

# **THE EFFECT OF EMPLOYMENT EQUITY LEGISLATION ON THE PSYCHOLOGICAL CONTRACT IN A TERTIARY INSTITUTION**

by

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## DECLARATION

I, Annette Snyman, declare that this dissertation entitled, THE EFFECT OF EMPLOYMENT EQUITY LEGISLATION ON THE PSYCHOLOGICAL CONTRACT IN A TERTIARY INSTIUTION, is my own work, and the all the sources I have used or quoted from have been indicated and acknowledged by means of complete references.

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## **ABSTRACT/SUMMARY**

Recognising the injustices of South Africa's apartheid past, there is a responsibility on employers to ensure that employment equity practices are implemented, without harming important aspects regarding the employment relationship, such as the psychological contract. The psychological contract is a construct that is relevant to employment and yet there is little research on the influence of external regulations on the psychological contract. To cater for this void, this study therefore focussed on the effects that employment equity legislation and practices have on the psychological contract. In this regard special attention was given to the influence of employment equity on employees' intention to resign, which forms an important part of the psychological contract. The study also focussed on the differences that exist between the three social groupings that are present in South African organisations, namely white males, Africans and a group consisting of white females, Coloureds and Indians, regarding their perceptions about how employment equity influences the psychological contract. A structured questionnaire comprising standardised scales was used to explore the effect of employment equity legislation on the psychological contract in the context of a tertiary institution. A sample of 399 employees from a tertiary institution participated in the study. A number of statistically significant relationships between the research variables were evident for each of the three groupings of participants. The overall outcome of the study was that employment equity does not have a significant effect on the psychological contract in a tertiary institution and no significant differences were found between the responses of the three social groupings involved in the study. This study makes an important contribution to an area potentially rich in research opportunities; with subsequent meaningful practical implications for managers implementing employment equity strategies.

## **KEY TERMS**

Psychological contract; Employment Equity

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# CHAPTER 1: SCIENTIFIC OVERVIEW OF THE RESEARCH

## 1.1 BACKGROUND

Since the first democratic election of South Africa in 1994, efforts have been made to ensure that society is more just and equal (Vermeulen & Coetzee, 2006:53). To address the inequities of the apartheid past, it was necessary to change South Africa's socioeconomic and political order radically (Ferreira, 2005:197). One of the main objectives of the newly elected South African government was to democratise society in terms of the values of equity, non-sexism and racism and non-racism (Ferreira, 2005:197). In order to achieve this, government has introduced regulations and legislation aimed to enable the previously disadvantaged citizens in order to have full access to all aspects of society that they had been denied in the past. This includes company ownership, share in capital and top-level management positions (Wöcke & Sutherland, 2008:531).

The transformation of South Africa's workplace into an "equal playground" for all role players has led to the introduction of various pieces of legislation dealing with equitable employment. The most important legislation are the Constitution of South Africa of 1996 and the Employment Equity Act of 1998 (Wöcke & Sutherland, 2008:531). The Employment Equity Act is aimed at creating a diverse labour force that is representative of all South Africans (Nel, Swanepoel, Kirsten, Erasmus & Tsabadi, 2005:138).

The Employment Equity Act is one of the most controversial pieces of legislation promulgated in the so-called "new" South Africa, because its regulations are intended to benefit people who were previously disadvantaged and, accordingly, it promotes fair discrimination (Thompson & Van der Walt, 2008:636). This means that people from designated groups (women, disabled people and black people, namely, Africans, Asians and coloureds) are provided with opportunities ahead of previously advantaged people, in particular white males (Maharaj, Ortlepp & Stacey, 2008:16).

This is why Maharaj, *et al.* (2008:16) state that employment equity legislation has the potential to influence the expectations of the parties to the employment relationship, namely, employers and employees. These parties' expectations concerning the employment relationship are called the "psychological contract" (Maguire, 2001:167).

Rousseau (1990:389) defines the psychological contract as an individual's beliefs about the shared and mutual obligations between him/her and his/her employer. The psychological contract forms the foundation of the employment relationship and is comprised of employees' expectations about the benefits that they believe they are entitled to (Grobler, Wörnich, Carrel, Elbert & Hatfield, 2006:221). The psychological contract is a subjective, individual perception of the obligations that an employee has towards his/her organisation and of the obligations that the employer has towards his/her employee (Maharaj, *et al.*, 2008:17).

Studies conducted on the psychological contract have found that it influences job satisfaction, organisational commitment, a sense of organisational security, employment relations, motivation, organisational citizenship and the intention of employees to leave the organisation (Guest, 1998:661). Balanced and fulfilled psychological contracts may not necessarily result in excellent performance, but unbalanced and unfulfilled psychological contracts have a tendency to act as demotivators and can be reflected in lower organisational commitment and heightened absenteeism and job turnover (Maguire, 2001:168).

From the above discussion it is clear that employment equity legislation and practices can influence the expectations that employees have of their employer's obligations towards them. In other words, it is apparent that employment equity can have an effect on the psychological contract. It can also be understood from the preceding paragraphs that the psychological contract is an important aspect of the employment relationship. Hence, the reason for this study; that is, in order to examine the effect that employment equity legislation and practices have on the psychological contract.

## 1.2 PROBLEM STATEMENT

In recognising the injustices of South Africa's apartheid past, employers have a responsibility to ensure that employment equity practices are implemented without harming important aspects of the employment relationship, such as the psychological contract. According to Rousseau (1990:398), although the psychological contract is a construct that is relevant to employment, little research has been conducted on the influence external regulations have on it (Wöcke & Sutherland, 2008:528).

In order to fill this void, this study focused on the effects that employment equity has on the psychological contract. In this regard special attention was given to the influence of employment equity on employees' intention to resign, which forms an important part of the psychological contract.

The study also focused on the differences that exist between the three social groupings that are present in South African organisations, as described by Booysen (2004b; 2005 in Wöcke & Sutherland), namely, white males, Africans and a group consisting of white females, coloureds and Indians, in terms of their perceptions of the way employment equity influences the psychological contract. The reason why this study examined the differences in perceptions of employment equity legislation and practices among different groupings to those specified in the Act is because white males feel threatened by employment equity practices that they perceive as providing a lack of future opportunities and feelings of being unvalued in organisations (Wöcke & Sutherland, 2008:532). White males are excluded from the designated groups identified in the Act because they are viewed as the group in society that was advantaged by previous unfair discrimination.

In contrast, employment equity legislation and practices have provided black people with political power and they consequently have a positive view of it in terms of the contribution they can make to the transformation process (Wöcke & Sutherland, 2008:532).

Finally, there is a middle group consisting of white females, coloureds and Indians, who were “not sufficiently White or of the wrong gender to benefit from apartheid and now find themselves not being Black enough” (Wöcke & Sutherland, 2008:532).

Previous studies have been conducted to address the effect that employment equity has had on the psychological contract (Wöcke & Sutherland, 2008; Maharaj, *et al.*, 2008), but not in the context of a tertiary institution. In order to fill this vacuum, this study was conducted at a tertiary institution where employees vary widely in terms of level of education (from administrative staff to highly qualified academics), age, race and gender, all of which are important aspects when studying employment equity.

### **1.3 PURPOSE STATEMENT**

The main purpose of this study was to examine the effect that employment equity legislation has on the psychological contract in a tertiary institution.

### **1.4 RESEARCH OBJECTIVES**

The following objectives were identified for this study:

1. to determine the effects that employment equity legislation and practices have on employees’ psychological relationship with their employer at a tertiary institution, and to ascertain whether these effects have been positive or negative
2. to describe the state of the existing psychological contract among employees working at a tertiary institution and to determine the relationship between the psychological contract and the effect of employment equity legislation and practices
3. to compare the differences between the three social groupings in a tertiary institution (white males, Africans and a group consisting of white females, coloureds and Indians) with regard to the effect of employment equity and their perceptions of its effects on the psychological contract

4. to establish whether there is a significant relationship between the perceptions of employees about the effect of employment equity and their intention to leave the institution.

## 1.5 IMPORTANCE AND BENEFITS OF THE STUDY

The study addresses important questions about the effects that employment equity legislation and practices have on the psychological contract and whether these effects are positive or negative. The study also gives insight into the differences that exist between the three social groupings (white males, Africans and a middle group consisting of white females, coloureds and Indians) in terms of the effects of employment equity on the psychological contract. Employees' intention to resign from the organisation was also studied and, consequently, the findings make an important contribution to understanding the extent to which employment equity influences employees' loyalty to an organisation.

One of the benefits of the study is the fact that it was conducted at a tertiary institution. A tertiary institution is an educational establishment and is not an "ordinary" profit-seeking organisation. Academic positions at tertiary institutions also have different employment criteria to other positions in the institution, for example, the requirement for a relevant doctoral degree and published articles in order to qualify for a position as associate professor. The results of this study thus differ from previous studies that have examined the relationship between employment equity and the psychological contract. In the two studies known to the author, research was conducted in a financial services organisation (Maharaj, *et al.*, 2008) and in various randomly selected organisations in various industries (Wöcke & Sutherland, 2008).

The results of the study shed new light on the effect that employment equity has on the psychological contract, especially in tertiary institutions. Further, the results also shed light on whether employment equity has a different effect on the psychological contract in a tertiary institution to other contexts. Moreover, this study opens the door for other researchers to conduct comparative studies on different sectors or between different tertiary institutions. Finally, the results of the study provide the management

of the tertiary institution where the research was conducted with insight into the effects that employment equity legislation and practices have on the psychological contract in the institution and how the employees perceive employment equity.

The subsequent sections will explore the study's delimitations and assumptions and offer definitions for key terms to be used in the study. Along with the aspects just mentioned, the following sections will also provide details of the study's research design, the inquiry strategy, the methods used for sampling, data collection and data analysis, an assessment of the quality and rigour of the research design, as well as a discussion on the research ethics relating to the study.

## **1.6 DELIMITATIONS AND ASSUMPTIONS**

### **1.6.1 Delimitations**

The study displayed several delimitations. These delimitations are discussed below:

- The study was conducted in a tertiary institution and not in an "ordinary" profit-seeking organisation. Consequently, the results of the proposed study are not applicable to other organisations in different sectors.
- The study was only conducted in one institution, and is not a comparison between various tertiary institutions.
- Other aspects related to the psychological contract (e.g. attitude of employees, trust in the employment relationship and motivation), apart from the intention to leave, were not examined specifically in this study. However, this does not mean that certain conclusions cannot be drawn from the results of the study about general aspects of the psychological contract.

### **1.6.2 Assumptions**

Assumptions are self-evident truths, the sine qua non of research (Leedy & Ormrod, 2010). Several basic assumptions underlie the proposed research study. Accordingly, it is assumed that

- all employees working at a tertiary institution have access to their own computer and have access to the internet
- all employees working at a tertiary institution are computer literate and have the necessary skills and abilities to follow a link to a webpage where the questionnaire for the study was completed
- the participants were willing to complete the research questionnaire
- the participants were truthful and honest in their responses to the questions in the questionnaire
- the participants were representative of the target population
- the questionnaires that were used in the study produced reliable and valid data
- survey research was the appropriate inquiry strategy for the study.

## 1.7 DEFINITION OF KEY TERMS

The two terms relevant to the study are "employment equity legislation" and the "psychological contract".

The definitions for these terms are summarised in Table 1.1.

**Table 1.1: Definitions for employment equity legislation and the psychological contract**

Employment equity legislation	Psychological contract
<p>“A comprehensive program designed to overcome discrimination in employment experienced by members of equity groups. The goal is to give equity groups access to all jobs, re-evaluate traditional jobs and improve equity groups’ overall economic situation” (TheStewardsDictionary, n.d.).</p>	<p>Psychological contracts can be described as the expectations that are held by the individual employee which specify what the employee and the organisation expect to give to and receive from their working relationship (Sims, 1994:375).</p>
<p>A program containing a set of explicit actions which are designed to remove barriers to equality in employment for those in established groups such as women, visible minorities, and people with disabilities (Racetoeducate.com, n.d.).</p>	<p>“Psychological contracts are defined as promises expressed, or implied, that deal with the exchange agreements between an employer and employee” (Rousseau, 2004:120).</p>



Employment equity legislation	Psychological contract
Legislation that has the purpose of promoting equal opportunities and fair treatment in employment through the elimination of unfair discrimination (Employment Equity Act no. 55 of 1998).	"An individual's beliefs about the reciprocal and mutual obligations between him/herself and his/her employer" (Rousseau, 1990:389).

**Table 1.2: Abbreviations used in this study**

Abbreviation	Meaning
EEA	Employment Equity Act
PCI	Psychological Contract Inventory

## 1.8 RESEARCH DESIGN AND METHODS

The following sections will provide a brief description of the study's research design in terms of the literature review that was performed, the underlying research paradigm, the inquiry strategy, the sampling method, the data collection method that was used in the study, as well as the data analysis methods that were used to analyse the data that was collected. Lastly, the quality and rigour of the study's research design will be examined, as well as the research ethics relating to the study.

### 1.8.1 Literature review

The first part of this study comprised a detailed literature review which was intended to examine all the relevant and latest literature on the psychological contract, as well as employment equity legislation and practices in the South African labour relations system.

Chapter 2 focuses on the psychological contract and aims to conceptualise the construct of "psychological contract" by investigating what it entails and which elements make up the psychological contract in organisations in order to ascertain whether it can be influenced by external factors, such as employment equity legislation and practices.

Chapter 3 focuses on the influence of employment equity legislation on the South African labour relations system. The aim of this chapter is to examine employment equity legislation and practices in South Africa in order to ascertain the extent to which employment relations and the psychological contract can be affected by employment equity legislation.

The literature review found that the psychological contract could definitely be influenced by employment equity legislation and practices in South African workplaces. This review was followed by the empirical research, which aimed to determine the effects of employment equity legislation and practices on the psychological contract, specifically in a tertiary institution.

### **1.8.2 Research paradigm**

A paradigm is a worldview that influences the way people think, ask questions and perceive situations (Kotze, 2010:8). Saunders, Lewis and Thornhill (2009:597) define a research paradigm as “[a] way of examining social phenomena from which particular understandings of these phenomena can be gained”. Saunders, *et al.* (2009:118) further explain that a research paradigm is a way of attempting to gain understandings and explanations of social phenomena.

The specific research paradigm that guided this study is positivism. Positivism is “a research paradigm (or framework) that combines a deductive approach with precise measurement of quantitative data so researchers can discover and confirm causal laws that will permit predictions about human behaviour” (Neuman, in Struwig & Stead, 2004:5). Ponterotto (in Kotze, 2010:10) explains that positivist research “is modelled after the natural sciences and strives to obtain objective knowledge that can ultimately be used to establish cause-effect relationships”. The researcher with a positivist research paradigm prefers “working with an observable social reality and the end product of such research can be law-like generalisations” (Saunders, *et al.*, 2009:113). Saunders, *et al.* (2009:114) add to this by stating that in the case of a positivist approach, the research is undertaken in a value-free way and the researcher is independent of the research.

The research paradigm used in this study is positivism, because the goal of the study is to determine the effects that employment equity legislation and practices have on the psychological contract; therefore, the researcher needed to be completely objective and make sure that her values did not have an influence on the research participants.

The reason for this objectivity is because employment equity is such a controversial and sensitive topic, and participants would most probably not have revealed their true feelings and perceptions if they had not been reassured that their responses would be kept confidential and anonymous. Positivism was also the appropriate paradigm in the case of this study since the objective was to determine the causal relationship between employment equity legislation and practices and the psychological contract.

Lastly, the study made use of standardised questionnaires to obtain data and the strategy of inquiry used for this study was survey research, which is a quantitative method. These are also indications of a positivist research paradigm.

## **1.9 DESCRIPTION OF THE INQUIRY STRATEGY AND THE BROAD RESEARCH DESIGN**

### **1.9.1 Identification of the inquiry strategy for the study**

The inquiry strategy that was used in this study is **survey research**. Survey research is a research strategy that “involves the structured collection of data from a sizeable population” (Saunders, *et al.*, 2009:601).

### **1.9.2 Motivation for the choice of survey research**

Survey research was found to be the most appropriate inquiry strategy for the study for the following reasons:

- Employment equity is a controversial and sensitive topic and respondents would probably not have been willing to disclose their true feelings about it or about the effect that it has had on their expectations of their employer and their feelings of trust and loyalty towards their employer, had they feared that their identity would not be protected thus compromising their career. Accordingly, in survey research questionnaires are compiled and administered in such a way that respondents' identities are protected because the questionnaire is confidential and anonymous. In this study this was done by emailing a link to the respondents (the employees working at the tertiary institution) that led to a webpage where the anonymous questionnaire could be completed. The questionnaire was subsequently processed. Furthermore, respondents did not include any information on the questionnaire that could possibly have identified them.
- The employees at the tertiary institution all have access to computers and the internet. This rendered the questionnaire easy to distribute and administer anonymously, and eliminated any paper work.
- The questionnaire was electronic and this had the advantage of being much less time consuming and more cost effective than some paper-based questionnaires. Moreover, respondents were able to complete the questionnaire at a time that suited them – this encouraged a higher response rate.
- Survey research assists in making generalisations about large populations (Mouton, 2001:153). In the case of this study, generalisations could be made about all the employees working at the tertiary institution where the research was conducted, even though only about 350 of the approximately 3 500 employees completed the questionnaire.

### 1.9.3 Classification of the study's overall research design

The following is a brief summary of the appropriate descriptors that best explain the broad research design of the study. A detailed discussion of these descriptors will be presented in Chapter 4: Empirical research; *Basic research*; *Discripto-explanatory research*; *Cross-sectional research*; *Primary data*; and *Quantitative data*.

## 1.10 SAMPLING

Sampling is used when it is impractical for researchers to survey an entire population, or when budget or time constraints prevent researchers from surveying an entire population (Saunders, *et al.*, 2009:212). For the purpose of this study, **probability sampling** was used as the sampling technique of choice. Probability sampling is the technique that is most commonly associated with survey-based research strategies where the researcher needs to draw conclusions about a population from a sample in order to meet certain research objectives (Saunders, *et al.*, 2009:214).

### 1.10.1 Target population

The target population for this study was a tertiary institution. Because the researcher is employed at the tertiary institution where the research was conducted, permission to perform the study was easily obtained and the distribution and administration of the questionnaires was made easier. The main purpose of this study was to determine the effect of employment equity legislation in a tertiary institution on the psychological contract.

### 1.10.2 Units of analysis and sampling units

The units of analysis for this study were the permanent employees working at the tertiary institution. These units of analysis included all of the levels of permanent employee at that institution, ranging from academic personnel (all levels of

academics) to administrative personnel. The sampling units for this study were also the permanent employees working at the tertiary institution. The sampling units and the units of analysis are similar because the employees at the tertiary institution are the entities that the researcher wanted to draw conclusions about, as well as being the entities from whom the data was collected. The institution where the research was conducted has an Employment Equity policy which is in line with and supports the objectives of the Employment Equity Act No. 55 of 1998.

### 1.10.3 Sampling method

The sampling technique that was used is probability sampling. Probability sampling signifies that “each element has a known probability of being included in the sample” (Struwig & Stead, 2001:112). The researcher could indicate in advance that each segment of the population would be represented in the sample (Leedy & Ormrod, 2010:205).

The specific sampling method that was be used in this study was **stratified random sampling**. Stratified random sampling is “a method in terms of which the population is divided into relevant and significant strata based on one or a number of attributes, and then a random sample is drawn from each of the stratum” (Saunders, *et al.*, 2009:228). In the case of this study, the population, that is, all staff members of a tertiary institution, was divided into three strata; namely, black people, white males, and a group consisting of white females, Indians and coloureds. From these three strata, a sample was then randomly selected from all levels of employee. These three groupings were previously identified and examined in a study by Wöcke and Sutherland (2008), and this study served as a guide during the development of this study.

### 1.10.4 Sample size

Generalisations made about populations from the data collected, using any probability sample, are based on statistical probability (Saunders *et al.*, 2009:217). Saunders *et al.* (2009:217) further state that the larger the sample size the lower the likelihood that an error will occur in generalising to the population.

According to Bartlett, Kotrik and Higgins (2001:48), the sample size of a population can be ascertained by establishing the margin of error and then determining the sample size. Bartlett, *et al.* (2001:48) have developed a table for ascertaining sample sizes. After discussing the matter with a statistician, it was determined that the margin of error for this study was 0.5, thus, with the population being around 3 500 employees, the sample for the proposed study should be approximately 351.

The sample is discussed in much more detail in chapter 4.

