group 1 &amp; 3)</b>		0.05	0.00	2		1	KS
<b>Transactional / Narrow (Group 2 &amp; 3)</b>		0.05	0.68		1	1	KS
Psychological Contract Type	Mean All	Sig Level	Prob Level	Mean			Test
				1	2	3	
<b>Balanced / Dynamic Performance (B / DP)</b>	3.84	0.05	0.09	3.70	3.81	4.27	KW
<b>Balanced / Internal Advancement (B / IA)</b>	3.79	0.05	0.99	3.80	3.77	3.77	KW
<b>Balanced / External Employability (B / EE)</b>	2.97	0.05	0.07	3.19	2.85	2.5	KW

Using a significance level of 0.05, significant differences are prevalent between the three groups in the Transactional/Short Term, Relational/Stability and Transactional/Narrow psychological contract types.

In addition, a bar chart illustrating the mean scores for Section D across the three social identities is provided below.

Figure 5.11. Psychological contract dimensions: employee obligations



Respondents were required to respond to section E, in context of the employer's relationship with the respondent. The following table provides an overview of the results:

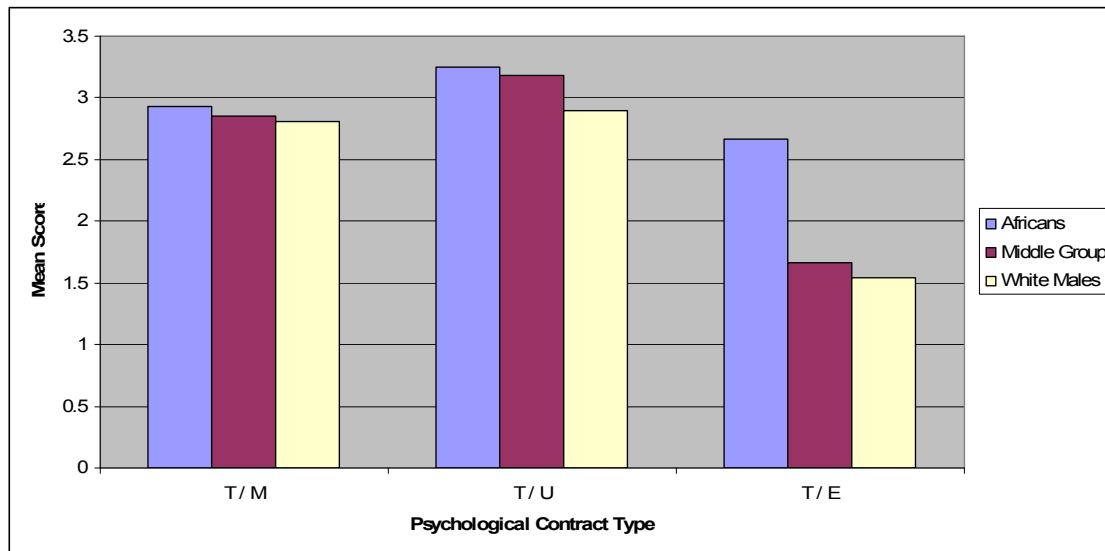
Table 5.5. Employer relationship with employees

Psychological Contract Type	Mean All	Sig Level	Prob Level	Mean			Test
				1	2	3	
Transitional / Mistrust (T / M)	2.89	0.05	0.85	2.93	2.85	2.81	KW
Transitional / Uncertainty (T / U)	3.17	0.05	0.47	3.25	3.18	2.9	KW
Transitional / Erosion (T / E)	2.19	0.05		2.66	1.66	1.54	
				Median			
				1	2	3	
Transitional / Erosion		0.05	0.19	3	3		KS
Transitional / Erosion		0.05	0.03	3		2	KS
Transitional / Erosion		0.05	0.11		3	2	KS

With the significance level stated at 0.05, a significant difference is prevalent among the two groups, namely 1 (Africans) and 3 (White males), with respect to Transitional/Erosion psychological contract.

In addition, a bar chart illustrating the mean scores for Section E across the three social identities is provided below.

Figure 5.12. Employer transition scales



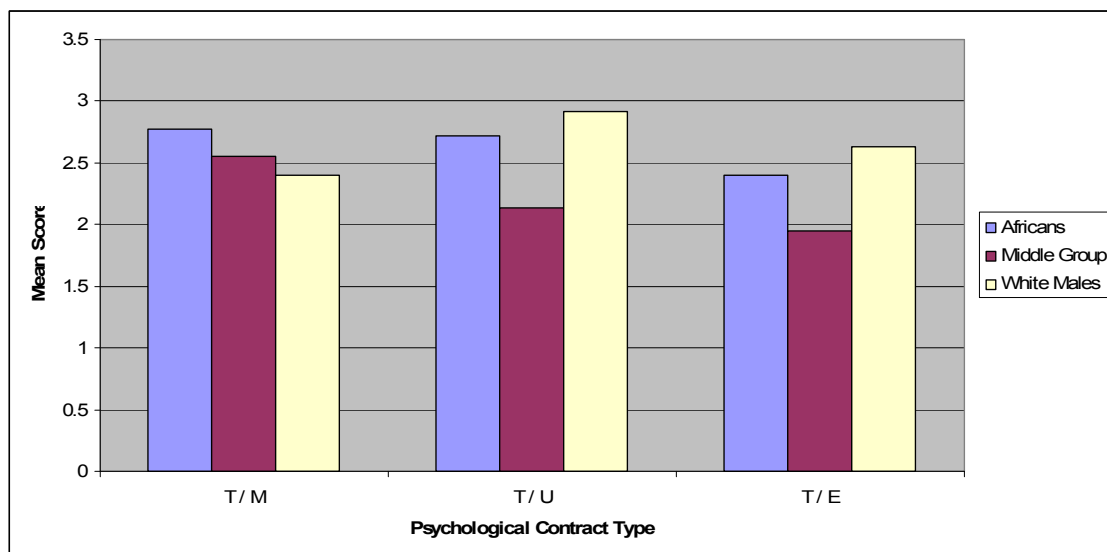
Respondents were required to respond to Section F, in context of the respondents' relationship with the employer. The following table provides an overview of the results:

Table 5.6. Employees' relationship with employer

Psychological Contract Type	Mean All	Sig Level	Prob Level	Mean			Test
				1	2	3	
Transitional / Mistrust (T / M)	2.64	0.05	0.41	2.77	2.55	2.40	KW
Transitional / Uncertainty (T / U)	2.43	0.05	0.01	2.72	2.14	1.95	KW
Transitional / Erosion (T / E)	2.89	0.05	0.53	2.96	2.92	2.63	KW

Using a significance level of 0.05, significant differences are prevalent between the three groups in the Transitional/Uncertainty psychological contract type. In addition, a bar chart illustrating the mean scores for Section F across the three social identities Contract is provided below.

Figure 5.13. Employee transition scales



#### 5.4.4. Commitment, obligation and job satisfaction

**Proposition 3:** This proposition states that a large scale organisational change programme will moderate differences among the three social identities with respect to commitment, obligation and job satisfaction.

Research proposition 3 was addressed in Section G of the questionnaire. Respondents were required to respond to additional measures for employer fulfilment, as well as employee fulfilment. In order to establish if there are differences among the three social identities, statistical analyses of the responses were undertaken. The following table provides an overview of the results:

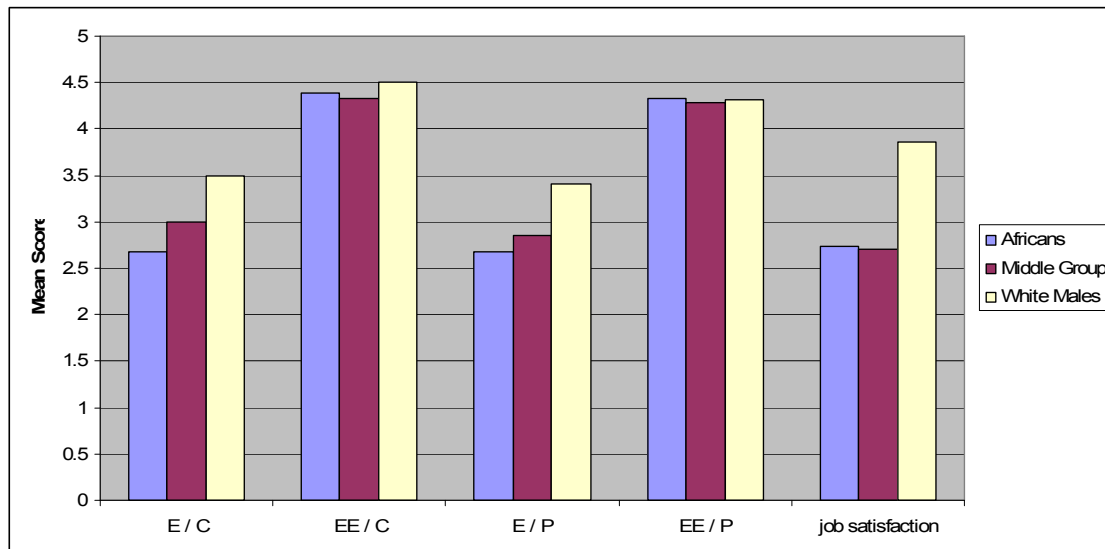
Table 5.7. Employer/employee fulfilment and job satisfaction

Item	Mean All	Sig Level	Prob Level	Mean			Test
				1	2	3	
Overall, how well does your employer fulfil its commitments to you?	2.91	0.05	0.00	2.67	3	3.5	A
Overall, how well have you fulfilled your commitments to your employer?	4.39	0.05	0.78	4.38	4.33	4.5	KW
In general, how well does your employer live up to its promises?	2.86	0.05	0.02	2.67	2.85	3.40	A
In general, how well do you live up to your promises to your employer?	4.32	0.05	0.84	4.33	4.29	4.31	KW
Overall, how satisfied are you in your job?	2.95	0.05	0.00	2.74	2.70	3.86	KW

In the above table, using a significance level of 0.05, significant differences are prevalent among the three social identities with respect to employer fulfilment of obligations and promises, as well as job satisfaction.

In addition, a bar chart illustrating the mean scores for Section G across the three social identities is provided below.

Figure 5.14. Employer/employee fulfilment and job satisfaction



#### 5.4.5. Intention to leave

**Proposition 4:** This proposition states that a large scale organisational change programme will moderate differences among the three social identities with respect to intention to leave.