## **1.11 DATA COLLECTION**

After the inquiry strategy had been defined and described, attention shifted to the data collection methods, which will be briefly discussed in the following sections. The instruments used to collect the data are described in detail in Chapter 4. It is important to note that the data was collected in 2011, which is seventeen years after the first democratic election took place in South Africa.

### **1.11.1 Data collection methods**

The three important aspects of the participants that were to be measured included the state of their existing psychological contract with their employer; how the state of their existing psychological contract relates to employment equity and their intention to leave the organisation; and the effect that employment equity legislation and practices have had on them. A questionnaire was compiled comprising the following instruments (see Annexure A for the questionnaire):

- The respondents' psychological contract was measured using the Psycones questionnaire which contains questions on specific employer and employee obligations as viewed by the employee (Psycones, 2006). Questions were selected to determine the psychological contract component. Accordingly, 44 questions were taken from the Psycones questionnaire that could assist in determining the state of respondents' psychological contracts.

This section of the questionnaire consisted of four items, including questions on employer obligations, employee obligations, emotions relating to the psychological contract, and the overall state of the psychological contract.

Previous research reports Cronbach's alpha coefficients for the Psycones questionnaire that are very high, with employer and employee obligations ( $\alpha = 0,95$ ), emotions concerning the psychological contract ( $\alpha = 0.70$ ), and the state of the psychological contract ( $\alpha = 0.93$ ) (Psycones, 2006:157–159). Nevertheless, these are acceptable according to Wöcke and Sutherland's (2008:534) guideline of  $\alpha > 0.70$ , which indicates that the Psycones questionnaire is a reliable and valid measuring instrument.

The Psycones questionnaire was also identified as a recommended measurement for psychological contract research through an analysis done by Freese and Schalk (2008:282), where the following was determined:

The Psycones questionnaire is theory based and inductive; its content assesses mutual obligations and/or promises and its measures allow for the determination of psychological contract violation and the overall evaluation of the psychological contract. This confirms that the Psycones questionnaire is a reliable and valid measuring instrument.

*Employees' intention to leave* the organisation was measured using a three-item questionnaire assessing the employee's intention to leave his/her current employer. This questionnaire was developed by Cook, Hepworth, Wall and Warr (1981:95) and was used in the studies by Maharaj, *et al.* (2008), as well as Wöcke and Sutherland (2008), to measure intention to leave. The questionnaire produced a Cronbach's alpha coefficient of 0.83 ( $\alpha = 0.83$ ) during the study of Maharaj, *et al.* (2008), which indicates a high level of reliability.



- *The effect of employment equity legislation and practices* was measured firstly using a nine-item questionnaire, which was developed in 2003 by Maharaj for her masters dissertation and was further developed and used for the study by Maharaj, *et al.* (2008). The questionnaire assesses employees' "beliefs regarding the influence of employment equity practices on their relationship with their employer" (Maharaj, *et al.*, 2008:21). The questionnaire produced a Cronbach's alpha coefficient of 0.92 ( $\alpha = 0.92$ ) during Maharaj, *et al.*'s (2008) study, which indicates a high level of reliability.

*The effect of employment equity legislation and practices* was further measured using several questions that were used by Strydom (2009) for a master's dissertation assessing the psychological contract of designated and non-designated groups in a financial institution. In that study, questions about discrimination and affirmative action were selected from various existing questionnaires to determine the discrimination and affirmative action component. In Strydom's study (2009) these questions relating to affirmative action produced a Cronbach's alpha coefficient of 0.76 ( $\alpha = 0.76$ ), which indicates reliability (Strydom, 2009:28).

- There was also a generic section in the questionnaire where respondents had to complete basic demographic information such as their age, gender, tenure at the organisation, academic qualifications and designated group and whether they were disabled, for stratification and statistical purposes.

## 1.12 DATA ANALYSIS

Quantitative data in its raw form has very little meaning for most people, and therefore it needs to be processed to make it useful and to turn it into information (Saunders, *et al.*, 2009:414). The next section will briefly discuss the methods that were used to analyse the data collected in this study. Detailed information regarding the data analysis methods that were used in the study can be found in Chapter 4.

The statistical program, SPSS 17.0 for Windows (SPSS, 2009) and various statistical techniques were used to analyse the data collected using the questionnaire discussed in the previous sections. A simple principal component analysis was firstly carried out to determine the number of factors to be extracted. Then Cronbach's alpha coefficient and exploratory factor analysis was used to determine the reliability and validity of the factors identified by the factor analysis. This study made use of both descriptive and inferential statistics.

Descriptive statistics is a means to provide summaries of data. Descriptive statistics were used to determine the effect of employment equity legislation and practices on employees' relationship with their employer at a tertiary institution, and to ascertain whether such an impact was positive or negative. To establish whether this impact was positive or negative, a frequency table was used. Descriptive statistics were also used to describe the state of the existing psychological contract among employees working at a tertiary institution.

Inferential statistics help the researcher to make decisions about the data, for instance the significance of differences and/or correlations between certain groups in an study (Leedy & Ormrod, 2010:31). To determine correlations between variables, the Pearson product-moment correlation was used. This was done to describe the state of the existing psychological contract among employees working at a tertiary institution and to determine the relationship between the psychological contract and the effect of employment equity legislation and practices. In addition, it was also intended to establish whether there was a significant correlation between the perceptions of employees about the effect of employment equity and their intention to leave the institution.

In order to determine differences between variables and groups, the analysis of covariance (ANOVA) and the multivariate analysis of variance (MANOVA) were utilised. The ANOVA and MANOVA were used to compare the differences among the three social groupings in the tertiary institution (white males, Africans and a group consisting of white females, coloureds and Indians) with regard to the effect of employment equity and employee perceptions of its effects on the psychological contract.

## 1.13 ETHICAL CONSIDERATIONS

Research ethics and the fact that research is conducted in an ethical enterprise provide researchers with moral guidelines for conducting research in a morally acceptable way (Struwig & Stead, 2004:66). Ethics refers to the appropriateness of one's behaviour in relation to the rights of those who become the subject of your work, or are affected by it (Saunders, *et al.*, 2009:183).

There were a number of ethical issues that needed to be taken into account in this study and these will be discussed in Table 1.3 below (Saunders, *et al.*, 2009:185):

**Table 1.3: Ethical issues that needed to be addressed**

<b>Ethical principal</b>	<b>How it was addressed in the study</b>
Privacy of possible and actual participants	The participants' privacy was protected, as the link to the survey and an explanation of the study was emailed to each participant. When they clicked on the link and completed the questionnaire, they could not be identified and the questionnaire was completely anonymous
Voluntary nature of participation and the right to completely or partially withdraw from the process	The participants was informed before they completed the questionnaire that their participation was voluntary and that they could withdraw at any time
Consent and possible deception of participants	The participants completed the informed consent form (see Annexure B) on the front page of the questionnaire before they completed the questionnaire – this was compulsory in order for the questionnaire to open
Maintenance and confidentiality of data provided by participants and their anonymity	The internet-based program that was used for the questionnaire ( <i>Lime Survey</i> ) processed the questionnaires electronically without revealing the participants' identities – as explained before, the questionnaire was completely anonymous
Behaviour and objectivity of the researcher	The researcher was not involved in research process in any way that could influence the participants' responses – the link was emailed to participants, they completed the anonymous questionnaire and the program ( <i>Lime Survey</i> ) processed the questionnaires electronically, thus the researcher was completely objective and unbiased

## 1.14 CHAPTER LAYOUT

The chapters are set out as follows:

### **Chapter 1: Scientific overview of the research**

This chapter focused on the effect that employment equity legislation and practices could have on the psychological contract in a tertiary institution. The aim and focus of this chapter were to provide a background and motivation for the research that was conducted in this study. The problem statement was discussed and the objectives of the study were described. Thereafter, the research design and methodology were discussed and the chapter layout presented.

### **Chapter 2: The psychological contract**

The aim of this chapter is to conceptualise the construct of the "psychological contract" by investigating what the psychological contract entails and which elements comprise it in organisations, in order to ascertain whether the psychological contract can be influenced by external factors such as employment equity legislation and practices.

### **Chapter 3: The influence of employment equity legislation on the South African labour relations system**

The aim of this chapter is to examine employment equity legislation and practices in South Africa in order to ascertain the extent to which employment relations and the psychological contract can be affected by employment equity legislation.

### **Chapter 4: Empirical research**

The purpose of this chapter is to describe the empirical research. Firstly, the aims of empirical research are given, followed by a discussion on the sample, the questionnaire, the data collection and administration and the statistical processing of the data.

### **Chapter 5: Research results**

The purpose of this chapter is to review and discuss the results of the empirical research. These results are reported by using descriptive and inferential statistics.

## **Chapter 6: Conclusions, limitations and recommendations**

The final chapter aims to integrate the results of the study and to present conclusions. The limitations of the study are also discussed in this chapter and a number of recommendations are made for the field of labour relations and human resource management with regard to employment equity legislation and practices and their effect on the psychological contract. The chapter ends with some concluding remarks.

## CHAPTER 2: THE PSYCHOLOGICAL CONTRACT

### 2.1 INTRODUCTION

The relationship between an employer and an employee is typically guided by formal agreements, for instance the individual contract of employment, collective agreements and labour legislation (Shruti & Hermanth, 2012:1). There is, however, another unwritten contract between the employer and the employee that can be regarded as even more important, namely, the psychological contract.

As explained in Chapter 1, the main purpose of this study is to examine the effect that employment equity legislation has on the psychological contract in a tertiary institution. Owing to the controversial nature of employment equity legislation and practices, these probably have an influence on important aspects of the employment relationship such as the psychological contract. Accordingly, it is important to fully comprehend what the psychological contract entails, how it is developed and how it can be breached before the possible influences on the psychological contract, such as employment equity legislation and practices, can be examined.

Chapter 2 addresses the main research aim for this study, as it pertains to the conceptualisation of the psychological contract and the way it can be influenced by employment equity legislation. In this chapter, the constructs of psychological contracts and the related theoretical models will be explored. To do this, the psychological contract will firstly be defined and discussed in detail, giving attention to the history and background of the psychological contract, exploring various definitions of the psychological contract, as well as its conceptualisation and development.

Secondly, the nature of the psychological contract will be examined, specifically focusing on its building blocks, its characteristics and all its components.

Thirdly, breach of the psychological contract will be discussed by providing details of the nature of psychological contract breach and violation, the effects of perceived

psychological contract breach and the fulfilment of the psychological contract, and also how intention to leave and the psychological contract can be related.

Lastly, this chapter will look at the possible influences of internal or external factors on the psychological contract in order to determine whether employment equity can have a significant effect on the psychological contract.

## **2.2 THE PSYCHOLOGICAL CONTRACT DEFINED**

### **2.2.1 History and background of the psychological contract**

The concept of the psychological contract has its origin in the ancient Greeks' social contract, which was incorporated in Hobbes's and Locke's political theories in the seventeenth century (Schein, 1980:22), in terms of which individuals have natural rights that they surrender to the authorities for reciprocal benefit (such as paying tax in return for protection) (Roehling, 1997:202). These ideas were incorporated in Barnard's (1938) theory of equilibrium: the organisation pays the employee for services and the employee will stay as long as the benefits associated with the relationship equal or exceed the effort required to remain in the relationship (Roehling, 1997:202).

In the 1960s, Argyris (1960) combined the ideas of the implicit understanding present in an employment relationship and a contractual relationship into the "psychological work contract" (Thomas, Au & Ravlin, 2003:452). Both Argyris (1960) and Levinson, Price, Munden and Solley (1962) have been given credit for introducing the term "psychological contract" (Thomas, *et al.*, 2003:452).

Argyris (1960) first used the concept of the psychological contract to describe the relationship between foremen and employees in a factory (Maharaj, 2003:7). He argued that foremen are likely to report fewer grievances and have a higher level of production if they respect the norms and culture of their employees (Maharaj, 2003:7). In 1962, Levinson, *et al.* (1962:21) further defined the psychological contract as an unwritten contract which is mutual and explicit. Levinson, *et al.*

(1962:21) also saw the psychological contract as “a series of mutual expectations of which the parties to the relationship may not themselves be dimly aware but which nonetheless govern their relationship to each other”.

Although the term “psychological contract” was first used in the 1960s, as stated above, it is only in the 1980s that it has emerged as an important topic of theoretical and empirical research (Guest, 1998:649). The reason for the increasing popularity of the concept in the 1980s and 1990s is because these years were characterised by many organisational changes, which put ‘traditional’ employment relationships to the test (Freese & Schalk, 2008:269). Denise Rousseau has redefined and researched the concept of the psychological contract since the late 1980s (Rousseau, 1989; 1990; 1995) and has highlighted its importance for the understanding and management of modern employment relationships (Freese & Schalk, 2008:269).

Before the psychological contract can be discussed further, it is important to examine the definitions of the psychological contract, and also to identify the specific and recent definitions which will form the basis of this study.

## **2.2.2 Definitions of the psychological contract**

Guest (1998:650, 651) cites the following development of definitions of the psychological contract as defined from the beginning of the conceptualisation of the term:

- An implicit contract between an individual and his organisation, which specifies what each expects to give and receive from each other in their relationship (Kotter, 1973).
- A set of unwritten reciprocal expectations between individual employees and the organisation (Schein, 1978).
- The individual’s belief with regards to the terms and conditions of a mutual exchange agreement between the focal person and another party. A psychological contract exist when one party believes or is of the opinion that a promise of future returns has been made, a contribution has been given and,



resultantly, an obligation and responsibility has been shaped to provide future benefits (Rousseau, 1989).

- The perceptions of both parties to the employment relationship, organisation and individual, of the responsibilities and requirements implied in the relationship. The process where these perceptions are formed, is referred to as psychological contracting (Herriot & Pemberton, 1995).

Rousseau (1995:9) adds that “the psychological contract comprises individual, subjective beliefs, shaped by the organisation, on the terms of an exchange agreement between individuals and their organisation.” These subjective beliefs are within the individual employee and employer and concern promises made, accepted and relied on between themselves and another (Rousseau, 1995:9).

Armstrong (2003:298) further defines the psychological contract as “beliefs that individuals hold regarding promises made, accepted and relied upon between themselves and another”. With regards to organisations, these parties consists of the employee, client, manager and/or organisation as a whole (Armstrong, 2003:298).

More recently, Leigh (2008:205) has indicated that the psychological contract can be defined as subjective beliefs held by an individual employee and the employer about what they expect of each other. The psychological contract consists of expectations and obligations as opposed to the tangible content of the written employment contract (Leigh, 2008:205). For the purpose of this study, this definition is regarded as the most relevant and appropriate definition for the psychological contract.

In the preceding section various definitions of the psychological contract were discussed and the definition most relevant to this study identified. In the next section, the psychological contract will be examined in more detail by discussing the development and conceptualisation of the psychological contract.

### **2.2.3 Conceptualisation and development of the psychological contract**

When an employment relationship is formed, employees usually receive a written statement, namely, an employment contract stating their job title, remuneration, place of work, whether the job is permanent or temporary, working hours, as well as any other benefits such as holiday entitlements and sick leave (Leigh, 2008:205). This written contract does not, however, give the employee information on the expected behaviours and culture within the organisation – and this is where the psychological contract comes in.

The psychological contract is developed between the employee and the organisation over an extended period of time and it starts with the experiences that the employee has during the recruitment and selection process, continues during the induction and settling-in period, and it is constantly being revised and adjusted throughout the period of employment (Leigh, 2008:205). The psychological contract is a deep and diverse concept and refers mainly to the relationship between an employer and its employees, specifically regarding mutual expectations of inputs and outcomes (Raulapati, Vipparthi & Neti, 2010:7). In contrast to the written statement of terms and conditions that employees receive, which is written and is similar for all groups of employees doing the same job, the psychological contract is subjective and it is made up of a unique combination of beliefs held by both the employer and the employee regarding their expectations of each other (Leigh, 2008:205). These expectations will undoubtedly be affected by organisational policies pertaining to employment equity and affirmative action.

According to Rousseau (1995:34), there are two sets of factors that operate in creating the psychological contract. These include firstly the external messages and social cues from the organisation or social setting; and secondly, the individual's internal interpretations, predispositions and constructions.

**Figure 2.1: Creating an individual’s psychological contract (Rousseau, 1995:33)**

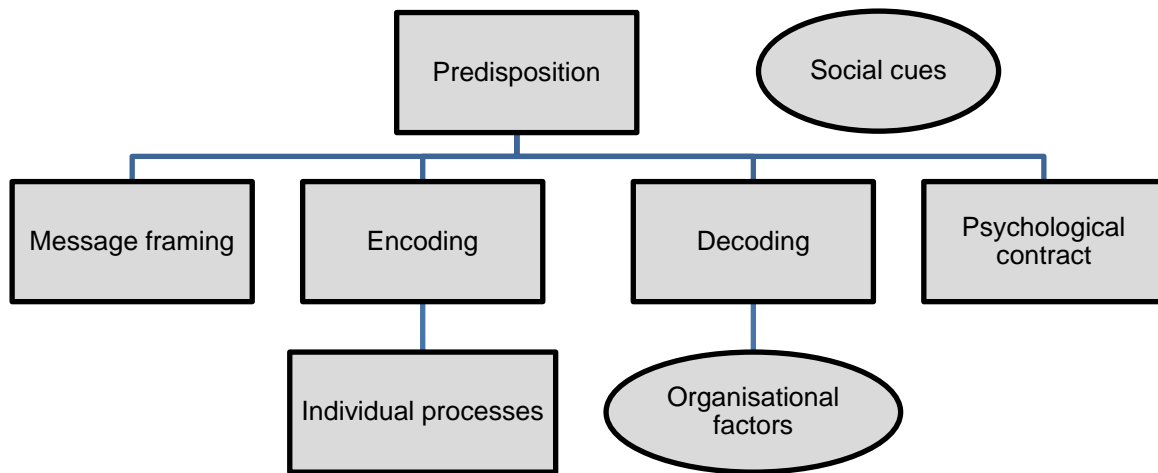


Figure 2.1 indicates that external messages and social cues offer expressions and interpretations of the organisation’s future intent, as well as individual cognitions and predispositions. This process influences the messages that an individual receives, the individual interpretations and an individual’s personal style of processing as well as information in terms of the basic components of the psychological contract creation (Rousseau, 1995:36).

One of the major features of the psychological contract is the individual’s belief that an agreement is mutual. Thus, a common understanding exist that binds both the parties involved to a particular course of action. (Rousseau, 2001:512). The psychological contact is thus dependent on the reciprocal exchange relationship between an employer and an employee and on these parties’ perceptions thereof. In essence, psychological contracts “motivate employees to fulfil commitments made to employers when employees are confident that employers will respond and keep their end of the bargain” (Rousseau, 2004:120).

For a healthy and well-balanced psychological contract to exist in an organisation, there are two important conditions, namely, “the degree to which employees’ expectations of what the organisation will provide and what is owed in return match

the organisation's expectations of what it will give and get; and there is agreement on what is actually to be exchanged between the employee and the organisation" (Sims, 1994:374).

Keeping in mind the specific focus of this study, it is important to explore whether employment equity legislation and practices have an effect on the development of the psychological contract. Employment equity legislation, especially the EEA, makes it clear that unfair discrimination must be eradicated from all employment policies and practices and that there may be no discrimination against any person on any grounds, including race, gender or disability (Chapter 1, section 2 of the EEA). It is, however, not unfair discrimination to implement affirmative action measures which are consistent with the purpose of the Act. However, whether these measures are perceived as being fair or unfair is largely dependent on the individuals concerned (Maharaj, *et al.*, 2008:17). Individual perceptions are shaped by people's past experiences (Maharaj, *et al.*, 2008:17). This means that the manner in which people from different backgrounds, for instance white males and black women, will experience an organisation's implementation of employment equity practices will have an effect on the psychological contract (Maharaj, *et al.*, 2008:17).

## **2.3 THE NATURE OF THE PSYCHOLOGICAL CONTRACT**

A psychological contract is a system of beliefs that may not have been articulated; in other words, it is the responsibilities and tasks that employees believe are expected of them and in return, the response that they from their employer (Armstrong, 2003:300). It is an implicit, dynamic concept; it develops over time and is a notion which is still being widely debated and contemplated by scholars internationally (Armstrong, 2003:300).

The subsequent section will examine the nature of the psychological contract by discussing its building blocks as well as its characteristics and components. Particular attention will be paid to the dimensions and features of the psychological contract, as well as the different types of psychological contract. For the purpose of this study, this is important for comprehending whether an external factor, such as

employment equity legislation and practices, can have an effect on the psychological contract. Accordingly, it is necessary to examine the nature of this contract, because external influences on the psychological contract cannot be ascertained unless the reader understands its composition.