Research proposition 4 was addressed in Section H of the questionnaire. In order to establish if there are differences among the three social identities, statistical analyses of the responses were conducted. The following table provides an overview of the results:

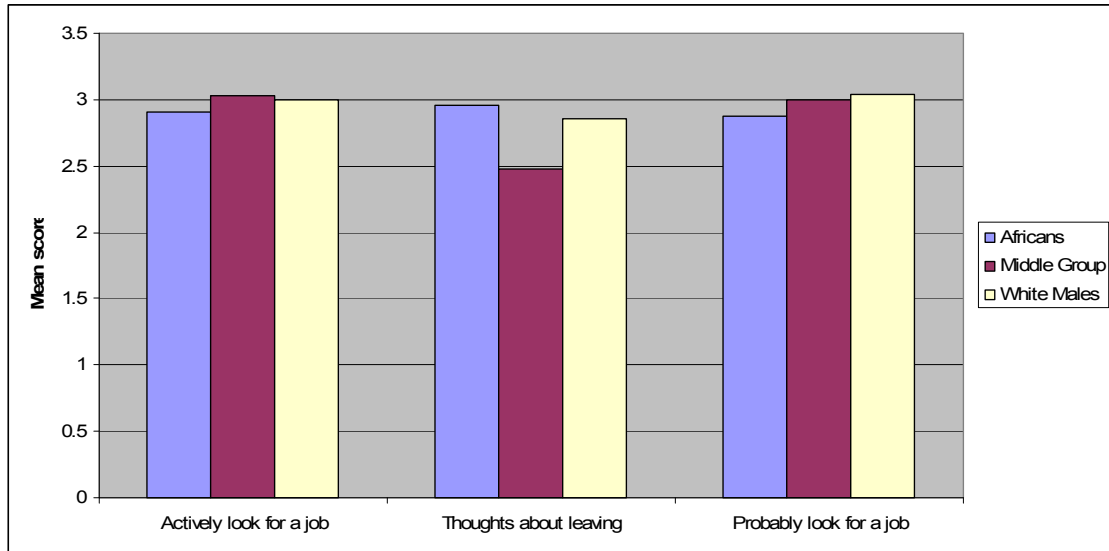
Table 5.8. Intention to leave

Item	Mean All	Sig Level	Prob Level	Mean			Test
				1	2	3	
1. How likely is it that you will <b>actively</b> look for a new job in the next year?	2.96	0.05	0.88	2.91	3.03	3	KW
2. How often do you think about leaving?	2.82	0.05	0.30	2.96	2.48	2.86	KW
3. How likely is it that you will <b>probably</b> look for a new job in the next year?	2.94	0.05	0.85	2.88	3	3.04	KW

Using a significance level of 0.05, there are no significant differences prevalent among the three social identities with respect to intention to leave the organisation. In addition, a bar chart illustrating the mean scores for Section H across the three social identities is provided below.



Figure 5.15. Intention to leave



## **CHAPTER 6: DISCUSSION OF RESULTS**

### **6.1 INTRODUCTION**

This study was designed to investigate the impact of a large scale change programme on the psychological contracts of the three social identities present in the workplace, using the State Information Technology Agency (SITA) as a case study.

The three social identities/groupings were defined according to Booyesen (2005), who asserts that the dominant social identities present in the South African workplace are Africans (Black males and females); other previously disadvantaged individuals, also known as the “middle group” (White females, Indians and Coloureds); and White males.

A questionnaire was developed to test the various research propositions, as stated in Chapter 3. The questionnaire (appendix 2) was modelled, in part, on the layout and aspects of the Psychological Contract Inventory as developed by Rousseau (2005).

The total number of respondents comprised 111 employees. A total of 400 questionnaires were e-mailed to employees based in the Pretoria region who had three years of service or more, using systematic sampling. These 111 respondents represent a response rate of 27.75%.

The majority of the respondents were African, or Black males and females (56% or 62 respondents); followed by Coloureds, Indians and White females – the “middle group” (24% or 27 respondents); and White males (20% or 22 respondents).

## **6.2. PERCEPTIONS OF THE IMPACT OF LARGE SCALE CHANGE**

Proposition 1: This proposition states that a large scale organisational change programme will moderate perceptual differences of the programme’s intended outcomes among the three social identities in the workplace.

As outlined in Table 5.2 (p 76), of the 18 items to measure the impact of large scale change on the three social identities, only two items were found to have a significant difference.

Significant differences were present in item 1, concerning the respondents’ obligation and commitment to their employer and item 3, regarding the respondents’ identification with their employer’s values.

For item 1, the overall mean was 3.87, with Africans (Black males and females) recording the highest mean of 4.11. The second highest mean of 3.81 was recorded among White males, with the lowest mean recorded among the “middle group” (Coloureds, Indians and White females).

Overall, the respondents felt that the large scale change programme had ‘somewhat’ to ‘moderately’ influenced their obligation and commitment to the organisation.

Interestingly, the mean for the reverse of the above item, namely item 2, which concerns the employer’s obligation and commitment to employees, is lower at 3.03. With no significant difference recorded among the three social identities for this particular item, this would indicate that generally all three groups feel more obliged and committed to the organisation, than what they perceive the organisation to be reciprocating.

Rousseau (2004) asserts that psychological contracts motivate workers to fulfil commitments made to employers when workers are confident that employers will reciprocate and fulfil their end of the bargain. However Morris and Robinson (2000) caution that that a discrepancy between the perception of what was promised and what was received could result in withdrawal behaviour that could impact job satisfaction, organisational commitment, trust in the organisation, citizen behaviour and turnover intentions.

On item 9, which asks respondents to rank their job satisfaction, the mean is 2.83, with no significant difference recorded between the three social identities. This overall mean score indicates that respondents only feel ‘slightly’ or ‘somewhat’ satisfied in their jobs, which could be indicative of withdrawal

behaviour as hypothesised by Morris and Robinson (2000). What is rather notable is that when this question was repeated, although worded differently, in section G of the questionnaire – *Overall, how satisfied are you in your job?* – a significant difference was recorded among the three social identities.

As mentioned earlier, only one other item, namely item 3, which concerns respondents' identification with the employer's values, recorded a significant difference among the three social identities. The overall mean for all three groups was 3.81, with White males recording the highest mean of 4.09, Africans recording a mean of 3.85 and the "middle group" recording a mean of 3.48.

This result could be interpreted as consistent with Booyesen's (2005) assertion that White males feel threatened by a perceived lack of future opportunities and feelings of being undervalued. This could explain why White males would want to be perceived as being closely aligned to the organisation's values as this would imply loyalty and a willingness to adjust behaviour in line with the company's espoused values to secure long term employment.

Notwithstanding that only two items recorded a significant difference between the three social identities; the average mean score across all 18 items is 2.86. This indicates that respondents generally felt between 'slightly' and 'somewhat' positively influenced by the *Tswelopele* Turnaround Strategy.

Of the 18 items the five lowest overall mean scores were recorded for item 4 (a mean of 2.36 for competitiveness of salary package), item 10 (a mean of 2.37 for opportunities for career progression), item 12 (a mean of 2.33 for fairness and justice in personnel procedures), item 16 (a mean of 2.39 for employee participation in decision-making) and item 17 (a mean of 2.51 for employee morale). None of the 18 items achieved a mean score between 'moderately' and to 'to a great extent'.

From the research findings, it could be concluded that while large scale organisational change did moderate perceptual differences of the programme's intended outcomes among the three social groupings in the workplace – only two items recorded a significant difference – generally, the low overall mean scores would suggest that the change programme did not generate sufficiently positive associations among employees.

While this research paper did not attempt to assess whether or not the large scale change programme was successfully implemented, based on the findings, I would state, albeit intuitively, that certain key steps in Kotter's (1996) eight-stage process of creating major change were perhaps not adhered to. Kotter (1996) states that complex change takes time and risks losing momentum if there are no short term goals to meet and celebrate. It is also possible that the organisation neglected to anchor changes firmly or declared victory too soon, especially since

cultural changes can take between three to ten years to sink deeply into the organisation (Kotter, 1996).

### **6.3. THE PSYCHOLOGICAL CONTRACTS OF THE THREE SOCIAL IDENTITIES**

Proposition 2: This proposition states that a large scale organisational change programme will result in the prevalence of a more relational psychological contract among the three social identities in the workplace.

#### **6.3.1 Perceptions of employer obligations**

Table 5.3 (p 78) shows the mean scores for the three demographic groups on the contract factors utilised from Rousseau's (2000) Psychological Contract Inventory for employer obligations.

Using a significance level of 0.05, the only psychological contract types with a significant difference among the three social identities is found in the Transactional/Short Term psychological contract, which concerns the employer's offer of employment for a specific or limited time only and Balanced/Internal Advancement, which concerns career development within the organisation.

While Table 5.3 shows that overall there are limited significant differences among the three social identities in terms of their perceptions of the employer's obligation towards them, it is telling that White males recorded the highest mean

score of 3.72 for Transactional/Short Term psychological contracts, while Africans and the “middle group” scored 3.06 and 3.03 respectively.

This could again be interpreted as consistent with Booyesen’s (2005) assertion that White males feel threatened by a perceived lack of future opportunities. Hence this group feels more strongly that the organisation is not obligated to future commitments and offers employment for a specific or limited time only (Rousseau, 2000). The African group and the “middle group’s” mean scores of 3.06 and 3.03 respectively also lends itself to Booyesen’s (2005) assertion that Africans are frustrated by the pedestrian pace of transformation and the “middle group” is not sufficiently Black, hence these groups, while not feeling as strongly as White males, also have concerns about the employer’s obligation to future employment commitments.

Likewise on the contract type Balanced/Internal Advancement, White males recorded the lowest mean score of 1.45. The “middle group” recorded a mean score of 1.74 and Africans 2.04. This is indicative that White males and the “middle group” feel SITA is less obligated to develop their careers within the internal labour market and not committed to creating career development opportunities for them in the firm (Rousseau, 2000).



### 6.3.2. Perceptions of obligations to the employer

Table 5.4 (p 80) shows the mean scores for the three demographic groups on the contract factors utilised from Rousseau's (2000) employee obligations.

Using a significance level of 0.05, significant differences are prevalent between the three groups in the Transactional/Short Term, Relational/Stability and Transactional/Narrow psychological contracts.

For the Transactional/Short Term contract type, the overall mean for the three groups is 2.37. While White males recorded the highest mean score on the employer obligation for Transactional/Short Term, for employee obligation on the same contract type this group has now recorded the lowest mean of 1.90. The "middle group" recorded a mean of 2, while Africans scored a mean of 2.70.