### 2.3.1 Building blocks of the psychological contract

Rousseau (2001:512) explains the formation of the psychological contract using figure 2.2 below.

**Figure 22.2: Formation of the psychological contract**

<u>Pre-employment</u>	<u>Recruitment</u>	<u>Early socialisation</u>	<u>Later experiences</u>	
				Discrepant information leads to evaluation
Professional norms	Active promise exchange	Continuing promise exchange	Intermittent promise exchange	Incentives/costs of change impact revision
		Active information seeking by workers/agents	Less active information seeking by workers/agents	
Societal beliefs	Evaluation of signals by both firm and worker	Multiple sources of information from firm	Firm reduces its socialisation efforts	
			Changes often incorporated into existing psychological contract	

*The focus of most psychological contract research*

The psychological contract is formed over time with both vertical and horizontal structuring, and it evolves from discrete beliefs into elaborate organised schemas composed of many interrelated beliefs (Rousseau, 2001:515). Maharaj (2003:12) adds that these schemas will influence the nature of employees' employment relationship with their employer, owing to the fact that the schemas are developed from individual experiences and these schemas serve to organise experiences in a meaningful way. This means that the psychological contract can convert into behaviours (Maharaj, 2003:12).

Botha (2007:33–35) outlines certain factors that influence the formation of the psychological contract. These are summarised in Table 2.1 below.

**Table 2.1: Factors influencing the formation of the psychological contract**

<b>Before employment</b>	<b>During employment</b>
The broader environment, such as the legal and economic environments moderate employees' expectations and employers' actions.	The organisational culture, climate and actions will modify employees' psychological contract.
The social environment equips potential employees with work-related values.	Induction programmes clarify organisational responsibilities, organisational expectations and employee roles.
The cultural environment influences employees' work-related needs.	Management and supervisory behaviour projects organisational values.
Organisational recruitment practices will modify employees' expectations.	Formalised employment agreements, organisational statements and policies and practices

(Botha, 2007:33–35)

In this section the basic building blocks of the psychological contract were discussed briefly. This is very important for the purpose of this study because, as explained above, the psychological contract is formed during different phases and, during each phase, external factors such as employment equity legislation and practices can have an effect on its formation. An example of this would be during the recruitment phase, if a black female – being a member of a designated group and thus a beneficiary of employment equity and affirmative action – were to become aware that she was only being appointed to benefit the organisation's employment equity targets, and not due to her own merit, would that not possibly have a negative effect

on the formation of the psychological contract? Another example of this would be if a white male, not a member of a designated group, were to apply for a promotion and did not receive it. In this case the psychological contract could possibly be negatively affected, because this individual would not be sure if the promotion was declined because of his own poor work performance, or merely because his appointment would not have benefitted the organisation's employment equity stance.

Table 2.1, which outlines the different factors that influence the formation of the psychological contract, clearly demonstrates that there are several factors – before and during employment – which have an impact on the formation of the psychological contract. These factors can, in turn, themselves be affected by employment equity legislation and practices.

The following sections will explain the characteristics and elements of the psychological contract.

### **2.3.2 Characteristics of the psychological contract**

The main characteristic of the psychological contract is that it is subjective in nature (Botha, 2007:38). Willems, Janvier and Henderickx (2004:3) confirm that the foremost characteristics of the psychological contract include the fact that it is subjective, usually implicit and dynamic; it entails a norm of reciprocity and it is multifaceted.

Botha (2007:38) explains that employees have a number of psychological contracts with different role players in the organisation. Indeed, at least two contracts exist in any employment situation: the employee's psychological contract and the employer's psychological contract (Botha, 2007:38). Accordingly, the employer has expectations and obligations and the employee perceives expectations and obligations (Botha, 2007:38). Employees have certain expectations about promotion possibilities, compensation, status, office and interior, the degree and quantity of challenging work, as well as their expectations about the amount of time, skills, energy and involvement that they expect to "give" to the organisation (Nel, Van Dyk, Haasbroek,

Schultz, Sono & Werner, 2004:39). Some employee expectations such as salary levels are conscious and explicit, and other expectations are implicit and the employer may not be aware of them (Botha, 2007:40).

Cooper and Sparrow (in Maharaj, 2003:22) claim that there are three main overriding characteristics of the psychological contract, namely:

- *Subjective, unique and idiosyncratic.* Psychological contracts differ from one individual to another with regard to their perceptions, expectations and beliefs.
- *Reciprocal.* This is because the contract is formed in the context of the employment relationship where expectations are perceived as being an equal exchange relationship between two parties. The expectations are specific to the individual's present employer and are not general expectations about work.
- *Cognitive dimension.* This is a set of beliefs with regards to the exchange relationship. These beliefs are based on the individuals' perceptions of what they feel their obligations to their employers are and also what their employers' obligations are towards them. Psychological contracts are therefore idiosyncratic..

To summarise the characteristics of the psychological contract: it is subjective, changeable and fluid, reciprocal and based on unwritten expectations of employees and their employer. The characteristics of the psychological contract clearly make it vulnerable to influences from external factors such as employment equity legislation and practices. This is particularly so in view of the fact that the psychological contract is subjective, in other words, it differs from one individual to another. This may result in one employee experiencing the application of employment equity practices as fair, thus leading to a positive psychological contract, while another employee might experience the application of employment equity practices as unfair, consequently leading to a weakening of the psychological contract.

The characteristics of the psychological contract also indicate that it is fluid and changeable over time. This means that an employee may experience the recruitment



phase as positive, and not be affected by an organisation's employment equity practices. However, after a while this could change; for example when another employee with less experience is promoted because he/she is a member of a designated group.

### 2.3.3 Elements of the psychological contract

The dynamics of the psychological contract are formed by its defining features (Rousseau, 2004:120). Scholars have identified six key features of the psychological contract and Rousseau (2004:120, 121) describes these features as follows:

- *Voluntary choice* is a key feature of the psychological contract. This means that commitments made voluntarily are most likely to be kept. Psychological contracts motivate people to fulfil their commitments because they are built on promises that the individual made of his/her own free will.
- *Belief in mutual agreement* between the parties shapes the psychological contract. In other words, an individual's psychological contract reflects his/her understanding of the commitments to another party.
- *Incompleteness* is another important feature of the psychological contract. The psychological contract changes over time and neither employee nor employer can at the outset spell out all of the particulars of a long-term employment relationship. Psychological contracts are inclined to become more complicated over the course of the employment relationship and parties to this relationship can develop incompatible understandings over time.
- *Multiple contract makers* are a distinct feature of the psychological contract, because the psychological contract is shaped by many sources of information. These sources of information can include top management, human resource representatives, the employee's immediate supervisor and colleagues of the employee. If these sources of information convey conflicting messages, the psychological contract will be damaged as a result.

- *Managing losses when contracts fail* is the last relevant feature of the psychological contract. If employees or employers rely on psychological contracts to guide their actions, then the failure of the other party to fulfil their expected commitments can result in so-called “losses”. Such losses are the reason why psychological contract violation elicits negative reactions like anger, termination and withdrawal of support. These losses should be managed when commitments are difficult to keep.

The above features are the core elements of the psychological contract. There are also, however, various dimensions that characterise the psychological contract and which shape the type of psychological contract that exists.

There are five dimensions that characterise the psychological contract (Guest, 1998:653) and these dimensions are summarised in Table 2.2.

**Table 2.2: Dimensions of the psychological contract**

<b>Dimension</b>	<b>Characteristic</b>
Stability	The nature of the agreed responsibilities could both be structured and unchanged or it could be flexible and dynamic. The manner in which an employee perceives his/her role in the organisation will be influenced by the degree of stability he/she experiences.
Scope	The degree to which the job influences the personal life of the employee. Some employees identify themselves with the job they do, others do not.
Tangibility	The degree to which the responsibilities are clearly defined.
Focus	Those aspects which are significant to the person, for instance money or social needs.
Time frame	The length of time of the contract, which could either be for a fixed period or permanent.

(Guest, 1998:653)

The state of the psychological contract that an employee experiences, whether it be positive or negative, is dependent on the importance that the employee places on the dimensions discussed in Table 2.2.

The preceding discussion explained the various features of the psychological contract, as well as the dimensions that the psychological contract is comprised of. Keeping the main focus of this study in mind, namely, to determine whether

employment equity legislation and practices will have an effect on the psychological contract of employees working at a tertiary institution, the features of the psychological contract are important as they contextualise the concept and make it clear which of the aspects will affect it. In other words, if the features of which the psychological contract is comprised are grasped, the external factors that could damage or strengthen the contract can be more easily comprehended. The dimensions of the psychological contract are equally important for this study, because the condition of the psychological contract that an employee experiences, whether it is positive or negative, is dependent on the importance that the employee places on these dimensions.

What happens when an employee experiences the psychological contract as negative? The following sections will examine breach of the psychological contract, giving attention to what psychological contract breach entails, as well as what the possible effects of psychological contract breach are and also of psychological contract fulfilment.

## **2.4 BREACH OF THE PSYCHOLOGICAL CONTRACT**

The psychological contract is the foundation of the employee-organisation relationship. It includes the beliefs about the comprised of beliefs reciprocal obligations and responsibilities between the two parties (Leigh, 2008:205). The state of the psychological contract is a measure of the trust held by employees and of their belief in their employer, but nonetheless, employees often perceive their organisation as having failed to sufficiently fulfil their side of the contract. This is called psychological contract breach (Person, Kernan & Choi, 2011:279).

Breach of the psychological contract has many negative outcomes for an organisation, such as loss of trust, reduced job satisfaction and higher turnover intentions (Person, *et al.*, 2011:279). However, the real question that arises here is what causes breach of the psychological contract. This is extremely important for the purpose of this study, since the study aimed to determine whether external factors such as employment equity legislation and practices can have an effect on the

psychological contract. If indeed it they do have an effect, it is necessary to establish whether such an effect is positive or negative. If the effect is negative it needs to be established whether it will lead to a breach of the psychological contract, which can, in turn, influence employees' intention to leave the organisation. Before these issues are addressed in the following sections, it is crucial to examine what exactly psychological contract breach entails.

### **2.4.1 What is psychological contract breach?**

Firstly, it is important to clarify whether there is a difference between psychological contract breach and psychological contract violation. Psychological contract violation has been defined as “a failure on the part of the organisation to fulfil one or more obligations contained in an individual’s psychological contract” (Robinson & Rousseau, 1994:247). Morrison and Robinson (1997:230), however, have argued that “this definition focuses on the rational, mental calculation of what individuals have or have not received and downplays the emotional aspect of violation.” Because of this, a distinction has been made between the concept psychological contract breach and violation.

Morrison and Robinson (1997:230) refer to psychological contract breach as “the cognition that one’s organisation has failed to meet one or more obligations within one’s psychological contract”. Therefore, in essence, breach refers to the identification of perceived unmet responsibilities and obligations. Pate, Martin and McGoldrink (2003:558) found that this may be “fairly short term and may result in individuals returning to their relatively “stable” psychological contract state or, alternatively, it may develop into full psychological contract violation.”

Psychological contract violation, on the other hand, is an “emotional and affective state that may follow from the belief that one’s organisation has failed to adequately maintain the psychological contract” (Morrison & Robinson, 1997:230). Sparrow and Cooper (2003:43) define psychological contract violation as “strong affective responses to more extreme breaches of contract, such as feelings of injustice, betrayal and deeper psychological distress, whereby the victim experiences anger,

resentment, and a sense of wrongful harm”. In the narrowest sense, contract violation is “a failure to comply with the terms of a contract” (Rousseau, 1995:112). Psychological contracts are subjective in nature, and the manner in which people interpret the circumstances and conditions of this failure, determines whether they believe a contract violation has taken place (Rousseau, 1995). In essence, psychological contract breach is the experience of unmet expectations, while psychological contract violation is the emotional reactions that follow. Thus breach leads to violation.

Rousseau (1995:112) explains that psychological contract violation takes three forms. These are summarised in Table 2.3 below.

**Table 2.3: Forms of psychological contract violation**

Form of psychological contract violation	Discussion
Inadvertent violation	When both parties are able and willing to keep their bargain, but differing interpretations lead one party to act in manner that is in conflict with the understanding and interests of the other party. (Divergent interpretations made in good faith)
Disruption to the contract	When circumstances make it impossible for one or both parties to fulfil their end of the contract, despite the fact that they are willing to do so. (Inability to fulfil the contract)
Breach of the contract	When one party, capable of performing the contract, refuses to do so. (Able but unwilling)

(Rousseau, 1995:112)

Rousseau (1989:128) further states that “failure to meet the terms of a psychological contract produces more than just unmet expectations – it leads to damage to the relationship between the employee and the organisation.” Fundamental to a psychological contract is trust, which originates from a belief that contributions will be reciprocated. When this trust relationship between employer and employee is damaged through psychological contract violation it is not easily repaired (Rousseau, 1989:128).

According to Robinson and Morrison (2000:526), there are two root causes for perceived psychological contract breach, namely, “reneging and incongruence”. *Reneging* is when “agent(s) of the organisation recognise that an obligation exists

but knowingly fail to meet that obligation” (Robinson & Morrison, 2000:526). One reason why reneging may occur is because the organisation is unable to fulfil a particular obligation (Morrison & Robinson, 1997:233). The promise may have been made in good faith, but circumstances may prevent the fulfilment of the obligation. Reneging occurs both when an organisation is unable to meet the promised obligations, as well as when organisational agents are unwilling to fulfil promised obligations (Morrison & Robinson, 1997:233). For example, this happens when organisational agents make promises with the intention of not keeping them, or they may break a promise that they originally intended to keep.

*Incongruence*, on the other hand, is “when the employee and the organisational agent(s) have different understandings about whether a given obligation exists or about the nature of a given obligation” (Robinson & Morrison, 2000:526). Incongruence therefore occurs when employees and agents of the organisations hold different beliefs about a given obligation or set of obligations (Robinson & Morrison, 2000:529). Three main factors contribute to incongruence. Firstly the degree to which the employee and agents of the organisation hold different cognitive schemata with regard to employment obligations, secondly, the complexity and uncertainty of the perceived obligations between them; and lastly, a lack of sufficient communication regarding the obligations (Morrison & Robinson, 1997:235).

Robinson and Morrison (2000:526) explain that both incongruence and reneging may result in a perception of a contract breach by creating a contradiction between an employee’s understanding of what was promised and the employee’s perception of what was in fact delivered or met.

*Employee vigilance* is another construct that may contribute to perceived contract breach. This is the extent to which the employee actually monitors how well the organisation is meeting the terms of his or her employment contract (Morrison & Robinson, 1997:238). According to Morrison and Robinson (1997:238), there are three factors that will determine employee vigilance. These include uncertainty, the nature of the employee-organisation relationship as well as the perceived costs of discovering an unfulfilled promise.

The foregoing paragraphs clearly explain what psychological contract breach and psychological contract violation entail and place these concepts in context so that they can be identified in a situation. The question now arises as to what the outcomes of psychological breach are. Moreover, in examining the effects of psychological contract breach, one also needs to ascertain the effects of psychological contract fulfilment.

In some instances, employment equity legislation and practices can lead to psychological contract breach and in others they can lead to psychological contract fulfilment. This is, therefore, the purpose of this study; that is, to determine the extent of the effect that employment equity legislation and practices has on the psychological contract. The following section will examine these issues.

#### **2.4.2 The effects of both perceived psychological contract breach and fulfilment on the psychological contract**

According to Van den Heuvel and Schalk (2009:284), a large number of previous studies have shown that fulfilment of the psychological contract has consequences for organisational outcomes, such as trust in the organisation, employee satisfaction, job performance and turnover (Robinson, 1996; Turnley & Feldman, 1999a; Turnley Bolino, Lester & Bloodgood, 2003; Levesque, 2005).

Table 2.4 below indicates the effects that fulfilment of the psychological contract has on the employee and the organisation, as summarised by Botha (2007:27) from research done by various researchers (Rousseau, 1989; Herriot, Manning & Kidd, 1997; Ivanvhevich & Matteson, 2002):

**Table 2.4: Effects of psychological contract fulfilment**

It leads to fulfilment of psychological contract needs such as confirmation that the employee is valued by the organisation and is willing to make long-term commitments.
Employees experience fairness and equity in the employment relationship.
Employees feel obligated to fulfil their perceived obligations.
There is less conflict, a stable relationship and longer tenure.
Fulfilment of employee expectations leads to a perception that the organisation is willing to reward employees for their efforts.

(Botha, 2007:27)

However, the real question here is what effects breach or violation of the psychological contract will have on the employment relationship. According to Robinson and Rousseau (1994:247), "violation of the psychological contract is related to procedural and distributive injustice – unfulfilled promises deprive employees of desired outcomes and this is often associated with perceptions of inequity " Issues of procedural justice reflect the quality of the treatment that employees experience (Robinson & Rousseau, 1994:247). Psychological contract violations therefore decrease trust in an employment relationship (Robinson & Rousseau, 1994:247).

Psychological contract breach and the resulting psychological contract violation can have as a consequence a number of attitudinal and/or behavioural responses. Attitudinal responses include reduced organisational commitment and job satisfaction (Robinson & Morrison, 1995:231). In addition, employees may become more cynical (Pate, 2006:37). Turnley, *et al.* (2003:188) add that "psychological contract breach results in a wide array of negative outcomes, including reduced job satisfaction, reduced trust in the organisation, increased cynicism about organisational life in general, and increased intention to leave the organisation."

Based on research done by numerous researchers (Rousseau, 1989; Herriot , *et al.*,1997; Robbins, 1998; Pate & Malone, 2000; Ivanchevich & Matteson, 2002; Linde & Schalk, 2005; Isaksson, 2006), Botha (2007:27, 28) has summarised the ways in which breach of the psychological contract affects employee attitudes, behaviour and health (see Table 2.5 below).

**Table 2.5: Effects of psychological contract breach**

Employees have feelings of broken trust, deception, injustice, resentment, anger and frustration.
Employees are unwilling to exert more effort and display more loyalty than the minimum – employees reduce their efforts to compensate for perceived insufficient satisfaction of demands which are legitimate in their minds.
Decreased life satisfaction is experienced by employees; their motivation, job satisfaction and organisational commitment decrease.
They suffer psychological distress.
There is work-life interference, irritation, lowered occupational self-efficacy, lower general health and lowered affective well-being.
The benevolence in the employment relationship is damaged.



Employees are unwilling to commit acts of good citizenship.
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Extreme cases of psychological contract breach can result in feelings of hatred, changes in personality and world-views, sabotage, theft, retaliation and aggressive behaviour.
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(Botha, 2007:27, 28)

Rousseau (1989:129) and Isaksson (2006:8) state that breach of the psychological contract can also have significant effects on the organisation, such as reduced employee effort which leads to lowered performance; increased labour turnover, employee litigation and unionisation; increased absenteeism; and more frequent accidents and incidents.

From the preceding section it is clear that psychological contract breach has a significant impact on the employee and the employer, as well as on the organisation as a whole. Fulfilment of the psychological contract also has major outcomes for all the parties. Employment equity legislation and practices can thus either lead to psychological contract fulfilment or breach, or else have no effect at all on the psychological contract. This leads to the next question: What impact will the psychological contract, particularly breach of the psychological contract, have on employees' intention to leave the organisation?

The following section will look at the relationship between employees' intention to leave the organisation and the psychological contract. This is another crucial section for the purpose of this study, since one of the research objectives is to establish whether there is a significant relationship between the perceptions of employees about the effect of employment equity and their intention to leave the institution.

### **2.4.3 Intention to leave and the psychological contract**

The psychological contract has an important impact on the state of the employment relationship. Maharaj, *et al.* (2008:17) explain that when an organisation is unable to fulfil the expectations that the employee has about the promises that were made to him/her, strong emotional reactions may result on the part of the employee and he/she may feel that their original psychological contract has been violated. As discussed in section 2.4, psychological contract breach occurs when an "employee

experiences a discrepancy between the expectation of the obligations and the actual fulfilment of the obligations by the organisation” (Anderson & Schalk, 1998:644). Psychological contract breach and the resulting psychological contract violation, as stated previously, results in negative reactions on the part of the employee, including outrage, anger, termination and withdrawal of support (Rousseau, 2004:121).

As mentioned in Chapter 1, studies have found that the psychological contract influences job satisfaction, organisational commitment, organisational security, employment relations, motivation, organisational citizenship and the intention of employees to leave the organisation (Guest, 1998:661). This is emphasised by Wöcke and Sutherland (2008:530) in their explanation that job dissatisfaction and organisational commitment are antecedents of labour turnover and that intention to leave is the highest predictor of departure from the organisation. Therefore, damage to the psychological contract is clearly likely to result in reduced commitment to the organisation (Guest, 1998:655).

To conclude, it is evident that the psychological contract has a definite impact on the employment relationship. Moreover, the damage that is done to the psychological contract when it is violated will most probably (based on the above stated facts) have an effect on employees’ intention to leave.

The above paragraphs clearly illustrate that breach of the psychological contract will have a definite effect on employees’ intention to leave their organisation. It is also evident from the discussion included in this chapter thus far that the psychological contract and especially the state of the psychological contract (fulfilment or breach of the psychological contract) significantly affect the employment relationship. The question now arises as to what factors influence the psychological contract. In other words, what external or internal factors (e.g. employment equity legislation) have an impact on the psychological contract and can lead to psychological contract breach or fulfilment and which, in turn, may affect employees’ intention to leave? The next section will examine these questions.

## 2.5 INFLUENCES ON THE PSYCHOLOGICAL CONTRACT

Although the psychological contract is not a legally binding contract, its fulfilment or violation can influence the behaviour and attitude of an employee.. According to research performed by Blancero, DelCampo, Gao and Lewis (2009:108), employees who experience organisational commitment, job satisfaction, strong leader–member exchange and trust in their organisation will perceive the psychological contract with their employer to be fair. This implies that the opposite situation, in other words, low organisational commitment, job dissatisfaction, poor leader–member exchange and distrust, will most probably lead to psychological contract breach.

Blancero, *et al.* (2009:109) further state that organisations should train their managers to assist in providing a favourable work climate. This is because employees' perceptions of being valued and cared about by an organisation enhance their trust that the organisation will fulfil its exchange obligations of recognising and rewarding desired employee attitudes and behaviour. If employees trust that the organisation will fulfil its obligations and perceived promises made to them, it will likely result in a positive psychological contract. Uen, Chien and Yen (2009:215) support this by stating that the state of the psychological employee contract is influenced by the human resources management systems in organisations and is strongly related to employees' role behaviours, turnover intentions, commitment and trust in their organisation.

Guest and Conway (in Patrick, 2008:12) summarise the factors that influence the psychological contract in the Table 2.6 below.

**Table 2.6: Factors that influence the psychological contract**

The strength of the psychological contract is high when an organisation introduces practices to increase employability in the organisation.
A sense of job security mobilise employees towards achieving goals and ensures psychological contract fulfilment; employees' perceptions of psychological contracts is affected by the processes adopted by the organisation to align to the external environment.
Organisational factors such as management style and organisational culture can influence perceptions of the psychological contract.
Individual differences, personal predispositions and previous experiences influence the state of the psychological contract.
Higher employee commitment, positive citizenship behaviour and low employee turnover are antecedents of a positive psychological contract.

(Guest & Conway, in Patrick, 2008:12)

From the preceding paragraphs it is evident that there are several factors that influence the psychological contract either in a positive or a negative way. For the purpose of this study it is very important to examine why it is believed that employment equity legislation can have an effect on the psychological contract. In other words, it has to be determined whether employment equity legislation can have an impact on the psychological contract, either positive or negative, and then lead to psychological contract breach or fulfilment; subsequently impacting on employees' intention to leave their organisation. The next section will look briefly at the arguments relating to these issues.

### 2.5.1 Employment equity and the psychological contract

Employment equity legislation (Employment Equity Act No. 55 of 1998) makes it clear that unfair discrimination must be eradicated from all employment policies and practices and that there may be no discrimination against any person on any grounds, including race, gender or disability (Vermeulen & Coetzee, 2006:37). It is, however, not unfair discrimination to implement affirmative action measures which are consistent with the purpose of the Act (Du Plessis & Fouché, 2006:81).

Whether or not these measures are perceived as being fair or unfair by the employee is largely dependent on individual perceptions (Maharaj, *et al.*, 2008:17).

Such individual perceptions are shaped by people's past experiences (Maharaj, *et al.*, 2008:17). This means that the manner in which people from different backgrounds, for instance white males and black women, experience an organisation's implementation of employment equity practices will have an effect on the psychological contract (Maharaj, *et al.*, 2008:17).

The implementation of employment equity practices such as affirmative action measures is likely to have an effect on employees' compensation levels, future earning prospects, access to training and development opportunities, work relationships and organisational culture, either in a positive or a negative way (Barker, 2007:245). This effect is, in turn, likely to have an impact on the perceived expectations and fulfilment of obligations by the employer and the employee, which will inevitably influence the psychological contract.

As mentioned in Chapter 1, there is likely to be a difference in the perceptions of employment equity practices between the three social groupings that exist in South African organisations, namely, black people, white males and a middle group consisting of white females, coloureds and Indians (Wöcke & Sutherland, 2008:532). Wöcke and Sutherland (2008:532) explain that white males feel threatened by employment equity practices owing to a perceived lack of future opportunities and a feeling of being undervalued in organisations. White males are excluded from the designated groups that are identified in the Act, and they are thus viewed as the grouping in society that was advantaged by previous unfair discrimination. In contrast, black people have political power through employment equity legislation and practices and view these as a positive feature, which can contribute to the process of transformation (Wöcke & Sutherland, 2008:532). Then there is the middle group, consisting of white females, coloureds and Indians, who were "not sufficiently White or of the wrong gender to benefit from apartheid and now finds themselves not being Black enough".

From the above discussion it is evident why it is proposed that employment equity legislation has an effect on the psychological contract, and also why it is anticipated that the perceptions of this effect will differ among the three social groupings in organisations. It is, therefore, imperative to examine the background to the

promulgation of employment equity legislation in South Africa, as well as the employment equity legislation and practices themselves, in more detail in order to ascertain whether they can have a significant effect on the employment relationship and especially on the psychological contract. Accordingly, Chapter 3 will study employment equity legislation and practices in South Africa.

## **2.6 CONCLUSION**

In this chapter the psychological contract was examined in detail. Firstly, the psychological contract was defined by providing the history and background to the psychological contract, discussing various definitions for the psychological contract and identifying the most relevant and appropriate definition in the context of this study. The chapter also examined the conceptualisation and development of the psychological contract.

Secondly, the nature of the psychological contract was examined specifically focusing on the building blocks and characteristics of the psychological contract, as well as the elements of the psychological contract.

Thirdly, breach of the psychological contract was studied by identifying and discussing the nature of psychological contract violation/breach, what the effects of perceived psychological contract breach and fulfilment of the psychological contract are, as well as how employees' intention to leave their organisation relates to the psychological contract.

Lastly, the chapter concluded by discussing factors that influence the psychological contract. In this regard special attention was given to employment equity in order to determine whether this legislation can have an effect on the psychological contract.

The concluding finding of this chapter is that the psychological contract is a relevant and important construct in the employment relationship. Moreover, breach or fulfilment of the psychological contract can have an important impact on the employment relationship, as well as employees' intention to leave the organisation. It

was furthermore determined that employment equity is probably a factor that can influence the psychological contract either positively or negatively and it can thus lead to either psychological contract fulfilment or breach.

The next chapter will discuss employment equity legislation and practices in South Africa in more detail in order to provide an understanding of the background to employment equity legislation and what it entails. It is also important to draw a conclusion on whether employment equity legislation and practices can indeed have an effect on the psychological contract.

# CHAPTER 3: THE INFLUENCE OF EMPLOYMENT EQUITY LEGISLATION ON THE SOUTH AFRICAN LABOUR RELATIONS SYSTEM

## 3.1 INTRODUCTION

“South Africa has been transformed from a country which had the worst legal inequalities in the world into one whose constitutional and legislative provisions promoting equality are now the envy of human rights experts everywhere” (Hepple, 2009:3). This transformation could not have happened by simply eradicating apartheid from the books – employment equity legislation and regulations had to be implemented to eliminate the inequalities and discrimination in South African society that were the result of the apartheid past (Venter, 2006:129).

As discussed in Chapter 1, employment equity legislation can have an effect on important aspects of the employment relationship such as the psychological contract. The question that arises here is what exactly were the historical proceedings and events that led to the introduction of employment equity legislation in South Africa. In order to decide whether employment equity legislation has indeed had an effect on the employment relationship and, in turn, the psychological contract in South Africa today, it is imperative that the history and background of South African labour relations system, which led to employment equity legislation being promulgated, be discussed in detail. This will shed light on the way in which the discriminatory legislation and practices of the apartheid past led to certain actions, which indicated that breach of the psychological contract had taken place, consequently leading to the violation of the psychological contract.

After these historical developments and the links between these developments and the psychological contract have been discussed, the next steps will be to examine the employment equity legislation and practices currently present in South African society; to briefly examine employment equity practices internationally; and to consider the need for these Acts and regulations by looking at arguments in favour of and against employment equity legislation and practices. Lastly, the possible effects



that employment equity legislation can have on South African society, the employment relationship and the psychological contract will be examined.

Therefore, this chapter will firstly examine the historical background of South African employment relations; secondly, employment equity legislation in South Africa will be studied; thirdly, the need for employment equity legislation will be considered; and, finally, the possible effects of these Acts and regulations on the employment relationship and the psychological contract will be argued.

## **3.2 HISTORY OF AND BACKGROUND TO SOUTH AFRICAN EMPLOYMENT RELATIONS**

The history of South African society and the circumstances leading to the promulgation of the Acts relating to employment equity are significant for this study in order to place the current situation in South African organisations in context. As the main aim of this study is to determine the effect of employment equity legislation on the psychological contract in a tertiary institution, an understanding needs to exist about how employees feel about their employment situation – and this is shaped by the history of the labour relations system. It is consequently imperative to obtain an understanding of the history and background of South African employment relations and, thus, the background to the promulgation of employment equity legislation, in order to determine whether employment equity legislation and regulations will have an effect on the employment relationship and, in particular, the psychological contract. The subsequent sections will examine the historical development of South African employment relations.

### **3.2.1 Industrialisation and the formation of a separated workforce**

The formal South African labour relations system had its origins in the discovery of diamonds in 1867 and, later, the discovery of gold and the resulting development of the mining industry (Venter, 2006:34). In order to recruit skilled labour, many entrepreneurs and employers turned to Europe and Australia for employees, and thus these white skilled employees began their careers in privileged positions as a

result of the high wages being paid for skills that were scarce in South Africa (Finnemore & Van Rensburg, 2000:26). Skilled labour was thus recruited from overseas because there was no pool of unskilled labour to draw on locally (Finnemore & Van Rensburg, 2000:26). Black people, on the other hand, still lived off the land and black farmers thrived as dealers in a variety of goods (Finnemore & Van Rensburg, 2000:26).

The first form of worker representation in South Africa was the establishment of the Amalgamated Society of Carpenters and Joiners of Great Britain in 1881 (Nel, Kirsten, Swanepoel, Erasmus & Poisat, 2008:77). The establishment of other branches of British unions soon followed – all of which excluded blacks and Afrikaans-speaking employees (Nel, *et al.*, 2008:77). Nel, *et al.* (2008:77) further state that blacks were specifically excluded because they were regarded as cheap, unskilled labour; thus they became excluded from trade unions by custom as well as tradition.

With the proclamation of the goldfields on the Witwatersrand in 1886, shortages of cheap labour increased (Finnemore & Van Rensburg, 2000:26). The formation of the Chamber of Mines in 1886 to encourage compulsory lower earnings for black workers, and the promulgation of the pass laws by the Kruger regime to channel workers to mines, were seen as efforts to lessen the acute unskilled labour supply (Finnemore & Van der Merwe, in Venter, 2006:36). The pass laws obliged blacks to look for jobs in specific districts where employers most needed labour (Finnemore & Van Rensburg, 2000:27). Apart from these mechanisms to create a pool of cheap labour for the mines, other mechanisms were imposed by the Kruger government with the same purpose, and are summarised in Table 3.1 below.

**Table 3.1: Mechanisms by the Kruger government to create a pool of cheap labour**

Laws were passed requiring black subsisting farmers to pay hut and poll tax;
Mine owners increased the length of the mine workers' contracts from three months to an annual contract;
Convict labour was used on the diamond mines;

A compound system was introduced, which separated black workers from white workers and prevented the two groups from socially interacting;

In 1911 the Native Labour Regulation Act was passed making it an offence for blacks to abscond from their jobs and strikes were forbidden; and

In 1913 the Land Act was passed, which forced black peasants off their land and this created a cheap labour force.

(Finnemore & Van Rensburg, 2000:27)

Blacks also had no political voice except in the Cape (then the Cape Colony), where a qualified franchise had included blacks (Finnemore & Van Rensburg, 2000:28). In 1912, the South African Native National Congress (forerunner of the African National Congress) was founded in order to protest injustices against black people. The Constitution, which failed to extend voting rights to blacks, and the provisions of the Mines and Works Act, which provided a colour bar and reserved 32 job types for whites were also protested against (South African History Online, n.d.).

On the trade union front, the first locally based union, the Durban Typographical Society, united with similar trade unions in 1889 to form the first true South African trade union, namely, the South African Typographical Union, which catered for white people only (Nel, *et al.*, 2008:77). The bank crisis of 1880, the *rinderpest* epidemic of 1896, as well as the Anglo Boer War of 1899 to 1902 resulted in the poor-white problem (Venter, 2006:36).

When the Anglo Boer War ended, many blacks saw the British victory as the hoped-for opportunity to put all four colonies on an equal and just balance, but the agreement left their permission rights to be decided by the white authorities (About South Africa, n.d.).

After the Boer War, both white and black people were discriminated against by the British government, while white people, in turn, excluded black people from their activities. The formation of trade unions during this time signifies the poor condition of workers' psychological contract with their employers because the formation of trade unions embodied their hopes of better working conditions and rights in the workplace.

### 3.2.2 Conflict on the mines: the fight for the status of the white worker

While the black labour force was being shaped by the various mechanisms described in the previous section, white workers regarded their struggle as totally separate (Finnemore & Van Rensburg, 2000:28). This struggle was intensified when mine owners realised that they did not have the same need for skilled workers as before and jobs were fragmented or given to semi-skilled whites or, in some cases, blacks (Finnemore & Van Rensburg, 2000:28). Finnemore and Van Rensburg (2000:28) further state that in response to this, skilled white workers took a few strategic decisions to prevent the further attrition of their status, for instance they changed the old craft unions to industrial unions to include the semi-skilled white workers, and thus began to mobilise their interests on the basis of race and not craft. They showed an increasing interest in politics as they required laws for the protection of their status and rights; and strikes were increasingly used to prevent a reduction in the white supervisor–black worker ratio and the deskilling of jobs.

In 1907, a violent strike by white skilled labour erupted in response to the increased competition for employment, the increased poverty among white people and the wearing away of the colour bar (Williams, in Venter, 2006:36). Two more strikes followed in 1908 and 1911 and it was during the latter that union leaders actively started calling on government to intercede and protect white workers' interests (Venter, 2006:36). Nel, *et al.* (2008:79) further state that, from 1910 onwards, it became increasingly clear that white trade unions' objectives might be achieved by actively participating in the political arena.

By 1915, the influence of the white unions became so immense that the Transvaal Chamber of Mines decided to give official acknowledgment to the miners' trade union. During the period from 1915 to 1917, there was a fourfold increase in the white worker representation through trade unions (Nel, *et al.*, 2008:79). According to Nel, *et al.* (2008:80), it was during this period that a national congress of employers and workers was established by the government, which led to the passing of three important resolutions, namely, that white labour had the right to organise itself and to collective bargaining; the principle of equal pay for equal work had to be accepted,

irrespective of gender or sex; and no person should be victimised because of his/her union membership or participation in union activities.

The First World War took place from 1914 to 1918 and resulted in a temporary stop to industrial conflict because an estimated 25% of the white miners left their jobs for the battlefields of Europe (Venter, 2006:37). This had the twofold effect of creating employment for the unskilled white Afrikaners and also providing new opportunities for black miners (Venter, 2006:37). Williams (in Venter, 2006:37) adds that the introduction of black workers into semi-skilled and skilled positions threatened white skilled workers and led to the implementation of a status quo agreement by the Chamber of Mines in 1918, which stated that no jobs held by white workers should be given to black workers and vice versa.

After the First World War, the mines implemented a cost-cutting strategy that led to the retrenchment of white workers and a reduction of the ratio of white supervisors to black workers, to the dissatisfaction of white workers (Finnemore & Van Rensburg, 2000:29). Discontent rose increasingly and in January 1922 the miners went on strike, followed by engineering workers and then power station personnel (Venter, 2006:37). The situation deteriorated, emotions were high and the strike escalated into the most violent strike in South Africa's history, which was referred to as the Rand Rebellion (Finnemore & Van Rensburg, 2000:29). The strike lasted 70 days and in the resulting violence 247 people died, 591 were seriously injured, 46 were tried and convicted of murder and four trade unionists were hanged (Finnemore & Van Rensburg, 2000:29). Nel, *et al.* (2008:80) state that, for two reasons, the Rand Rebellion was the most critical turning point in South Africa's pattern of employment relations. Firstly, it resulted in the final parting of the ways of black and white workers and, secondly, it produced the "conciliation system" through the introduction of the Industrial Conciliation Act No. 11 in 1924, which provided the necessary machinery for settling disputes, creating a system of industrial councils and the registration of white trade unions and employers' organisations.

The Industrial Conciliation Act defined "an employee" as "excluding any person whose contract of service or labour was regulated by any black pass laws and regulations or by the Black Labour Regulations Act No. 15 of 1911, or by any

regulation or amendment of the latter.” The majority of black males were thus excluded from this definition and excluded from membership of a registered trade union. Although it compelled black males to carry passes, black females were excluded.

After the Rand Rebellion, the white workers felt that Smuts had “sold them short” and shifted their loyalty to Hertzog and Malan’s National Party (Venter, 2006:38).

### **3.2.3 Resistance from black workers**

During this period, as the white workers gained status and power, the black workers’ power was limited (Finnemore & Van Rensburg, 2000:30). In 1920, 71 000 miners went on strike, but they were forced to return to work and three workers were killed by the police (Finnemore & Van Rensburg, 2000:30). Black miners were also not permitted to take part in collective bargaining and they could not organise trade unions on the mines, because they were isolated from each other through the compound system; moreover, tribal commitments were very strong (Nel, *et al.*, 2008:81).

However, black workers outside the mines had a strong interest in unions and in 1919 the Industrial and Commercial Workers’ Union (ICU), under the leadership of Clements Kadalie, was established (Finnemore & Van Rensburg, 2000:30). Finnemore and Van Rensburg (2000:30) further state that by 1927 the ICU had grown rapidly to 100 000 members and its main issues of dissatisfaction were low wages, eviction from land and raids on beer-brewing establishments. The major focus of the ICU was the demand for dignity and respect for black persons (Labour History Group, in Finnemore & Van Rensburg, 2000:30). The ICU did not, however, survive the depression of the 1930s and collapsed due to internal inefficiencies, divisions in the leadership, the lack of democratic structures and external pressures (Finnemore & Van Rensburg, 2000:30).

### 3.2.4 The 1930s to 1948

Between 1931 and 1935 it became clear that the Industrial Conciliation Act needed revising, owing to the large-scale labour movements resulting from the Great Depression and increasing white and black trade unionism (Nel, *et al.*, 2008:81). In 1934 a commission of enquiry, namely, the Van Reenen Commission, was appointed to update this Act and, in 1937, the Industrial Conciliation Act No. 36 of 1937 was promulgated, which replaced the 1924 Act (Nel, *et al.*, 2008:81). The main objective of this Act was to create industrial peace between employers and white workers on the basis of self-governance and through conciliation mechanisms. However, agricultural, domestic, government, education, training and charitable workers were all excluded from the Act (Nel, *et al.*, 2008:81).

A dual system of labour relations was increasingly developing in South Africa, with white workers being drawn into a sheltered place in the capitalist system, while black workers remained excluded from political and economic power (Finnemore & Van Rensburg, 2000:31). On the political front, the Nationalists and the Labour Party formed a Pact government, which succeeded Smuts (Finnemore & Van Rensburg, 2000:31).

The South African Trade Union Congress, founded in 1924, formed an umbrella body which encouraged the development of industrial unionism during this period and several black unions developed, initiated by the newly formed South African Communist Party (Finnemore & Van Rensburg, 2000:31). In 1941, the Council for Non-European Trade Unions (CNETU) was formed, and by 1945 it had 158 000 members from 119 unions (Finnemore & Van Rensburg, 2000:31). These black unions, however, had no statutory support and thus they were quite weak (About South Africa, n.d.). The African Mineworkers Union was also formed in 1941 with help from the African National Congress (Finnemore & Van Rensburg, 2000:33). The name of the South African Native National Congress had been changed to the African National Congress (ANC) in 1923 (Boddy-Evans, n.d.).