White males have therefore shown the lowest propensity to leave the organisation, while Africans have shown a higher propensity to do so.

For the Relational/Stability contract type, Whites males scored the highest mean of 3.95, while the "middle group" recorded a mean of 3.44 and Africans a mean of 3.06. It is therefore consistent that White males scored the highest mean on the Relational/Loyalty contract as well, with a score of 4.18 *vis-à-vis* Africans at 3.85. Hence in both items under the relational contract factors, White males have

indicated the highest measure of loyalty and job security (intention to stay) with their current employer.

The difference in mean scores on Relational/Loyalty between Africans and the “middle group” is somewhat negligible, with scores of 3.85 and 3.64 respectively.

According to Rousseau (1994) employees with relational contracts tend to be more willing to work overtime with or without payment, to assist colleagues and support organisational initiatives. This is characterised by the employees’ perceived obligation of loyalty to their employer in exchange for job security. The relational contract can therefore be regarded as an employee’s wish to build a long term relationship with his/her employer. These findings indicate that White males have the highest propensity for this type of relationship with the employer.

On the Transactional/Narrow contract type, White males scored the lowest mean of 1.54, with the “middle group” at 1.66 and Africans scoring a mean of 2.66.

According to Rousseau’s (2000) definition, White males and the “middle group” therefore perceive that they are most inclined to do more than only a limited or fixed set of responsibilities or to do more than what they are paid to do.

This result is again consistent with Booysen’s (2005) assertion that White males feel threatened by a perceived lack of future opportunities, hence it is to be

expected that this group feels more strongly that they will take on more work or additional responsibilities outside their normal scope of duties to prove their worth to the employer.

For the balanced performance contract types, no significant differences were recorded among the three social identities; however the White male group indicated the highest propensity for Balanced/Dynamic Performance which, as defined by Rousseau (2000), indicates a willingness to perform new and more demanding goals to help the firm remain competitive.

Conversely the African group indicated they are most involved in building up career capital by developing externally marketable skills, i.e. Balanced/External Employability (Rousseau, 2000) with a mean score of 3.19. White males have shown the lowest propensity to do this with a mean score of 2.5, while the “middle group” recorded a mean score of 2.85, indicating that they are somewhat more involved than White males in developing externally marketable skills.

These findings are consistent with those of Wöcke and Sutherland (2008), whose research showed that White males and the “middle group” had similar perceptions of their respective employers but differed from the African group in that they were not as strongly focused on developing their own marketability, or transferability within the broader labour market. “As expected the highest degree

of loyalty can be expected from White males, as they perceive their mobility to be the lowest” (Wöcke & Sutherland, 2008, p 25).

### **6.3.3. Perceptions of employer relationship with employees**

Table 5.5 (p 81) shows the mean scores for the three demographic groups on the contract factors utilised from Rousseau’s (2000) employer transition scales.

No significant differences were prevalent among the three social identities, except between the African group and White males on the Transitional/Erosion scale. The African group scored a mean of 2.66, while White males recorded a mean of 1.54.

According to Rousseau’s (2000) definition, the African group therefore has a higher expectation of receiving fewer future returns for their contributions to the firm compared to the past and anticipates continuing declines in future.

This is consistent with the finding that the African group has the highest propensity to build up their marketability with the external labour market. If this group expects fewer future returns, it is understandable that they would be seeking to enhance their employability elsewhere. In addition, this could also allude to Booyesen’s (2005) assertion that Africans are frustrated by the continual waiting for transformation.

#### **6.3.4. Perceptions of employee relationships with the employer**

Table 5.6 (p 82) shows the means scores for the three demographic groups on the contract factors utilised from Rousseau's (2000) employee transition scales.

On the three item scale, a significant difference is only prevalent between the three groups in the Transitional/Uncertainty item. White males recorded the lowest mean of 1.95, with the "middle group" recording a mean of 2.14. The African group recorded the highest mean of 2.72.

According to Rousseau's (2000) definition, White males have shown the least uncertainty regarding their obligations to the firm. Again, this finding could be interpreted as consistent with Booysen's (2005) assertion that White males feel threatened by a perceived lack of future opportunities. They would therefore display a higher level of certainty regarding their commitment to their current employer.

The African group's mean score of 2.72 is consistent with the finding that this group is building externally marketable skills; hence they would display a higher degree of uncertainty regarding their obligation to their employer.

### **6.3.5. Conclusion**

From the various figures, namely 5.10 (p 79), 5.11 (p 81), 5.12 (p 82) and 5.13 (p 83), which illustrate the range of responses from the three social identities to the various types of psychological contracts, I would conclude that a balance of contracts is prevalent in the workplace.

I would argue that the large scale change programme did not result in the prevalence of a more relational psychological contract in the workplace. The spread of contracts across relational, transactional and balanced is consistent with McDonald and Makin's (2000) assertion that psychological contracts are not either/or and will contain both transactional and relational elements, but in differing amounts.

Notwithstanding this balance of psychological contracts, it is evident that, as discussed above, in certain respects the large scale change programme has polarised the three social identities, further reinforcing differences among these groups, which is consistent with some of the findings of Wöcke and Sutherland (2008).

#### 6.4. COMMITMENT, OBLIGATION AND JOB SATISFACTION

**Proposition 3:** This proposition states that a large scale organisational change programme will moderate differences among the three social identities with respect to commitment, obligation and job satisfaction.