After the Second World War, black trade unionism increased gradually and presented challenges to the government with respect to worker representation (Nel,

*et al.*, 2008:81). The government then decided to formalise the position of black workers with the introduction of the Industrial Conciliation Act for Blacks in 1947, but the proposed Act never became law because the National Party dropped it when it came to power, as they opposed any form of registered trade unionism for blacks (Nel, *et al.*, 2008:81). There were several other Acts passed during the years after the Second World War which had the purpose of regulating blacks' choice of residence and the conditions under which they were allowed to sell their labour. These included the Native Consolidation Act of 1945 and the Natives Act of 1952 (Venter, 2006:39).

The National Party was elected in 1948, mainly due to the conservative white workers' fear of the apparent growth of the power of black labour and their growing support for socialism (Finnemore & Van Rensburg, 2000:33). Only the white citizens of South Africa were allowed to vote in this election and the National Party's apartheid policy of separate development, racial divisions and industrial relations was intensified from then onwards (Venter, 2006:39).

### **3.2.5 Post-1948 apartheid: suppression of communism and black trade unions**

The National Party implemented its policies of apartheid and white supremacy by separating white people from other races physically and economically and by excluding all non-whites from employment and developmental opportunities (Finnemore, 2009:32). In addition to the Africans (black people), who constituted about 75% of the total population, those regarded as non-white included those people known in the country as the coloured (people of mixed black, Malayan, and white descent) and Asian (mainly of Indian ancestry) populations (Soweto.co.za, n.d.).

The apartheid government formalised the segregation and racial hatred in a systematic manner by implementing legislation which extended and enforced the racial separation and discrimination in South African society with category-based restrictions on land ownership, freedom of movement, the right to choose a place of residence and the right to enter into the labour market (Spiegel, 2008:104). In 1950



the National Party passed the Suppression of Communism Act, which led to a large number of black trade union leaders being arrested or banned (Finnemore, 2009:34). Political organisations, such as the ANC, were targeted as a result of this Act and the number of trade unions dropped significantly (Venter, 2006:39). The civil unrest and violence that erupted as a result of this Act led to the appointment of the Botha Commission in 1953, which brought about the promulgation of the Bantu Labour Act 48 of 1953 and the Industrial Conciliation Act 28 of 1956 (Nel, *et al.*, 2008:82). Both pieces of legislation served to further segregate black and white workers (Venter, 2006:39).

In addition to the Acts that were mentioned in the previous paragraph, other Acts were passed to serve the purposes of the apartheid government and these are listed and discussed in Table 3.2 below.

**Table 3.2:      Apartheid legislation**

Name of the Act	Description
Prohibition of Mixed Marriages Act No. 55 of 1949	Prohibited marriages between white people and people of other races.
Immorality Amendment Act No. 21 of 1950; amended in 1957 (Act 23)	Prohibited adultery, attempted adultery or related immoral acts (extra-marital sex) between white and black people.
Population Registration Act No. 30 of 1950	Led to the creation of a national register in which every person's race was recorded. A Race Classification Board took the final decision on what a person's race was in disputed cases.
Group Areas Act No. 41 of 1950	Forced physical separation between races by creating different residential areas for different races. Led to forced removals of people living in "wrong" areas, for example Coloureds living in District Six in Cape Town.
Bantu Building Workers Act No. 27 of 1951	Allowed black people to be trained as artisans in the building sector, something previously reserved for whites only, but they had to work within an area designated for blacks. It was made a criminal offence for a black person to perform any skilled work in inner-city areas except in those sections designated for black employment.

(About.com: South African History, n.d.)

The preceding section makes it clear that apartheid and the accompanying Acts were highly discriminating against non-whites. Consequently, these Acts provoked a great deal of conflict and protest from black people in the years that followed, and there were many public demonstrations and a great deal of violence in opposition to this discriminating system. In 1956, *the Freedom Charter*, a document stipulating the basic rights and freedoms sought by the black people was drawn up at Kliptown, (Finnemore & Van Rensburg, 2000:34).

According to Finnemore and Van Rensburg (2000:34), three very important labour-related organisations were formed during the 1950s, namely, the Trade Union Council of South Africa (TUCSA), which was formed in 1954 and represented only registered, industry-based trade unions, thus excluding black unions; the South African Congress of Trade Unions (SACTU), which was established in 1955 and consisted of mainly black unions with close political links to the ANC and which strongly promoted a political role for trade unions; and the South African Confederation of Labour (SACLA), which was founded in 1957 and included primarily conservative white unions. SACLA was used by the government as a tool to serve its own interests.

The Pan Africanist Congress (PAC), a political organisation which was also involved in the so-called liberation struggle, was formed in 1959 and was much more hostile towards the whites than the ANC (Emery, 2007:241).

On 21 March 1960, during demonstrations against the pass laws, 69 people were shot dead by the police at a police station in the township of Sharpeville. This incident was later called the Sharpeville massacre (Venter, 2006:40). After the Sharpeville massacre, black trade unionism virtually disappeared during the 1960s and, as a result of government's banning of the ANC and the PAC in 1962, these organisations were forced to operate underground (Smitha, 2005). In 1964 Nelson Mandela, leader of the ANC, was sentenced to life imprisonment (Smitha, 2005).

Throughout the 1960s there was strong opposition from international religious groups to apartheid and international sanctions detached South Africa from the rest of the world, especially economically (Finnemore, 2009:34).

### 3.2.6 The 1970s uprisings and the Wiehahn Commission

The 1970s was a decade characterised by violent protest action, and a militant black opposition renewed its struggle against the oppressive apartheid policies of the National Party (Venter, 2000:40). The years 1970, 1973 and 1975 saw 274, 189 and 148 incidents respectively of strike action among black workers, involving large numbers of workers each time (Venter, 2000:40).

Between 1973 and 1977 there was further growth in the dualistic system, where blacks, because of their lack of a power base, were confined to a structure of employer-initiated committees, with little or no bargaining power (Finnemore & Van Rensburg, 2000:35). Attempts by black citizens to demolish the apartheid regime intensified and in 1976, during what started as a peaceful protest of black people against the enforced use of Afrikaans in education, police opened fire on demonstrators and the pressure, both locally and internationally for the apartheid government to end this discriminating system, grew even more (Smitha, 2005).

In 1979, the Wiehann Commission was appointed to investigate the inadequacies of the labour legislative structures and to suggest remedies to avoid the socio-political turbulence of the 1970s (Venter, 2006:41). The Commission proposed the following (Venter, 2006:41):

- the adjustment of the Industrial Conciliation Act to include black workers within the definition of employee and thus to incorporate them in the collective bargaining structure
- the creation of an industrial court dedicated to labour disputes to replace the industrial tribunal
- the configuration of the National Manpower Commission to advise the Department of Labour
- the encouragement of training in the private sector through tax enticements and allowances.

Government responded to the Commission's findings with prudence and in 1979 made the following adjustments to the Industrial Conciliation Act (Finnemore & Van Rensburg, 2000:36):

- All migrants and commuters were excluded from the new definition of employee, thus denying large numbers of workers admittance to the industrial conciliation mechanisms.
- Provisional registration of unions was to be determined by the registrar who had the right to withdraw registration without providing a reason.
- Registration of mixed unions was still prohibited except in specific cases authorised by the minister.

### **3.2.7 The 1980s and rapid growth in trade unions**

The 1980s were the height of the struggle against apartheid and government intensified efforts to retain political power (Venter, 2006:42). The provisions of the 1979 Amendment Act, as discussed in the above section, had done little to change the status quo and workers still remained categorised and segregated, with unionised and non-unionised workers working alongside each other in organisations (Venter, 2006:42). However, these amendments and the granting of trade union rights for black workers led to a swift increase in the number and size of unions representing black workers (Bendix, 2010:57). The most prominent of these newly formed unions were the Federation of South African Trade Unions (FOSATU), which was founded in 1979 on the principles of non-racialism and industrial unionism with a strong emphasis on democratic decision making, and the Council of Unions of South Africa (CUSA), which was formed in 1981 and although based on the principle of non-racialism, insisted that its leadership should be black (Finnemore & Van Rensburg, 2000:37).

In 1981, the Labour Relations Act replaced the Industrial Conciliation Act of 1979 and this resulted in some major changes in the labour relations system of the country (Nel, *et al.*, 2008:85). The main changes implemented are summarised in Table 3.3 below.

**Table 3.3: Changes to the labour relations system with Labour Relations Act of 1981**

Full trade union rights were granted to every worker in South Africa without reference to their origin;
Full self-government rights were granted in respect of their membership and all racial limitations were removed; and
The Black (originally Bantu) Labour Relations Regulation Act was rescinded.

(Bendix, 2010:57)

These changes as discussed in the preceding paragraph provided black workers with relative equality in the workplace, but they were still totally excluded from the political arena of the country, leading them to turn to their only legitimate means to voice their disgruntlement, namely, trade unions (Venter, 2006:42). New trade union federations were formed in the 1980s, which played an important part in the country's political and labour situation in the years that followed. These were the Congress of South African Trade Unions (COSATU), which was formed in 1985 during the height of the unrest and liberation struggle and had an initial membership was more than 450 000; the National Council of Trade Unions (NACTU) which was established in 1986 and was affiliated with the PAC; and the United Workers' Union of South Africa (UWUSA), which was created in 1986 under the umbrella of the Inkatha Freedom Party (Bendix, 2010:57).

During the latter part of the decade it became apparent that there was a drastic need for radical change in the entire South African society. During the period from 1985 to 1990, more work days were lost due to strikes and protests than in the preceding 75 years in South Africa (Finnemore & Van Rensburg, 2000:42). Pressures, both internal and external, demanded that the imbalances and discrimination be rectified; and industrial action, boycotts, increasing levels of crime in the townships and the cost of enforcing apartheid and funding police action took their toll on the disintegrating system (Venter, 2006:43).

Finnemore and Van Rensburg (2000:42) identify the following factors which made socio-political change in South Africa imperative:

- Sanctions, disinvestment, capital departure and general disruption led to enormous economic losses.
- The apartheid system supported by various pieces of legislation such as the Group Areas Act and influx controls began to crumble.
- Unemployment, crime and violence had shot up in many townships.
- Local black government structures were also collapsing as boycotts, bribery, corruption and pressure on officials had an obliterating effect.

### **3.2.8 A period of transition and change: 1990–1994**

On 2 February 1990 the newly elected President FW de Klerk called for a non-racist South Africa and for negotiations about the country's future (The Nobel Foundation, 1993). During this historical speech he lifted the ban on the ANC and released Nelson Mandela after 27 years in prison (The Nobel Foundation, 1993). This speech will forever be remembered as the turning point towards a democratic and just South Africa and opened the way for the drafting of a new constitution in South Africa. It became clear at that point that "the survival of the white people in South Africa depended on the freedom of the black people" (Dolamo, 2006:422).

The period from 1990 to 1993 brought unprecedented change for South Africans, and the political process, the structure of society and the economic environment all underwent radical changes (Nel, *et al.*, 2008:86). During the early 1990s negotiations were held between COSATU, NACTU and the South African Coordinating Council on Labour Affairs (SACCOLA) which led to the signing of the SACCOLA/COSATU/NACTU agreement on 7 May 1990 (Nel, *et al.*, 2008:86). This agreement formed the basis for further amendments to the Labour Relations Act which came into effect on 1 May 1991 (Nel, *et al.*, 2008:86).

In addition to the changes discussed in the foregoing paragraphs, further important transformation took place from 1990 to 1993 which is examined in Table 3.4 below:

**Table 3.4: Major milestones in the transformation of the South African society from 1990–1993**

Date	Event
May 1990	Groote Schuur Minute – government and ANC agree to resolve the active atmosphere of violence and create working groups to provide for the release of political prisoners, indemnity for political transgressions, review of security legislation and lifting the state of emergency.
August 1990	Pretoria Minute – ANC agrees to stop the armed struggle and dates set for release of prisoners and granting of amnesty.
September 1991	National Peace Accord signed by representatives of 23 political and government bodies. Multi-party national, regional and local peace structures created.
November/December 1991	CODESA 1 – Official start of political negotiations and signing of Declaration of Intent to create an undivided South Africa, draw up a new constitution and strengthen Peace Accord. Process breaks down over failure to find agreement on the way forward.
March 1992	Referendum is called among white people to consider support for political negotiations. 69% vote YES in an 85% poll.
May 1992	CODESA 2 restarts negotiations for political transformation – pauses over majority percentage required to change the new constitution.
June 1992	Boipatong massacre occurs – 46 people are killed by IFP supporters. The massacre finally jeopardises negotiations and tensions rise in the country as suspicions of a third force within the government security forces gains force.
August 1992	Mass Action campaign is launched and a General Strike occurs.
September 1992	Record of Understanding between government and ANC leads to the reopening of negotiations.
December 1992	Secret mutual talks between government and ANC set stage for negotiations on basis of establishment of a government of national unity within the next five years.
March 1993	Multi-party negotiations process involving all political parties reopens.
April 1993	Chris Hani is assassinated by right wing white people and this shifts the power base irreversibly to the ANC in the aftermath of the assassination and gives drive to the exigency of reaching a political settlement.
November 1993	Parties agree to an Interim Constitution and Bill of Rights and workers' rights are included after pressure is applied by COSATU. A Transitional Executive Council is established to run the country along with government until elections. The Independent Electoral Commission is appointed to plan, monitor and run elections.

(Finnemore & Van Rensburg, 2000:43, 44)

The preamble to the Interim Constitution of 1993 acknowledged the need to create a new order in which all South Africans would be entitled to common citizenship, where there would be racial and gender equality and all citizens would be able to enjoy their fundamental rights and freedoms (Venter, 2006:43). Venter (2006:43) further states that the most significant implication of the 1993 Interim Constitution was the fact that fair and equitable labour relations were now formally recognised as a fundamental right. Accordingly, section 27 of the Interim Constitution states that:

- Every person shall have the right to fair labour practices.
- Workers shall have the right to form and join trade unions, and employers shall have the right to form and join employers' organisations.
- Workers and employers shall have the right to organise and bargain collectively.
- Workers shall have the right to strike for the purpose of collective bargaining.
- Employers' recourse to lockout for the purpose of collective bargaining shall not be impaired.

In April 1994, the first democratic election in South Africa was held and on 27 April 1994 Nelson Mandela was sworn in as South Africa's first democratically elected president (Vermeulen & Coetzee, 2006:53). The transition was remarkably peaceful, but it indicated the beginning of a period of fundamental, deep-seated and critical change as the government sought to overturn the legacy of apartheid (Venter, 2006:44). The newly elected Government of National Unity had two very important tasks at hand: firstly to draft and finalise the new constitution and secondly to repair the inequalities of the past (Dolamo, 2006:422). This could only be done by the implementation of employment equity legislation, which could regulate and guide the process of repairing the socio-political and economic imbalances in South African society.



### **3.2.9 Discrimination in the South African labour relations system**

From the foregoing sections it is clear that during the years since South African labour relations became formalised, discriminatory practices took place. Discrimination was firstly against the white Afrikaner workers, and certain actions took place in the form of trade unionism, strikes and protests, before change was introduced. However, even worse discrimination was perpetrated against black workers. As was discussed in detail in the preceding section, black workers were excluded from the labour and political arena for years. It was their actions in the form of protests and strikes, as well as international pressure on the apartheid government, which led to the eradication of the discriminatory practices and regulations. The psychological contract, as discussed in Chapter 2, is affected directly by employees' perceptions of whether their employer has fulfilled the promises made to them and the degree to which their expectations of their employer are satisfied. When workers join trade unions and go on strike and protest, it is obvious that the psychological contract with their employer has been breached.

It is thus apparent why employment equity legislation had to be promulgated and implemented in South Africa so as to eradicate the past discrimination and inequalities resulting from apartheid and in so doing to repair the psychological contract of black workers in all workplaces and spheres of society. It is also comprehensible that all members of society, those who benefited from apartheid, as well as those who were disadvantaged by apartheid, would have had certain expectations and fears in the aftermath of apartheid about how employment equity legislation would impact on their employment situation. In other words, this was an uncertain time for all employees' psychological contracts.

Employment equity legislation and regulations such as affirmative action, as will be discussed in detail in the following sections, are their very nature discriminatory. However, in light of the history of South African labour relations they are viewed as fair discrimination.

In the next section the legislation relating to employment equity will be examined in more detail in order to comprehend the effect that it can have on employment relations and, thus, the psychological contract.

### **3.3 EMPLOYMENT EQUITY LEGISLATION IN SOUTH AFRICA**

Apartheid left workplaces and labour relations in South Africa with racial divisions between skilled and unskilled workers, wage gaps, poorly educated workers, dictatorial management styles and lack of protection for the most vulnerable workers (Finnemore & Van Rensburg, 2000:45).

The Constitution of the Republic of South Africa of 1996 was proclaimed as the highest authority in the country and anything that differed from the terms of the Constitution would be regarded as unlawful and invalid (Dolamo, 2006:423). Chapter 1, section 9 of the Constitution deals with the right to equality and specifies that everyone is equal before the law, that steps must be taken to change the inequalities of the past and that unfair discrimination must be eradicated from society. The new government thus set about transforming the entire legislative framework of labour relations to give effect to the Constitution (Finnemore & Van Rensburg, 2000:45).

Other labour-related Acts that were promulgated in the so-called new South Africa and which drastically changed the lives of the South African citizens were the Labour Relations Act No. 66 of 1995. which regulates all labour matters, including among other things trade union activities and strikes; the Basic Conditions of Employment Act No. 75 of 1997 that sets minimum labour rights for all employees, regulating aspects like hours of work, leave and overtime, and of course the Employment Equity Act (EEA) No. 55 of 1998, which prohibits discrimination in employment relations and ensures that affirmative action measures are implemented in organisations to eradicate the injustices of the apartheid past (Nel, *et al.*, 2008:91,129,138). Employment equity legislation, such as the EEA, was needed to guide organisations in promoting justice in the workplace (Vermeulen & Coetzee, 2006:37).

In the following sections, the legislation connected to employment equity that was promulgated in the post-apartheid era will be discussed in detail.

### 3.3.1 Constitution of the Republic of South Africa No. 108 of 1996

The Constitution includes the Bill of Rights and Chapter 2 section 9 of the Constitution states that everyone is equal before the law and nobody may unfairly discriminate against another (Du Plessis & Fouché, 2006:77).

Section 9 of the Constitution reads as follows:

#### 9. Equality

- (1) Everyone is equal before the law and has the right to equal protection and benefit of the law.
- (2) Equality includes the full and equal enjoyment of all rights and freedoms. To promote the achievement of equality, legislative and other measures designed to protect or advance persons or categories of persons, disadvantaged by unfair discrimination may be taken.
- (3) The state may not unfairly discriminate directly or indirectly against anyone on one or more grounds, including race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth.
- (4) No person may unfairly discriminate directly or indirectly against anyone on one or more grounds in terms of subsection (3). National legislation must be enacted to prevent or prohibit unfair discrimination.
- (5) Discrimination on one or more of the grounds listed in subsection (3) is unfair unless it is established that the discrimination is fair.

According to Du Plessis and Fouché (2006:78), section 9 of the Constitution also includes three clauses relating to employment equity, namely, the *equality clause* – which is the embodiment of equality as a fundamental value that must be upheld and accentuating that everyone is equal before the law and has the right to equal protection of the law; the *affirmative action clause* – which states that measures should be taken to protect and advance people that have been disadvantaged by

unfair discrimination; and the *anti-discrimination clause* – which emphasises that unfair discrimination should be eradicated from society and that no one may unfairly discriminate, directly or indirectly, against another person on any arbitrary grounds as stated in subsection (3) in the above paragraph.

From the preceding paragraphs it is apparent that the Constitution is adamant about eradicating discrimination and discriminatory practices from South African society in order to repair the inequities of the apartheid past. Constitutional equality forms the backdrop of the Employment Equity Act, which will be examined in the following section.

### **3.3.2 Employment Equity Act No. 55 of 1998**

The Employment Equity Act No. 55 of 1998 (EEA) is one of the most controversial pieces of legislation promulgated in the so-called new South Africa, because its regulations are to the advantage of people who were previously disadvantaged (Thompson & Van der Walt, 2008:636).

According to Chapter 1, section 2 of the EEA, the Act has the following purpose:

“...to achieve equity in the workplace by promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels in the workforce.”