Table 5.7 (p 84) shows the mean scores for the three demographic groups on employer/employee fulfilment and job satisfaction as per Rousseau and Tijoriwala's (1999) measures.

In each case the African respondents show the least sense of engagement with their employer, which could again allude to their frustration at the pedestrian pace of transformation (Booyesen, 2005). These are evident in the two significant differences among respondents for their perception of the employer's fulfilment of commitments and living up to its promises. The African group showed the least satisfaction with mean scores of 2.67 in both these respects.

The White male group scored highest means in above mentioned scales, namely their perception of the employer's fulfilment of commitments (3.5) and living up to its promises (3.40). The "middle group" recorded mean scores of 3 and 2.85 respectively.

Most notable is that all the social groupings recorded high mean scores with regard to the way they are fulfilling their side of the contract, namely by fulfilling their commitments and living up to the promises made to their employer.

The item concerning job satisfaction showed a significant difference among the three social identities. White males recorded the highest job satisfaction with a mean of 3.86, while the “middle group” recorded the lowest mean score of 2.70. The African group recorded a satisfaction rating of 2.74.

Given the high level of dissatisfaction among the African group and the “middle group” with the employer’s fulfilment of obligations and promises, it is consistent that these two groups should be the least satisfied in their jobs.

As hypothesised by Morrison and Robinson (2000) a discrepancy between the perception of what was promised and what was received could result in withdrawal behaviour that could impact job satisfaction, organisational commitment, trust in the organisation, citizen behaviour and turnover intentions. This could be seen to support the low mean scores among the African group and “middle group” on job satisfaction.

It could therefore be concluded that a large scale organisational change programme did not moderate differences among the three social identities with



respect to commitment, obligation and job satisfaction, and rather served to reinforce differences among these demographic groupings.

#### **6.5. INTENTION TO LEAVE**

**Proposition 4:** This proposition states that a large scale organisational change programme will moderate differences among the three social identities with respect to intention to leave.

To measure whether the three social identities differ with respect to intentions to leave, a three item scale was included in the questionnaire, with responses ranging from 1 meaning 'very often/likely' to 5 meaning 'never' (see Table 5.8, p 86).

While no significant differences were recorded among the three social identities, the African group scored the lowest on two items, namely actively looking for a new job in the next year and probably looking for a new job in the next year. This indicates that Africans have the highest propensity to leave the organisation. This finding is consistent with the assertion that this group is most involved in building up career capital by developing externally marketable skills, which is indicative of the strong influence that a favourable labour market has despite employers attempting to build a relational or balanced psychological contract (Wöcke & Sutherland, 2008)

Overall, responses ranged from 'often/likely' to 'sometimes' with respect to intention to leave across all three demographic groups. This presents significant challenges for staff retention. As Bussin (2002) states, the issue of increasing retention and decreasing turnover has become paramount in organisational life, and attracting and retaining key talent has become a critical organisational competency.

Kinnear and Sutherland (2000) assert that one of the key features of knowledge workers in the new world of work is their increasing mobility and the consequences of this to the organisation. The mobility of these knowledge workers is a major concern in the new economy as their departure from an organisation means loss of both tangible and intangible knowledge and possibly competitive advantage.

It could therefore be concluded that the large scale change programme did moderate differences among the three social identities with respect to intention to leave, given that no significant differences were apparent, but Africans display the highest propensity to leave.

## CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

In today's organisational setting where the only certainty is change (Sherer, 1994; Church, Siegel, Javitch, Waclawski & Burke 1996), the success rates of organisational change remain unsatisfactory (Kotter, 1996; Beer and Nohria, 2000). Given the current turbulent organisational environment, changes in the employment relationship are inevitable, but for organisations to change, employees need to change (Morrison, 1994).

When change occurs, employees will alter perceptions of what they owe the employer and what they are owed in return (Robinson & Rousseau, 1994 contained in Maguire, 2002) which has implications for the psychological contract.

The central premise of the psychological contract is that employees are key to sustainable competitive advantage and it follows that relationships between employers and employees are critical to ensuring productivity and the continued release of innovation and creativity (Flood *et al*, 2001). This supports Rousseau's (2004) assertion that modern organisations cannot succeed unless employees agree to contribute to their employers' mission and survival. "Workers and employers need to agree on the contributions that workers will make to the firm and *vice versa*. Understanding and effectively managing these psychological contracts can help organisations thrive" (Rousseau, 2004, p 120).

It is accepted that change affects the individuals within an organisation more fundamentally than it does the organisation as a whole (Jick, 1990) and continuous change and restructuring are shown to lead to increased feelings of insecurity, inequity and powerlessness (Herriot & Pemberton, 1997).

Given the potential negative outcomes of psychological contract violation (Robinson & Morrison, 2000; Restubog, Bordia & Tang, 2006; Rousseau 2004; Coyle-Shapiro & Kessler, 2000; Rousseau & McLean Parks, 1993), it is imperative for organisations embarking on change to better understand the potential contracts that could be subject to violations and what the most salient contractual elements are in the wake of large scale organisational change.

Notwithstanding the above, organisational change in a South African context is, however, more precarious and complex.

Owing to the country's history of racial division and the plethora of legislation and regulation introduced since 1994 to transform society and redress past unfair discrimination (Selby & Sutherland, 2007; Booysen, 2005 & 2007), for organisational change to succeed, requires not only careful planning and meticulous execution. It must take cognisance of the distinct social identities present in the workplace.