The strict prohibition of unfair discrimination in the EEA places an obligation on employers to review all their policies, procedures and practices (Ferreira, 2005:203). Maharaj, *et al.* (2008:16) further explain that the EEA serves to redress past discriminatory practices and to provide equal opportunities for all race groups, women and the disabled. The Act requires employers to implement a range of preferential treatment to designated groups to redress historical inconsistencies in the distribution of jobs, earnings and occupations and ensure impartial division of all groups in all occupations and levels in the workplace (Wöcke & Sutherland, 2008:531). The Act also distinguishes between white males and previously

disadvantaged individuals in the designated groups (Wöcke & Sutherland, 2008:531). According to Wöcke and Sutherland (2008:531), these designated groups consist of black people (Africans, coloureds and Indians), women and people with disabilities.

Chapter 2 of the EEA deals with the prohibition of unfair discrimination. Unfair discrimination is the use of irrelevant criteria to distinguish between individuals or groups, which have the purpose or effect of less positive consequences for members of one group compared with those of another (Du Plessis & Fouché, 2006:81). More specifically, section 6 (Ch. 2) of the EEA forbids unfair discrimination, directly or indirectly, in any employment policy or practice on one or more of the following grounds, including, but not withstanding, race, gender, sex, pregnancy, marital status, family responsibility, colour, ethnic or social responsibility, sexual orientation, age, disability, HIV status, religion, conscience, belief, political opinion, culture, language and birth. There are two forms of discrimination that are not regarded as unfair discrimination, namely, the implementing of affirmative action measures and differentiation based on the inherent requirements of a job (Du Plessis & Fouché, 2006:81).

Chapter 3 of the EEA handles affirmative action. According to section 15 (Ch. 3) of the Act, affirmative action measures can be defined as “measures designed to ensure that suitably qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer”. In terms of section 13 (Ch. 3) a designated employer is an employer who

- employs 50 or more employees
- employs fewer than 50 employees but that has an annual turnover which is more than the level specified in Schedule 4 of the Act
- is a municipality
- is an organ of state, or
- that is bound by a collective agreement.

The EEA further states that such designated employers must take the following measures in the workplace (February & Abrahams, 2001:122):

- implement affirmative action measures (s 15)
- consult with its employees and any representative union (s 16)
- conduct analysis of the company to identify employment barriers for and underrepresentation of designated employees (s 19)
- prepare an equity plan (s 20)
- report to the Director General of the Department of Labour on their progress (s 21)
- publish the report (s 22)
- prepare successive equity plans (s 23)
- must assign a senior manager to take responsibility for the monitoring and implementation of the equity plan (s 24).

According to Venter (2006:211), affirmative action measures include the following:

- measures to identify and eliminate employment barriers
- measures to promote diversity in the workplace
- sound accommodation of people from designated groups
- measures to ensure the equitable representation of suitably qualified people from designated groups in the workforce
- measures to retain and develop people from designated groups and to implement appropriate measures.

Affirmative action is a recognised way of promoting equality of opportunities in societies where this principle has suffered as a result of discrimination or where less developed people have had to compete with more developed people, such as in the case of South Africa (Barker, 2007:248). However, Barker (2007:248) states that care must be taken when implementing affirmative action, seeing that it is widely perceived by previously advantaged people as reverse discrimination.

From the preceding section can be understood why the EEA is one of the most significant and controversial Acts relating to employment equity. Furthermore, it is evident that the EEA influences employment relations in South Africa considerably. There are two other Acts relating to employment equity in South Africa, and these will be discussed in the subsequent sections.

### **3.3.3 The Promotion of Equality and Prevention of Unfair Discrimination Act No. 4 of 2000**

The Promotion of Equality and Prevention of Unfair Discrimination Act No. 4 of 2000 is intended to give effect to section 9 of the Constitution of the Republic of South Africa 1996, so as to “prevent and prohibit unfair discrimination and harassment; to promote equality and eliminate unfair discrimination; to prevent and prohibit hate speech; and to provide for matters connected herewith”.

The preamble to this Act states that it “endeavours to facilitate the transition to a democratic society, united in its diversity, marked by human relations that are caring and compassionate, and guided by the principles of equality, fairness, equity, social progress, justice, human dignity and freedom”. In terms of the Act special equality courts have been established to deal with cases of unfair discrimination (February & Abrahams, 2001:125).

Some of the objectives of the Promotion of Equality and Prevention of Unfair Discrimination Act include the following (Maelane, 2007:24):

- equal enjoyment of all rights, including training, employment or advancement
- reinforcement of equality and prevention of unfair discrimination, as stipulated in the EEA
- facilitation of further compliance by employers with international law obligations, including treaty obligations in terms of the Convention on Elimination of All Forms of Racial Discrimination, in job and career opportunities.

This Act thus complements the EEA and has the same fundamental principles. The next section will deal with the third Act relating to employment equity, namely, the Broad Based Black Economic Empowerment Act No. 53 of 2003.

### **3.3.4 The Broad Based Black Economic Empowerment Act No. 53 of 2003**

The Broad Based Black Economic Empowerment Act No. 53 of 2003 has as its main function to “establish a legislative framework for the promotion of black economic empowerment; to empower the Minister to issue codes of good practice and to publish transformation charters; to establish the Black Economic Empowerment Advisory Council; and to provide for matters connected herewith”.

This Act was promulgated because, in the apartheid era, race was used to control access to South Africa’s resources and skills, and black people were not treated equally to white people (Preamble to the Broad Based Black Economic Empowerment Act No. 53 of 2003). Once again, this may be viewed by some people as reverse discrimination; however, others may see it as the only way to promote the principle of equality and to repair the injustices of the apartheid past.

In the preceding sections, the background to South Africa’s employment relations was discussed, as well as the employment equity legislation in South Africa. In the following sections employment equity legislation and practices internationally will be examined briefly, as well as the need for employment equity and the possible effects that employment equity can have on the employment relationship and in particular the psychological contract.

## **3.4 EMPLOYMENT EQUITY LEGISLATION AND PRACTICES INTERNATIONALLY**

Employment equity legislation and practices in the form of affirmative action originated in the United States of America (USA) in the mid-1960s to early 1970s in response to entrenched patterns of racial discrimination in employment and



educational institutions and the resulting exclusion, segregation and disadvantage of black people (Agócs & Burr, 1996:32). Affirmative action beneficiaries were later extended to include not only to African Americans (black people), but also American Indians, Hispanics and Asians (Herholdt & Marx, 1999:1). Following the materialisation of the women's liberation movement in the mid-1960s, women also came to be classified as a disadvantaged group for the first time and therefore regarded as candidates for affirmative action (Herholdt & Marx, 1999:1).

Compliance with affirmative action hiring requirements was enforced in the 1970s, and civil rights complaints, litigation and costly settlements of discrimination cases impressed the need on employers to prevent discrimination and to implement affirmative action (Agócs & Burr, 1996:32). Since 1963, the American Congress has passed a number of employment equity laws which prohibit employment discrimination. These include the Equal Pay Act of 1963, the Civil Rights Act of 1964, the Vocational Rehabilitation Act of 1973, the Vietnam Veterans Re-adjustment Assistance Act of 1974 and the Americans with Disabilities Act of 1990 (Herholdt & Marx, 1999:2). Employment equity practices such as affirmative action in the USA have over the years been met with considerable resistance, especially from the white majority, which has labelled it as reverse discrimination (Herholdt & Marx, 1999:2).

Apart from the USA, a number of other countries have also implemented employment equity legislation and practices and these are summarised in Table 3.5 below.

**Table 3.5: Employment equity legislation and practices around the world**

Country	Employment equity
Malaysia	The New Economic Policy (NEP) was introduced in 1971 in favour of the indigenous Malayan people, who were disadvantaged and discriminated against by the Chinese and Indian people. The primary objective of this policy was the promotion of national unity and social integration, through the introduction of quotas at universities, in government and parastatal organisations and in the ownership of enterprises and new businesses.

Country	Employment equity
India	The Constitution of India of 1950 specifically provides that positive measures, in the form of reservations or quotas in education and employment in the government and public sector, should be taken to advance members of scheduled social groupings and scheduled tribes. In 1990 the government also introduced additional reservations for so-called “other backward classes” and adopted a quota of 27 per cent for this group.
Canada	There are three major categories in which employment equity was implemented. Firstly there were human rights legislation promulgated that prohibited all unfair discrimination in all government agencies. Secondly in 1986 employment equity legislation was promulgated directed at federal government agencies and employers in the banking, transportation and communications sectors. The third was the introduction of administrative policy that required organisations with 100 or more employees to implement employment equity programmes.
Britain	Various legislation and related policies were adopted by the Department of Employment and other public agencies during the 1970's, to ensure employment equity for women, people with disabilities and minority groups (primarily Indians and West Indians) who were previously disadvantaged against in the workplace. Assistance to companies with the implementation of these policies were afforded by the Department of Education, the Institute of Personnel Management and the Industrial Society. In 1997 the Employment Opportunities Commission was also set up to investigate issues related to discrimination in the workplace; and they set up a code of good practice to assist employers with employment equity. In 1984 the Commission for Racial Equality introduced a Race Relations Code that encourages racial monitoring.
Zimbabwe	No explicit employment equity legislation exists in Zimbabwe, but the Africanisation of the civil service has been a political imperative since 1980 and this requires that black Zimbabweans be appointed, especially in middle and senior management positions. The term “Africanisation” was later substituted with the term “black advancement”, because white Zimbabweans viewed themselves as being as African as their black citizens.

(Thomas, 2002:243–247)

From the preceding section, it is evident that employment equity has been implemented in a number of countries around the world. Each country's state of affairs is unique and the ways in which employment equity practices are implemented, as well as the effects they have on employees, are exclusive to a country's history and circumstances. In the next section the need for employment equity legislation and practices in South Africa will be considered.

## **3.5 THE NEED FOR EMPLOYMENT EQUITY LEGISLATION IN SOUTH AFRICA**

Apartheid entrenched itself in every segment of the South African society, especially employment relations. Consequently, businesses and government cannot escape the charge of racial discrimination, nor are they able to escape the demand to introduce and implement the regulations stipulated in the employment equity legislation. Currently, however, there are different viewpoints regarding the need for employment equity legislation in South Africa and in the following sections arguments in favour of and against the implementation of regulations such as affirmative action will be considered.

### **3.5.1 Arguments in favour of the implementation of employment equity regulations**

The first and most widely used argument is that the only way to compensate for the historical disadvantage of apartheid and its policies of racial segregation and discrimination is through the race or gender-conscious allocation of educational, employment and political resources – guided by employment equity legislation (Pretorius, Klinck & Ngwena, 2005:9–4). Barker (2007:250) adds to this debate by stating that the dismantling of discrimination cannot take place by simply getting rid of discriminatory legislation, because after many years of such legislation the people who were discriminated against are very far behind in terms of ownership of wealth and the filling of skilled occupations. This can be substantiated by the following facts.

In 1993 (Innes, 1993:8)

- only 2% of the total assets in the private sector were owned by black people
- over 90% of top managerial positions in the economy were held by white people
- even though approximately only one out of every seven people in South Africa was white, nine out of ten managers were white.

This kind of inequality as discussed above is understandably not restored easily. The reality of the situation in South Africa is that the years of apartheid have left a legacy

of practices of systematic discrimination; where race, gender and disability (among other things) continue to, consciously or unconsciously, function as a cause of disadvantage (Pretorius, *et al.*, 2005:9-4). This leads to previously disadvantaged people being constantly underrepresented relative to their proportion of the population in the distribution of employment opportunities (Pretorius, *et al.*, 2005:9-4). In other words, merely eradicating previous discriminatory practices in order to create neutrality in society; does not present sufficient compensation for past inequalities; it merely freezes the existing advantages that previously advantaged people have over other groups (Pretorius, *et al.*, 2005:9-4).

True equality of opportunity can only be reached if the disadvantageous social and historical conditions that exist as a result of past discrimination are eliminated through employment equity regulations, such as affirmative action programmes (Pretorius, *et al.*, 2005:9-4). Employment equity regulations are not forms of reversed discrimination, but methods of making amends to the benefit of members of certain groups that have been unfairly discriminated against in the past (Faundez, in Barker, 2007:250).

From the above paragraphs it is clear that there are valid, strong arguments in favour of the implementation of employment equity regulations such as affirmative action. In the following paragraphs, the arguments in opposition to these regulations will be examined.

### **3.5.2 Arguments against the implementation of employment equity regulations**

Critics of employment equity regulations find it contradictory how anyone who believes in equality and opposes discrimination can agree to a policy of special treatment for specific categories of people (Meintjies, 1993:66). It is often argued that it is patronising and offensive not to demand the same standards from black and disabled people and women as from other groups (Meintjies, 1993:66).

Most of the arguments opposing employment equity regulations do not disagree about the legitimacy of remedies to compensate for particular individual acts of

discrimination, but question the accordance of preferential treatment based on membership of a racial or gender group (Pretorius, *et al.*, 2005:9-4). This, it is contended, causes the same type of discrimination that caused the need for employment equity regulations in the first place (Pretorius, *et al.*, 2005:9-4). Furthermore, this causes resentment on the part of the people who were previously advantaged and promotes dependence on government hand-outs rather than self-sufficiency (Pretorius, *et al.*, 2005:9-4).

Employment equity regulations such as affirmative action also reduce economic efficiency, because the best person for a position is not necessarily appointed (Barker, 2007:251). This implies that recruitment standards are lowered and that competition is cancelled; which leads to the wages of the beneficiaries of these regulations being pushed up, and if this group is in the majority in the population, such as is the case in South Africa, this could be very harmful to employers and the international competitiveness of the country (Barker, 2007:251).

A further possible disadvantage of employment equity regulations such as affirmative action is that those who suffered as a result of discrimination may use it as a source of entitlement. This could stigmatise those who do not need help by suggesting, for instance, that a person only got a particular position because he/she is black or is a woman or disabled; and not on merit (Barker, 2007:251).

From the foregoing paragraphs it is apparent that there are as many legitimate arguments against employment equity regulations as there are in favour of it. People's perceptions of these regulations are often determined by personal, subjective experiences, opinions or backgrounds, rather than on factual information. The following section will examine the possible effects of employment equity legislation and regulations on South African society.

### 3.6 THE EFFECTS OF EMPLOYMENT EQUITY LEGISLATION AND PRACTICES

In Chapter 1 it was argued that owing to the very nature of employment equity legislation and regulations – giving preferential treatment to previously disadvantaged people – these Acts and regulations will most probably have an effect on society and especially on employment relations, in particular the psychological contract in South Africa.

Scholars like Herholdt and Marx (1999:61–71) have identified six categories of employment equity regulation effects and these will be summarised in Table 3.6 below:

**Table 3.6: Effects of employment equity legislation and regulations**

Area of effect	Description
The effect on the organisational culture	The implementation of employment equity regulations may cause an atmosphere of insecurity within organisations, resulting in greater resentment towards beneficiaries, and increased competition for new positions and promotions.
The effect on productivity	Employment equity regulations, if implemented correctly, can have a positive impact on productivity levels. It is essential however, that the entire organisation is committed to it, that beneficiaries are allowed to use their proposals and to make important decisions, and that appointees be motivated to perform for promotional purposes. Should these factors not be attended to, employment equity regulations will most likely have a negative effect on productivity.
The effect on the managerial process	The managerial process is directly affected by employment equity regulations; because managers may feel unsure about how to manage appointed beneficiaries and this could have negative consequences. Managers should be properly equipped to cope with a diverse workforce.
The effect on the development process	Employment equity regulations can have a significant impact on development processes, especially if the aim of the employment equity strategy is to develop beneficiaries.
The effect on finances	Employment equity practices have a short-term, negative financial impact on organisations. Although long term, high-quality programmes seem to be financially advantageous; many organisations have articulated concern that the enormous financial input, particularly the implications of target setting as stipulated in the employment equity legislation, hidden costs associated with decreased productivity and the loss of expertise; may counter long-term economic benefits.

Area of effect	Description
<p>The effect on disadvantaged groups:</p> <p><i>The effect on supervisors</i></p> <p><i>The effect on employees nonessential to employment equity regulations</i></p> <p><i>The effect on employment equity beneficiaries</i></p>	<p>Supervisors often resent the employment equity legislation and the practices stipulated there in, because it is frequently expected of them to ensure that the beneficiaries adjust and become effective as soon as possible. In most cases the supervisors feel they don't have time to nurture the appointees, whom they consider to be inferior. Supervisors also often feel threatened by employment equity regulations, as their own positions may be in danger. Another impact on supervisors is the cultural differences between supervisors (predominantly white) and beneficiaries (primarily black).</p> <p>People who are excluded from the benefits provided in the employment equity legislation, such as affirmative action, commonly have negative feelings towards the process as well as the people who benefit from it. They feel threatened by it and often feel embittered for having to "suffer" the consequences of their predecessors' crimes. They also often view employment equity regulations as reversed discrimination, tokenism and favouritism.</p> <p>Employment equity beneficiaries are in a unique position as they experience negative reactions from both white and black colleagues. Non-beneficiaries often doubt whether beneficiaries really deserve an appointment; and beneficiaries themselves are equally suspicious of employment equity appointments or promotions, which leads to them being unsure of themselves.</p> <p>Employment equity beneficiaries also often engage in <i>job hopping</i> from one organisation to the next because of their superior status, which results in them never really experiencing job satisfaction.</p>

(Herholdt & Marx, 1999:61–71)

In the above table a number of the possible effects of employment equity practices and regulations were considered. It is clear that employment equity legislation and practices have enormous effects on all members of society and, in particular, on the employment relationship. The psychological contract, being the subjective beliefs held by an individual employee and the employer about what they expect of each other, and consisting of expectations and obligations as opposed to the tangible content of the written employment contract (Leigh, 2008:205), will undoubtedly be strongly influenced by employment equity legislation and regulations. This is because, as explained in the preceding chapter, employment equity legislation and regulations enforce preferential treatment for some members of society and

disadvantageous treatment for other members of society, which will have an effect on the perceptions of individual employees regarding their expectations and whether these are being met by their employer.

To conclude, it is apparent that the negative effects of these regulations outnumber the positive outcomes. However, if they are implemented correctly and effectively, the negative consequences can be remedied. Nel, *et al.* (2009:159) summarise this by stating that employers should give due regard to section 9 of the Bill of Rights (as discussed in section 3.3.1) when implementing employment equity regulations and practices since, if this is not done, employers could be facing serious constitutional challenges.

### **3.7 CONCLUSION**

This chapter has provided a comprehensive overview of employment equity legislation and practices in South Africa. Firstly, the history of South African employment relations was examined in detail in order to comprehend the background to the events that led to the promulgation of employment equity legislation. Through the discussion it became apparent that the historical proceedings from the earliest days and especially the discrimination that was caused by apartheid from 1948, made the promulgation of employment equity legislation – as a means to rectify the inequalities in the South African society – unavoidable.

Secondly, the various Acts relating to employment equity were studied by discussing the specific purposes of and regulations contained in each of the Acts. Through this discussion it became apparent that employment equity legislation and practices are a controversial and relevant aspect of South African employment relations and that they affect all employees and employers in South African organisations.

Thirdly, employment equity practices and regulations internationally were briefly discussed by looking at the origins of these practices, as well as how they are implemented in the countries that have or used to have employment equity regulations in the workplace.



Fourthly, employment equity was examined further by discussing the arguments both for and against employment equity regulations. It was concluded after this discussion that there are strong arguments for both points of view and that people's perceptions of employment equity are often based on individual subjective experiences rather than objective facts.

Lastly, the possible effects of employment equity legislation and its regulations were considered. There are many possible negative and positive effects of employment equity regulations and the outcomes of these regulations are often the result of how they are implemented and managed in organisations.

Employment equity legislation and practices play an important role in South African employment relations today and, taking into account the discussions in this chapter, it is clear that employment equity legislation strongly affects the employment relationship and, in particular, the psychological contract in South African organisations.

## CHAPTER 4: RESEARCH METHODOLOGY

### 4.1 INTRODUCTION

This study set out to determine the effect of employment equity legislation on the psychological contract of employees working in a tertiary institution. Specifically, this study had, as its objectives, to determine the effect of employment equity legislation and practices on employees' psychological relationship with their employer at a tertiary institution, and to ascertain whether such an effect has been positive or negative.

Furthermore, the study aimed to describe the state of the existing psychological contract among employees working at a tertiary institution and to determine the relationship between the psychological contract and the effect of employment equity legislation and practices. The study also set out to compare the three social groupings in a tertiary institution (white males, Africans and a group consisting of white females, coloureds and Indians) in terms of the effect that employment equity has on them, and with regard to their perceptions of its effects on the psychological contract. Lastly, the study aimed to establish whether there is a significant relationship between the perceptions of employees on the effect of employment equity and their intention to leave the institution.

The purpose of this chapter will be to describe the empirical research that was performed in this study in order to meet the above-mentioned objectives. The objectives were met through the use of descriptive and inferential statistical methods, which will be discussed later on in this chapter.