Owing to legislation, the South African workplace is considered the most heterogeneous institution within a community and in some cases may be the only instance where contact is made across the lines of different social identities (Byrne, 1971; Smith, Peterson, & Schwartz, 2002; Nkomo & Stewart, 2006 contained in Booyesen, 2007). Furthermore deep psychological and emotional significance are attached to membership of a particular social grouping (Booyesen, 2007).

These distinctive social identities present in the South African workplace, as defined by Booyesen (2005), are not conducive to a healthy and productive work environment. If organisational change does not moderate the differences between these social identities, but rather serves to reinforce them, it further entrenches the racial polarisation that afflicts the contemporary South African workplace.

Hence Morrison (1995) contends that the way an organisation initiates and manages change has profound implications for the psychological contract and may create new or reinforce old expectations.

While this research focused on large scale organisational change and its impact on the psychological contract, the findings are largely consistent with Wöcke and Sutherland's (2008) study on the impact of employment regulations on the psychological contract.

Within the context of large scale organisational change, this research showed significant differences among the social identities with respect to perceptions of the employer's obligation to them and *vice versa*, their loyalty to the organisation, opportunities for internal advancement, performance of duties beyond the normal scope for work, employment security, intent to leave the organisation and job satisfaction.

Owing to the presence of distinct social groupings in the workplace, organisational change management strategies that differentiate between the groups to address their specific concerns are required to embed and sustain organisational changes and to create a unified culture, with which all demographic groupings can affiliate, to enhance a sense of belonging.

Understanding these social identities and their unique characteristics is vital for any organisation undergoing or wishing to pursue large scale change. "Change alters the psychological contract" (Morrison, 1994, p 265) hence understanding the identities is important to ensure a smooth transition from the old to the new state, assessing potential differences among demographic groupings regarding their specific psychological contract, as well as assisting employees in coping with organisational change.

Rousseau and Greller (1994, p 386) contend that “HR (Human Resources) has largely ignored the implications of its practices on the creation of the psychological contract” and “recognising how HR practices shape individual psychological contracts can move us toward more consistent communication and management of the psychological contract”.

Organisational change offers the opportunity to re-establish the employment relationship, in such a way that it suits the new conditions and can create commitment among involved employees and employing organisations (Rousseau, 1995). In a South African context, it will require extra effort owing to the heterogeneity of the workplace to ensure high levels of job satisfaction, motivation and commitment from individuals to ensure the disruptive aspects of change management do not further reinforce negative social identities.

Wöcke and Sutherland (2008, p 5) state that effective management of psychological contracts relates to the maintenance of perceived obligations. “A met psychological contract will lead to the knowledge worker feeling an obligation to contribute, and in the context of the modern workplace, this includes such behaviours as being a team player, expending extra effort as needed, and generally putting the organisation’s interests before one’s own.”

It could be argued that this is what employers should be striving to achieve from the employee/employer relationship.

Law reforms, employment equity legislation and other regulatory efforts to redress past social injustices are necessary and morally justifiable measures to bring about transformation in the workplace, but as Wöcke and Sutherland (2008, p 28) assert “will require some refinement to overcome the negative consequences of the three social identities”.

Effective change management offers organisations an opportunity to moderate differences between the social identities reinforced by legislated transformation. By understanding the nature of these identities, and developing change management strategies that differentiate between the groups, the negative consequences of legislation can be mitigated to create a more harmonious and unified workforce.

This research could be considered applicable to all South African companies, but more specifically those that have a legislated mandate, i.e. they exist as agencies of government through an act of Parliament. These companies could be considered unique, since government departments are forced to utilise their services. It could therefore be assumed that government agencies are established to perform a function or duty in a more coordinated and efficient manner than could be achieved by a government department itself. Hence ensuring that such agencies have constructive and mutually beneficial employer/employee relationships in place are vital to achieve their legislated



mandates and offer improved service delivery to government, and in turn, the citizenry.

For future research, this survey could be conducted across a broader cross section of government agencies and/or South African companies and industries to provide a more representative view on the impact of large scale organisational change on the psychological contracts of the three social identities present in the workplace.

Furthermore, research on the transpersonal psychological contract, as proposed by Burr and Thomson (2002), could be investigated as an alternative to mitigate the negative consequences of social identities in the South African workplace, since this would attempt to understand why employees identify with a specific organisation beyond the transactional/relational/balanced psychological contract framework.

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## APPENDIX 1

13 September 2007

### MBA Research Project

Dear Respondent,

My name is Elton Fortuin and I am conducting research on behalf of the Gordon Institute of Business Science in order to partially fulfil the requirements of my Master's Degree in Business Administration.

The research I am conducting has been designed to gain insight into understanding the impact of a large scale change programme – in this case SITA's *Tswelopele* Turnaround Strategy – on your employment relationship with the organisation.

You have been randomly selected to participate in this research study. It would be highly appreciated if you could spare a few moments of your time to complete the questionnaire, which should take you approximately 15 – 20 minutes.

Your participation in this study is confidential, hence you are not required to disclose your name. Also note that only consolidated results will be reported on.

To access the online questionnaire, [click here](#). Please complete the questionnaire by **21 September 2007**. Kindly note that you are only required to respond once.

I would like to take this opportunity to thank you for your time and for sharing your experiences with me.