The following sections will provide a description of the research design that was used, providing detail on the underlying research paradigm, the inquiry strategy, the sample and the data collection method that were used in the study, as well as the data analysis methods that were used to analyse the data that was collected.

## 4.2 RESEARCH PARADIGM

A paradigm is a worldview that influences the way people think, ask questions and perceive situations (Kotze, 2010:8). Saunders, *et al.* (2009:597) define a research paradigm as “[a] way of examining social phenomena from which particular understandings of these phenomena can be gained”. Saunders, *et al.* (2009:118) further explain that a research paradigm is a way of attempting to gain understandings and explanations of social phenomena.

The specific research paradigm that guided this study is positivism. Positivism is “a research paradigm (or framework) that combines a deductive approach with precise measurement of quantitative data so researchers can discover and confirm causal laws that will permit predictions about human behaviour” (Neuman, in Struwig & Stead, 2001:5). Ponterotto (in Kotze, 2010:10) explains that positivist research “is modelled after the natural sciences and strives to obtain objective knowledge that can ultimately be used to establish cause-effect relationships”. The researcher who applies a positivist research paradigm prefers working with an observable social reality and prefers the end product of such research to be law-like generalisations (Sanders, *et al.*, 2009:113). Saunders, *et al.* (2009:114) furthermore state that, in the case of a positivist approach, the research is undertaken in a value-free way and the researcher is independent of the research.

The main ontological, epistemological and axiological assumptions of positivism are summarised in Table 4.1 below.

**Table 4.1: The main assumptions of positivism**

<b>Positivism</b>	
Ontology	External, objective and independent of social actors One true reality that is apprehendable, identifiable and measurable Reality consists of stable patterns that is not time or context bound and can be generalised.
Epistemology	Only observable phenomena can provide credible data and facts. The researcher and research participant are assumed to be independent. Standardised procedures ensure that the topic is studied without bias and the researcher cannot influence the participants. Researcher’s values should not influence study in any way.

<b>Positivism</b>	
Axiology	Research is undertaken in a value-free way; the researcher is independent of the data and maintains an objective stance. Researcher values have no place in research and should be carefully controlled.
Data collection techniques most often used	Highly structured, large samples, measurement quantitative and careful manipulation of variables and control of confounds.

(Saunders, *et al.*, 2009:119; Ponterotto, in Kotze, 2010:10)

This research paradigm for this study is positivism because the goal of the study is to determine what effect employment equity legislation and practices have on the psychological contract. Therefore, the researcher needs to be completely objective and the researcher's values should not influence the research participants. The reason for this is because employment equity is such a controversial and sensitive topic and participants will most probably not reveal their true feelings and perceptions if they are not reassured that their responses will be kept confidential and anonymous.

Another reason why positivism is appropriate paradigm for this study is that it has as its objective the determination of the causal relationship between employment equity legislation and practices and the psychological contract.

Lastly, this study made use of standardised questionnaires to obtain data and the strategy of inquiry is survey research, that is, a quantitative method. These are also indications of a positivist research paradigm.

### **4.3 DESCRIPTION OF THE INQUIRY STRATEGY AND THE BROAD RESEARCH DESIGN**

The inquiry strategy that was used in this study is *survey research*. Survey research involves the structured collection of data from a sizeable population (Saunders, *et al.*, 2009:601). Owing to the sensitive nature of employment equity and the large number of employees working at the tertiary institution where the research was

conducted, survey research was deemed a practical, as well as confidential, way of obtaining the information needed to reach the objectives of this study.

“Survey research involves acquiring information about one or more groups of people – perhaps about their characteristics, opinions, attitudes, or previous experiences by asking them questions and tabulating their answers” (Leedy & Ormrod, 2010:187). Leedy and Ormrod (2010:187) further explain that a survey is fairly straightforward in design. The researcher poses certain questions to agreeable participants; sums up their responses with percentages, frequency counts, or more sophisticated statistical indexes; and then draws conclusions about a particular population from the responses of the sample. Surveys thus allow for the collection of a large amount of data from a sizeable population in an economical manner (Saunders, *et al.*, 2009:144). Furthermore, surveys are usually quantitative in nature and aim to provide a broad overview of a representative sample of a large population (Mouton, 2001:152).

Struwig and Stead (2001:41, 42) describe the following important characteristics of survey research:

- Surveys require the application of questionnaires for data gathering.
- The population being studied should be accurately described and the sample should be representative of the population.
- The scientific character of the data should not be adversely influenced by imbalance or bias.
- The data that is gathered should be systematically organised in order to make valid and accurate interpretations.

Survey research is the appropriate inquiry strategy for this study because employment equity is a controversial and sensitive topic. Accordingly, respondents would most probably not have been willing to disclose their true feelings about employment equity and the effect that it has on their expectations of their employer and feelings of trust and loyalty towards their employer if they had feared that their identify would not be protected and their career might be compromised. Through

survey research the questionnaires are compiled and administered in such a way that the respondents' identities are protected, because the participants' identities are treated totally confidential and they remain anonymous. The survey administration was done via a link that was emailed to the respondents (the employees working at the tertiary institution where the research was conducted). This link led to a webpage where respondents were able to complete the anonymous questionnaire, which was subsequently processed. Furthermore, the respondents were not required to provide any information on the questionnaire that could possibly identify them.

The employees at the institution all have access to computers and the internet; thus the questionnaire could be distributed easily and administered anonymously without any paper work. Moreover, as the questionnaire was electronic this had the advantage of being much less time consuming and more cost effective than some paper-based questionnaires, and respondents were able to complete the questionnaire at a time that was suitable for them, which encouraged a higher response rate.

Using survey research generalisations can be made about large populations (Mouton, 2001:153). In the case of this study, generalisations can be made about all the employees working at the tertiary institution where the research was conducted, even though only a percentage of the approximately 3 500 employees completed the questionnaire.

The following are appropriate descriptors for the broad research design of this study:

- *Empirical research.* This study can be classified as an empirical study, because the researcher collected and analysed primary data. An empirical study usually involves obtaining data from participants by using questionnaires or by conducting interviews (Struwig & Stead, 2001:222).
- *Basic research.* This study performed basic research. Basic research is undertaken purely to understand processes and their outcomes, mainly in universities for academic goals, for which the key consumer is the academic community itself (Saunders, *et al.*, 2009:588).

- *Discripto-explanatory research.* This study was both *descriptive* (aimed at determining the differences between certain groupings in the population in terms of their responses about their perceptions of employment equity), as well as *explanatory* (aimed at determining the causal relationship between employment equity legislation and practices and the psychological contract). Saunders, *et al.* (2009:140) state that such a study, which is both descriptive and explanatory in nature, is known as a descripto-exlanatory study.
- *Cross-sectional research.* This study conducted cross-sectional research. A cross-sectional study is when the researcher collects all the data needed at a single time, and not over longer periods of time (Leedy & Ormrod, 2010:186). The respondents in this study only completed the questionnaire once.
- *Primary data.* Struwig and Stead (2001:40) state that primary data is data that the researcher collects personally for a specific research project. In this study the data was collected primarily from respondents identified for the purpose of the study, and other previously collected data was not analysed.
- *Quantitative data.* Quantitative data involves looking at amounts, or quantities, of one or more variable of interest (Leedy & Ormrod, 2010:94). This study made use of survey research, using questionnaires to obtain data. The data was then analysed numerically in order to draw conclusions about the population being studied.

#### 4.4 SAMPLING METHOD

Sampling is used when it is impractical for researchers to survey an entire population, or when budget or time constraints prevent researchers from surveying an entire population (Saunders, *et al.*, 2009:212). For the purpose of this study, *probability sampling* was used as the sampling technique. Probability sampling is the technique that is most commonly associated with survey-based research strategies where the researcher needs to draw conclusions about a population from a sample in order to meet certain research objectives (Saunders, *et al.*, 2009:214).

The target population for this study was a tertiary institution, because the researcher is employed at the tertiary institution where the research was conducted. Therefore

permission to perform the study could be easily obtained and the distribution and administration of the questionnaires was hassle free. The main purpose of this study was to determine the effect of employment equity legislation on the psychological contract in a tertiary institution.

The units of analysis for this study were the permanent employees working at the tertiary institution. These units included all levels of permanent employees at that institution, ranging from academic personnel (all levels of academics) to administrative personnel. The sampling units of this study were also the permanent employees working at a tertiary institution. The sampling units and the units of analysis are alike because the employees of the tertiary institution are the entities that the researcher wanted to draw conclusions about, and the employees of that institution are also the entities from which the data was collected.

The sampling technique that was used is probability sampling. In probability sampling, each element has a known probability of being included in the sample (Struwig & Stead, 2001:112). The researcher could therefore specify in advance that each segment of the population would be represented in the sample (Leedy & Ormrod, 2010:205).

The specific sampling method that was be used in this study was *stratified random sampling*. Stratified random sampling is a method by means of which “the population is divided into relevant and significant strata based on one or a number of attributes, and then a random sample is drawn from each of the strata” (Saunders, *et al.*, 2009:228). In the case of this study, the population, which is a tertiary institution, was divided into three strata, namely, black people, white males, and a group consisting of white females, Indians and coloureds. From these three strata the sample was then selected randomly from all levels of employee. These three groupings were also identified and examined in a study by Wöcke and Sutherland (2008), and this study served as a guide during the development of the current study.



The advantages and disadvantages of stratified random sampling are summarised in Table 4.2:

**Table 4.2: The advantages and disadvantages of stratified random sampling**

<b>Advantages</b>	<b>Disadvantages</b>
The sample size of each strata is controlled	Increased inaccuracy if subgroups are selected and defined in different ways
Improved effectiveness of data	Require the listing of the entire population
Provides data to represent and analyse subgroups	Expensive

(Cooper & Schindler, 2003:199)

The disadvantages of stratified random sampling, as indicated in Table 4.2, were overcome because the researcher is an employee at the tertiary institution where the research was conducted, and complete information about the entire population was available to the researcher at no cost.

## 4.5 SAMPLE

Generalisations about populations made from data collected using any probability sample are based on statistical probability (Saunders, *et al.*, 2009:217). Saunders, *et al.* (2009:217) further state that the larger the sample size, the lower the likelihood that an error will occur in generalising to the population.

According to Bartlett, Kotrik and Higgins (2001:48), the sample size of a population can be determined by establishing the margin of error and then determining the sample size. These authors have developed a table whereby sample sizes can be determined (Bartlett, *et al.*, 2001:48). After a discussion with a statistician, it was determined that the margin of error in this study was 0,5. Hence, with the population being approximately 3 500 employees, the sample size in the proposed study had to be around 351.

The discussion with the statistician revealed that a 30% response rate is a reasonable expectation for a researcher in survey research. Thus, in the case of this study, the researcher sampled 300 employees in each of the subgroups (white males, Africans and Indians, coloureds and white females), expecting to receive 100 questionnaires back from each group, resulting in the number of responses being around 300. This is acceptable as a representative sample of the population.

Consequently, a total of 339 questionnaires were identified as being usable for the purpose of the study (n = 339). Thus, a response rate of 38% was achieved.

The profile of the sample is described according to the following biographical variables: gender, age, tenure, qualification, designated group and disabled status. The characteristics of the participants in the sample are presented in Table 4.3.

**Table 4.3: Biographical summary of sample (n = 339)**

<u>Gender</u>	<u>Frequency</u>	<u>Percentage</u>
Female	159	46.9
Male	170	50.1
Unanswered	10	2.9
Total	339	100
<u>Age</u>	<u>Frequency</u>	<u>Percentage</u>
21-30	41	11.1
31-40	78	23.2
41-50	98	28.9
51-60	87	25.7
61-65	18	5.4
Unanswered	17	5
Total	339	100
<u>Tenure (years)</u>	<u>Frequency</u>	<u>Percentage</u>
1-5	110	31.7
6-10	45	13.3
11-15	50	14.6
16-20	43	12.47
21-22	80	23.6
Unanswered	11	3.2
Total	339	100

<u>Qualification</u>	<u>Frequency</u>	<u>Percentage</u>
Grade 12	26	7.7
Certificate/Diploma	79	23.3
Degree	43	12.7
Honours	62	18.3
Masters	67	19.8
Doctoral	50	14.7
Unanswered	12	3.5
Total	339	100

<u>Designated group</u>	<u>Frequency</u>	<u>Percentage</u>
African	97	28.6
White	198	58.4
Coloured	16	4.7
Indian	14	4.1
Unanswered	14	4.1
Total	339	100

<u>Disabled</u>	<u>Frequency</u>	<u>Percentage</u>
Yes	23	6.8
No	303	89.4
Unanswered	13	3.8
Total	339	100

From Table 4.3 it is clear that the gender distribution was quite even between males and females, with 50.1% of the participants being male and 46.9% being female. The ages of the participants were mostly between the ages of 31 and 60 years, with 77.8% of participants falling into the three age groupings, 31 to 40, 41 to 50 and 51 to 60. The tenure of the participants was quite evenly distributed, with the largest number of participants having 1 to 5 years' tenure at the institution (31.7%). In addition, a relatively large number of participants had very long tenure with 21 to 22 years at the institution (23.6%). The qualifications of participants were fairly consistently distributed between all the qualifications, with the lowest percentage of employees having only Grade 12 (7.7%). This was anticipated, as the participants are employed at a tertiary institution where academic qualifications generally form part of job performance requirements.

The distribution of participants' groupings is slightly skewed to white participants (58.4%), with Africans being the second highest number of participants in the sample (28.6%) followed by Indians and coloured people, who represent only 8% of the sample. Furthermore, the distribution of participants is heavily skewed to participants who are not disabled (89.4%).

To summarise, the sample comprised a relatively varied assortment of males and females, different age groups, varying tenures, as well as people with various qualifications. Just over half the sample consisted of white participants, followed by African participants. The majority of participants were not disabled.

## 4.6 DATA COLLECTION

Now that the inquiry strategy and the sample have been defined and described, attention is turned to the data collection methods. The following sections will provide information on the methods of data collection, the specific survey method that was used and the obstacles that arose during the data collection process. It is important to note that the data was collected in 2011, which is seventeen years after the first democratic election took place in South Africa.

### 4.6.1 Data collection methods

The three important aspects that were to be measured as they relate to the participants were the state of their existing psychological contract with their employer; how this relates to employment equity and their intention to leave the organisation; and the effect that employment equity legislation and practices have on them. Accordingly, a questionnaire was compiled that comprised the following instruments (see Annexure A for a paper-based version of the questionnaire):

- Respondents' *psychological contract* was measured using the Psycones questionnaire, which contains questions on specific employer and employee obligations as viewed by the employee (Psycones, 2006). Forty-four

questions were thus selected from this questionnaire to determine the state of respondents' psychological contracts.

This section of the questionnaire consisted of four items; that is, questions relating to employer obligations, employee obligations, emotions regarding the psychological contract and the overall state of the psychological contract. Firstly, the questions relating to employer obligations included, for example: "Has your organisation promised or committed itself to providing you with a job that is challenging?" and "Has your organisation promised or committed itself to allowing you to participate in decision making?". Secondly, it contained questions relating to employee obligations, for example: "Have you promised or committed yourself to showing loyalty to your organisation?" and "Have you promised or committed yourself to being a good team player?".

A six-point rating scale was used for the first two items of the questionnaire where participants were asked to rate the degree to which they agreed or disagreed with a particular statement on a scale from 0 to 5. In this case, 0 indicated "No" (where the person felt the psychological contract was completely violated) and 1 to 5 indicated "Yes, promise fully kept" (where [1] indicated that the person felt promises were not kept at all and [5] indicated that the person felt that the promise was fully kept) (Psycones, 2006).

The third item in the instrument contained statements to determine the emotions associated with the psychological contract, for example: "I feel happy"; "I feel sad"; "I feel pleased". Here the participants had to state the extent to which they agreed with the statement. A Likert-type scale (1 = strongly disagree and 5 = strongly agree) was used for this item.

The fourth item was intended to determine the overall state of the psychological contract, for example: "Do you feel that organisational changes are implemented fairly in your organisation?"; "Do you feel fairly treated by managers and supervisors?" A Likert-type scale (1 = not at all and 5 = to a great extent) was used for this item as well.

Previous research has reported Cronbach's alpha coefficients for the Psycones questionnaire that were very high for employer and employee obligations ( $\alpha = 0.95$ ), emotions concerning the psychological contract ( $\alpha = 0.70$ ), and the state of the psychological contract ( $\alpha = 0.93$ ) (Psycones, 2006:157-159). According to the guideline of  $\alpha > 0.70$  (Wöcke & Sutherland, 2008:534), these are acceptable Cronbach's alpha coefficients, which indicates that the Psycones questionnaire is a reliable and valid measuring instrument.

The Psycones questionnaire was also determined to be a recommended measurement for psychological contract research through an analysis done by Freese and Schalk (2008:282), where the following was determined:

The Psycones questionnaire is theory based and inductive; its content assesses mutual obligations and/or promises and its measures allow for the determination of psychological contract violation and overall evaluation of the psychological contract. This confirms that the Psycones questionnaire is a reliable and valid measuring instrument (Freese and Schalk (2008:282).

- *Employees' intention to leave* the organisation was measured using a three-item questionnaire assessing the employees' intention to leave his/her current employer. This questionnaire was developed by Cook, *et al* (1981:95) and was used in the studies of Maharaj, *et al.* (2008), as well as Wöcke and Sutherland (2008), to measure intention to leave. The questionnaire produced a Cronbach's alpha coefficient of 0.83 ( $\alpha = 0.83$ ) during Maharaj, *et al.*'s (2008) study, which indicates a high level of reliability. In that case, a four-point scale, ranging from 1 = not at all likely to 4 = extremely likely; as well as a seven-point scale, ranging from 1 = strongly disagree to 7 = strongly agree, with high scores indicating a strong intention to leave the organisation, was used (Maharaj, *et al.*, 2008:21).
- *The effect of employment equity legislation and practices* was measured firstly using a nine-item questionnaire, which was developed in 2003 by Maharaj for

her masters dissertation and was further developed and used for the study by Maharaj, *et al.* (2008). The questionnaire assesses employees' beliefs about the influence of employment equity practices on their relationship with their employer (Maharaj, *et al.*, 2008:21). The questionnaire produced a Cronbach's alpha coefficient of 0.92 ( $\alpha = 0.92$ ) during the study of Maharaj, *et al.*'s (2008) study, which indicates a high level of reliability. A five-point ordinal scale ranging from 1 = not at all, to 5 = to a great extent, was used and respondents were also be asked to indicate whether they believed this influence to be positive or negative.

*The effect of employment equity legislation and practices* was further measured using several questions that were used by Strydom (2009) for a master's dissertation that assessed the psychological contract of designated and non-designated groups in a financial institution. In that study, questions about discrimination and affirmative action were selected from various existing questionnaires to determine the discrimination and affirmative action component. A Likert-type scale (1 = strongly disagree and 5 = strongly agree) was used. Nine items were included that focused on affirmative action policies and procedures, for example: "I believe that affirmative action appointments have a negative influence on productivity within my organisation"; "I understand the reason for affirmative action within my organisation". (Strydom, 2009:8). In Strydom's study (2009), the questions relating to affirmative action produced a Cronbach's alpha coefficient of 0.76 ( $\alpha = 0.76$ ), which indicates reliability (Strydom, 2009:28).

- The questionnaire also included a generic section in which respondents had, for stratification and statistical purposes, to provide basic biographical information such as their age, gender, tenure at the organisation, academic qualifications and designated group and whether they were disabled.

#### **4.6.2 Specific survey method used**

The survey method that was used in this study is an *internet-mediated questionnaire*. Internet-mediated questionnaires have the advantage that they are not very time consuming and are easy to administer and distribute (Saunders, *et al.*, 2009:364). The disadvantages of internet-mediated questionnaires are that the researcher plays no role in the respondents' interpretation of the questionnaire and this could lead to divergent understandings about the questionnaire items as well as a low response rate (Saunders, *et al.*, 2009:364). This is why standardised, tested questionnaires were used to address this disadvantage.

For the purpose of this study and owing to the sensitive and controversial nature of the topic that was examined, data was collected using a cost-effective software package called Lime Survey. Using this package the questionnaire could be uploaded to a designated webpage and later collected, entered and analysed using the same software (Saunders, *et al.*, 2009:365). This package produces responses that are totally anonymous and respondents were able to express their true feelings and perceptions without fear of their identity being made public. Lime Survey is used and administered by the tertiary institution in which the research was conducted. An email containing the link and an invitation and the motivation to participate in the proposed study, as well as the deadline for completing the survey, was sent to the respondents. This link led to the Lime Survey webpage where the respondents could click on and complete the questionnaire at a time that suited them best. An informed consent form had to be completed before the respondent could complete the questionnaire (see Annexure B for the informed consent form).