Yours sincerely,

**Elton Fortuin**  
**Gordon Institute of Business Science**

## APPENDIX 2

### - RESEARCH QUESTIONNAIRE -

#### SECTION A

*Please tick the appropriate box with respect to your demographic profile:*

**(1) GENDER**

Male  Female

**(2) ETHNICITY**

Black  White  Coloured  Indian

**(3) AGE**

20 – 35  36 – 45  46 – 55  56 & above

**(4) JOB LEVEL**

A1 – A3  B1 – B2  B3 – B5  C1 – C2  C3 – C5

D1 – D3  D4 – D5  E1 – E3  F1 – F2

**(5) JOB FAMILY**

Corporate Governance  General Administration  Finance

Human Resources  Procurement  Sales & Marketing

Clerical & Secretarial  Information Technology

**(6) HIGHEST EDUCATIONAL QUALIFICATION**

Lower than grade 12  Grade 12  Certificate (1 year)

Diploma (3 years)  Degree  Honour's Degree

Master's Degree  Doctorate

**(7) EMPLOYMENT STATUS**

Full time  Contractor

**(8) NUMBER OF YEARS SERVICE WITH SITA**

0 – 3  4 – 6  7 – 9  10 & above



## SECTION B

Using the five-point rating scale below, please work carefully through the following statements to indicate your perceptions of the Tswelopele Turnaround Strategy:

1	2	3	4	5
Not at all	Slightly	Somewhat	Moderately	To a great extent

To what extent do you believe the Tswelopele Turnaround Strategy **positively** influenced...

	1	2	3	4	5
1. Your obligation and commitment to SITA					
2. SITA's obligation and commitment to you					
3. Your identification with SITA's values					
4. The competitiveness of your salary package					
5. Your employee benefits					
6. Linking your pay to your performance					
7. Recognition of your contributions to SITA					
8. Your current training and development opportunities					
9. Your job satisfaction					
10. Your opportunities for career progression					
11. Your job security					
12. Fairness and justice in personnel procedures (i.e. recruitment, promotion, salary increases, performance assessments, training and development etc.)					
13. Regular consultation and communication with employees					
14. The company culture					
15. The ethics and integrity of senior management					
16. Employee participation in decision-making					
17. Employee morale					
18. SITA's concern for employees' wellbeing					

## SECTION C

Please answer each statement using the following scale:

1	2	3	4	5
Not at all	Slightly	Somewhat	Moderately	To a great extent

Following the conclusion of the Tswelopele Turnaround Strategy, consider your current relationship with SITA. Please respond to each statement indicating to what extent **SITA** has made the following commitment or obligation to you?

	1	2	3	4	5
1. A job only as long as SITA needs me					
2. Concern for my personal welfare					
3. Secure employment					
4. Training me for my current job only					
5. Enable me to adjust to new, challenging performance requirements					
6. Opportunities for promotion					
7. Help me develop externally marketable skills					

## SECTION D

Please answer each statement using the following scale:

1	2	3	4	5
Not at all	Slightly	Somewhat	Moderately	To a great extent

**Following the conclusion of the Tswelopele Turnaround Strategy, consider your current relationship with SITA. To what extent have you made the following commitment or obligation to SITA?**

	1	2	3	4	5
1. Quit whenever I want					
2. Make personal sacrifices for this organisation					
3. Remain with this organisation indefinitely					
4. Do only what I am paid to do					
5. Adjust to changing performance demands due to business necessity					
6. Build skills to increase my value to this organisation					
7. Seek out assignments that enhance my employability elsewhere					

### SECTION E

**Please respond to each statement using the following scale:**

1	2	3	4	5
Not at all	Slightly	Somewhat	Moderately	To a great extent

**Following the conclusion of the Tswelopele Turnaround Strategy, to what extent do the items below describe SITA's relationship with you?**

	1	2	3	4	5
1. Withholds information from its employees					
2. Uncertainty regarding its commitments to me					
3. Demands more from me while giving me less in return					

### SECTION F

**Please respond to each statement using the following scale:**

1	2	3	4	5
Not at all	Slightly	Somewhat	Moderately	To a great extent

**Following the conclusion of the Tswelopele Turnaround Strategy, to what extent do the items below describe your relationship with SITA?**

	1	2	3	4	5
1. I cannot believe what this employer tell me					
2. My commitments to this employer are uncertain					
3. I expect increasing demands from this employer for little return					

### SECTION G

**Following the conclusion of the Tswelopele Turnaround Strategy, please respond to each statement using the following scale:**

1	2	3	4	5
Not at all	Slightly	Somewhat	Moderately	To a great extent

	1	2	3	4	5
1. Overall, how well does your employer fulfil its commitments to you?					
2. Overall, how well have you fulfilled your commitments to your employer?					

3. In general, how well does your employer live up to its promises?					
4. In general, how well do you live up to your promises to your employer?					
5. Overall, how satisfied are you in your job?					

## SECTION H

**Following the conclusion of the Tswelopele Turnaround Strategy, please respond to each statement using the following scale:**

1	2	3	4	5
Very often/likely	Often/likely	Sometimes	Rarely	Never

	1	2	3	4	5
1. How likely is it that you will <b>actively</b> look for a new job in the next year?					
2. How often do you think about leaving?					
3. How likely is it that you will <b>probably</b> look for a new job in the next year?					

**- THANK YOU -**