#### **4.6.3 Data collection obstacles**

The main obstacle to data collection was the fact that respondents might have been afraid that their responses could endanger their employment, owing to the sensitive and controversial nature of employment equity. This was, however, largely overcome by reassuring respondents about the anonymity of their responses and by explaining that the administration of the questionnaires would be done electronically.



The other data collection obstacle was a low response rate. This was overcome in a number of ways; firstly, by ensuring that the questionnaire was short and not time consuming (took 5 to 10 minutes to complete), and also by clearly informing respondents about the time required to complete it. Secondly, a possible low response rate was addressed by requesting departmental managers in each school in the tertiary institution where the research was conducted to encourage their employees to participate in this research. Thirdly, the researcher sent regular motivational reminders to participants about the deadline for completing the questionnaire. Lastly, the researcher prevented a low response rate by emphasising the importance of the study and the difference it could make to respondents' lives.

The data collection obstacles were largely overcome and the researcher was rewarded with a response rate of 38%.

The previous sections provided detailed information about the data collection. The next important aspect that needs to be addressed is how the data was analysed after it had been collected. This will be dealt with in the following section.

## **4.7 DATA ANALYSIS**

Quantitative data in raw form has very little meaning to most people, and therefore the data needs to be processed to make it useful and to turn it into information (Saunders, *et al.*, 2009:414). The next section will discuss the methods that were used to analyse the data collected in this study.

The statistical program, SPSS 17.0 for Windows, was used to analyse the data that was collected from the questionnaire discussed in the previous sections (SPSS, 2009). A package such as SPSS had the advantage of being user-friendly, having a wide range of available statistics, having a fast completion speed and allowing the researcher to summarise and display data in tables, charts and other graphics.

Statistical techniques were used to analyse the data that was collected. Leedy and Ormrod (2010:230) state that statistics have two major functions, namely, to describe

what the data looks like, and to help the researcher to draw inferences from the data. This study made use of both descriptive and inferential statistics.

First a simple principal component analysis was carried out to determine the number of factors to be extracted. The Cronbach's alpha coefficient and exploratory factor analysis was used to determine the reliability and validity of the factors identified through the factor analyses.

#### 4.7.1 Descriptive statistics

Descriptive statistics provide summaries of data and the purpose of these statistics is to give an overall, coherent and straightforward picture of a large amount of data (Struwig & Stead, 2004:158). Leedy and Ormrod (2010:30) further explain that descriptive statistics sum up the broad nature of the data that is obtained; for example how certain measured characteristics are "on average", how much variability exists among different pieces of data, how strongly two or more features are interrelated, and so forth. Through descriptive statistics, measures of central tendency and dispersion were determined (Struwig & Stead, 2004:158).

The three ways that central tendency was measured in this study were intended to establish the value that occurred most frequently (*mode*); the middle value or midpoint after the data had been ranked (*median*); and the value often known as the average that includes all data values in its calculation (*mean*) (Saunders, *et al.*, 2009:444).

The *standard deviation* was also determined. This is "the average amount by which each of the individual scores varies from the mean of the set of scores" (Salkind, 2012:166). The larger the standard deviation, the more variable the set of scores (Salkind, 2012:166).

The *skewness* and *kurtosis* of the data were furthermore established. Skewness and kurtosis are terms that describe the shape and symmetry of a distribution of scores (Investopedia, n.d.). Skewness refers to whether the distribution is symmetrical with

respect to its dispersion from the mean: if one side of the mean has extreme scores but the other does not, the distribution is said to be skewed; and if the dispersion of scores on either side of the mean is roughly symmetrical (i.e. one is a mirror image of the other), the distribution is said to be not skewed (Investopedia, n.d.).

Kurtosis refers to the weight of the tails of a distribution: distributions where a large proportion of the scores are towards the extremes are said to be platykurtic; if, on the other hand, the scores are bunched up near the mean, the distribution is said to be leptokurtic (Investopedia, n.d.). A normally distributed distribution of scores is said to be mesokurtic (Investopedia, n.d.).

Descriptive statistics were used to determine the effect of employment equity legislation and practices at a tertiary institution on the employees' relationship with their employer, and to ascertain whether such an impact was positive or negative. To establish whether this impact was positive or negative, a frequency table was used.

Descriptive statistics were also used to describe the state of the existing psychological contract among employees working at a tertiary institution.

#### **4.7.2 Inferential statistics**

Inferential statistics help the researcher to make decisions about the data, for instance regarding the significance of differences and/or correlations between certain groups in an experiment (Leedy & Ormrod, 2010:31). Leedy and Ormrod (2010:260) further explain that "inferential statistics allow us to make inferences about large populations by collecting data on relatively small samples." In other words, this type of statistics entails using a small sample of a population and then estimating the features of the larger population from which the sample has been drawn. Thus the characteristics of a population can be generalised using inferential statistics. The inferential statistical methods that were used in this study will be discussed in the following paragraphs.

To determine correlations between variables, the *Pearson product-moment correlation* was used. This was done in order to determine the extent to which variation in one continuous variable explains the variation in another continuous variable. It also examines the strength and direction of the relationship between two variables (Struwig & Stead, 2004:160). The Pearson product-moment correlation was ascertained in order to describe the state of the existing psychological contract among employees working at a tertiary institution and to determine the relationship between the psychological contract and the effect of employment equity legislation and practices. Moreover, it was also intended to establish whether there was a significant correlation between the perceptions of employees about the effect of employment equity and their intention to leave the institution.

In order to determine differences between variables and groups, the analysis of covariance (ANOVA) and the multivariate analysis of variance (MANOVA) were used. The MANOVA was conducted to determine whether group differences occur in more than one dependent variable (Salkind, 2012:190). The ANOVA, on the other hand, was used to look for differences among means by comparing the variances both within and across groups (Leedy & Ormrod, 2010:282). The ANOVA and MANOVA were both used to compare the differences between the three social groupings in the tertiary institution (white males, Africans and a group consisting of white females, coloureds and Indians) in terms of the effect of employment equity and the groupings' perceptions of its effect on the psychological contract.

## **4.8 CONCLUSION**

This study has as its main objective the determining of the effect of employment equity legislation on the psychological contract of employees working in a tertiary institution. The purpose of this chapter was to provide information on the empirical research that was performed in order to attain the outcomes of the study.

This chapter firstly provided a description of the research design used in the study. Thereafter, the research paradigm and the inquiry strategy were discussed. Subsequently, the sample was examined in detail, paying attention to the sampling

method used to determine the sample and the sample itself specifically in terms of the study participants' profile.

The data collection method used in the study was then described in detail, focusing on the data collection methods and the specific survey method applied. This was followed by a discussion on the obstacles that were experienced during the collection of data.

Lastly, the data analysis methods that were used to analyse the data were discussed in detail as well as the various statistical methods applied to analyse the data.

In the following chapter, Chapter 5, the results of the study will be reported, interpreted and integrated.

## CHAPTER 5: RESULTS OF THE EMPIRICAL STUDY

### 5.1 INTRODUCTION

The aim of this chapter is to discuss the statistical results of the study, focusing specifically on depicting and interpreting the results obtained from the statistical procedures described in Chapter 4. The statistical results will be reported in terms of descriptive and inferential statistics, after which a discussion will be conducted to show how the statistics facilitated the attainment of the objectives of the study.

This study set out to determine the effect of employment equity legislation on the psychological contract of employees working in a tertiary institution. Specifically, this study had the following objectives: to determine the effect of employment equity legislation and practices at a tertiary institution on employees' psychological relationship with their employer, and to ascertain whether such an effect has been positive or negative.

Furthermore, the study aimed to describe the state of the existing psychological contract among employees working at a tertiary institution and to determine the relationship between the psychological contract and the effect of employment equity legislation and practices on it. The study also set out to compare the three social groupings in South African labour relations (white males, Africans and a group consisting of white females, coloureds and Indians) in terms of the effect of employment equity and their perceptions of its effect on the psychological contract.

Lastly, the study aimed to establish whether there is a significant relationship between the perceptions of employees about the effect of employment equity and their intention to leave the institution.

All of these objectives were met through the use of statistical methods.

Before the descriptive and inferential statistics are discussed and interpreted later in this chapter, the data reduction that was done using factor analysis will be discussed.

## 5.2 RESULTS

### 5.2.1 Data reduction: factor analysis

A simple principal components analysis was carried out on the following constructs: employer obligations, employee obligations, the emotions of the psychological contract, the overall state of the psychological contract, the intention to leave, the effect of employment equity on the employment relationship and the experience of affirmative action policies.

For the employer obligations (ERO), an analysis of the eigenvalues ( $> 1.00$ ) and scree plot indicated that one factor could be extracted, which explained 54.899% of the total variance. This was also achieved with employee obligations (EEO), where an analysis of the eigenvalues ( $> 1.00$ ) and scree plot also indicated that one factor could be extracted, which explained 48.809% of the total variance. With reference to the emotions of the psychological contract (EPC), once again an analysis of the eigenvalues ( $> 1.00$ ) and scree plot indicated that one factor could be extracted, which explained 65.634% of the total variance. Some of the items (items 33 ["I feel angry"], 35 ["I feel violated"] and 36 ["I feel disappointed"]) were reversed, owing to the negative effect of the items and in order to keep the scales similar.

For the overall state of the psychological contract (OSPC), once again an analysis of the eigenvalues ( $> 1.00$ ) and scree plot indicated that one factor could be extracted, which explained 64.646% of the total variance. With regard to the effect of employment equity practices on the employment relationship (EE), an analysis of the eigenvalues ( $> 1.00$ ) and scree plot again indicated that one factor could be extracted, which explained 60,868% of the total variance.

With reference to the perceptions regarding affirmative action (AA), an analysis of the eigenvalues ( $> 1.00$ ) and scree plot once more indicated that one factor could be extracted, which explained 38.357% of the total variance. In this case, yet again, some of the items (items 59 [“I believe that affirmative action appointments have a negative influence on productivity within my organisation”], 63 [“I unfair discrimination against me in my organisation”] and 65 [“I believe that employees from designated groups experience special treatment from management”]) were reversed, owing to the negative effect of the items and in order to keep the scales similar. The factor analysis was successful for the above-mentioned factors, since the loadings of the factors were higher than 0.40.

Factor analysis was not performed on the three items relating to intention to leave the organisation (ITL) (items 45 [“How likely is it that you will actively look for a new job in the next year?”], 46 [“I often think about quitting”] and 47 [“I will probably look for a new job in the next year”]), as these are the only three items in which the scales differ.

Factor analysis was also not performed on the two items relating to employment equity and affirmative action (EE/AA) (items 57 [“To my knowledge my organisation has an employment equity and/or affirmative action policy”] and 58 [“To my knowledge, my organisation actively carries out equal opportunity practices in the workplace such as affirmative action and/or employment equity policies”]), because the scales of these two items differ from the other items relating to employment equity.

All of the six factors mentioned above have a Cronbach’s alpha coefficient higher than the guideline of  $\alpha > 0.70$  (Wells & Wollack, 2003:5). In the following section the descriptive statistics that were performed will be described.

### **5.2.2 Descriptive statistics**

Descriptive statistics provide summaries of data and their purpose is to provide an overall, coherent and straightforward picture of a large amount of data (Struwig &



Stead, 2004:158). Table 5.1 shows the descriptive statistics and the Cronbach's alpha coefficients for the factors described in section 4.2.1 above.

**Table 5.1: Descriptive statistics and Cronbach's alpha coefficients (n = 339)**

	<u>Mean</u>	<u>Standard deviation</u>	<u>Skewness</u>	<u>Kurtosis</u>	<u>Cronbach's Alpha</u>
<b>ERO</b>	2.454	1.240	-0.178	-0.787	0.940
<b>EEO</b>	3.950	0.895	-2.056	5.819	0.912
<b>EPC</b>	3.016	0.435	-0.232	3.652	0.906
<b>OSPC</b>	2.876	1.066	-0.003	-0.877	0.906
<b>EE</b>	3.018	1.144	-0.219	-1.070	0.919
<b>AA</b>	2.975	0.702	-0.004	0.147	0.727
<b>ITL item 45</b>	2.010	1.091	0.709	-0.842	
<b>ITL item 46</b>	3.450	2.095	0.336	-1.315	
<b>ITL item 47</b>	3.270	2.179	0.449	-1.297	
<b>EE/AA item 57</b>	1.160	0.503	3.157	8.519	
<b>EE/AA item 58</b>	1.400	0.656	1.407	0.690	

The mean for employer obligations (ERO) was found to be 2.454, which means that, on average, the participants indicated that their employer kept the promises made to them only a little, in other words the promises were only half-kept. In the case of employee obligations (EEO), the mean is 3.950, which indicates that, on average, the participants felt that they had largely kept the promises that they had made to their employer.

The mean for emotions of the psychological contract (EPC) is 3.016 and this means that the participants felt, on average, neutral emotions regarding the extent to which their organisation had kept the promises made to them.

With regard to the overall state of the psychological contract (OSPC), the mean is 2.876, which indicates that the participants felt neutral about the overall state of their employment relationship. In the cases of ERO, EEO, EPC and OSPC, the scale in the questionnaire ranged from 1 to 5.

In the case of the effect of employment equity practices on the employment relationship (EE), the mean was found to be 3.018. This means that, on average, the participants responded that employment equity practices only had somewhat of an effect on their employment relationship. In this case participants were also asked to indicate whether the influence of employment equity practices on their employment relationship was positive or negative (see Annexure A, items 48-56).

The following table sets out the frequency of participants' answers relating to whether employment equity affected their employment relationship in a positive or negative way.

**Table 5.2: Frequency distribution of whether employment equity practises either have a positive or negative effect on the employment relationship (n = 339)**

	<u>Frequency</u>	<u>Percentage %</u>
<b>48. Your future earning potential</b>		
<i>Positive</i>	42	12.4
<i>Negative</i>	86	25.4
Unanswered	211	62.2
TOTAL	339	100
<b>49. Your current reward and remuneration</b>		
<i>Positive</i>	47	13.9
<i>Negative</i>	77	22.7
Unanswered	215	63.4
TOTAL	339	100
<b>50. Your current training and development opportunities</b>		
<i>Positive</i>	65	19.2
<i>Negative</i>	45	13.3
Unanswered	229	67.6
TOTAL	339	100
<b>51. Recognition and reward for your performance</b>		
<i>Positive</i>	36	10.6
<i>Negative</i>	81	23.9
Unanswered	222	65.5
TOTAL	339	100
<b>52. Your assignment to challenging work in line with your skill and ability</b>		
<i>Positive</i>	49	14.5
<i>Negative</i>	64	18.9
Unanswered	226	66.7
TOTAL	339	100

<b>53. Your job satisfaction</b>		
<i>Positive</i>	58	17.1
<i>Negative</i>	62	13.8
Unanswered	219	64.6
<b>TOTAL</b>	<b>339</b>	<b>100</b>
<b>54. Your working relationship with colleagues</b>		
<i>Positive</i>	82	24.2
<i>Negative</i>	48	14.2
Unanswered	209	61.7
<b>TOTAL</b>	<b>339</b>	<b>100</b>
<b>55. The company's organisational culture</b>		
<i>Positive</i>	45	13.3
<i>Negative</i>	83	24.5
Unanswered	211	62.2
<b>TOTAL</b>	<b>339</b>	<b>100</b>
<b>56. The honesty of your senior management</b>		
<i>Positive</i>	38	11.2
<i>Negative</i>	80	23.6
Unanswered	221	65.2
<b>TOTAL</b>	<b>339</b>	<b>100</b>

An inspection of Table 5.2 indicates that, in the cases of items 48, 49, 51, 52, 55 and 56, the participants' answers are skewed towards the negative side. On the other hand, in the cases of items 50 and 54, the participants' answers are skewed towards the positive side. In the case of item 53, the participants' answers are more or less equally distributed between negative and positive. It is thus clear from Table 5.2 that there are a large number of unanswered items, and this is probably because of the sensitive nature of these questions. Accordingly, some participants decided not to choose between positive or negative.

The perceptions relating to affirmative action (AA) have a mean value of 2.975, which indicates that participants on average felt neutral about affirmative action and its influence on their employment situation. In the cases of EE and AA, the scale in the questionnaire also ranged from 1 to 5.

The items relating to employment equity and affirmative action (EE/AA) produced the following means:

- Item 57 [“To my knowledge my organisation has an Employment Equity and/or affirmative action policy”] has a mean of 1.16, which shows that participants on average did not think their organisation had an affirmative action policy.
- Item 58 [“To my knowledge, my organisation actively carries out equal opportunity practices in the workplace such as affirmative action and/or employment equity policies”] has a mean of 1.40, which indicates that on average the participants did not know if their organisation carried out equal opportunity practices in the workplace.

The items relating to intention to leave the organisation (ITL) produced the following means:

- Item 45 [“How likely is it that you will actively look for a new job in the next year?”] has a mean of 2.01 which indicates that the participants on average deemed it to be somewhat likely for them to look for a new job in the next year.
- Item 46 [“I often think about quitting”] has a mean of 3.45 and this indicates that the participants on average slightly disagreed with the statement on them often thinking about quitting.
- Item 47 [“I will probably look for a new job in the next year”]) has a mean of 3.27, which indicates that the participants on average slightly disagreed with the statement that they would actively look for a new job in the next year.

The standard deviations for all factors and items are relatively low, which indicates high internal consistency (Strydom, 2009:28). All of the six factors produced a Cronbach’s alpha coefficient higher than the guideline of  $\alpha > 0.70$  (Wells & Wollack, 2003:5).

This section summarised the descriptive statistics that were performed in the study, focusing on the means that were produced for each construct, as this indicates the answer that the participants on average chose as their opinion or feeling. The subsequent segment will describe the inferential statistics that were performed,

specifically examining the correlations, ANOVAs and MANOVAs that were conducted.

### 5.2.3 Inferential statistics

Inferential statistics help the researcher to make decisions about the data, for instance regarding the significance of differences and/or correlations between certain groups in an experiment (Leedy & Ormrod, 2010:31). In other words, this type of statistic entails using a small sample from a population and then estimating the features of the larger population from which the sample has been drawn. Thus, the characteristics of a population can be generalised from inferential statistics.

The first type of inferential statistics that was performed is the Pearson product-moment correlation. This was done in order to determine correlations between the variables.

Table 5.3 sets out the Pearson product-moment correlation coefficients between the factors.

**Table 5.3: Correlation coefficients between factors**

	ERO	EEO	EPC	OSPC	EE	AA	ITL item 45	ITL item 46	ITL item 47	EE/AA item 57	EE/AA item 58
ERO	-										
EEO	0.338*	-									
EPC	0.008	0.047	-								
OSPC	0.681**	0.160*	-0.065*	-							
EE	-0.142*	-0.114*	0.219*	-0.213*	-						
AA	0.398*	0.194*	-0.187*	0.468*	-0.243*	-					
ITL item 45	-0.196*	0.078*	0.040	-0.309*	0.187*	-0.092*	-				
ITL item 46	-0.356**	-0.109	0.110*	-0.514**	0.258*	-0.356**	0.440*	-			
ITL item 47	-0.287*	-0.009	0.081*	-0.421**	0.161*	-0.231*	0.780**	0.635**	-		
EE/AA item 57	-0.161*	0.024	-0.055*	-0.181*	-0.030	-0.010	0.070*	0.090*	0.084*	-	
EE/AA item 58	-0.275*	-0.028	-0.017	-0.211*	-0.036*	-0.069*	0.194*	0.194*	0.223*	0.324*	-

\* Statistically significant correlation:  $p > 0.05$   
 +Practically significant correlation:  $r > 0.30$  (medium effect)  
 ++Practically significant correlation:  $r > 0.50$  (large effect)

An inspection of Table 5.3 shows that employer obligations (ERO) has a practically significant correlation (medium effect) with employee obligations (EEO), affirmative action (AA) and item 46, relating to intention to leave (ITL), as well as a practically significant correlation (large effect) with overall state of the psychological contract (OSPC).

Table 5.3 further indicates that OSPC has a practically significant correlation (medium effect) with AA, item 45 relating to ITL and also item 47 relating to ITL. Moreover, AA shows a practically significant correlation (medium effect) with item 46 relating to ITL. Item 45 relating to ITL and also item 46 relating to ITL indicate a practically significant correlation (large effect) with item 47 relating to ITL.

The second type of inferential statistics that was conducted was the analysis of variance (ANOVA). The ANOVA was used to look for differences among means by comparing the variances both within and across groups (Leedy & Ormrod, 2010:282). The ANOVA was specifically performed to examine whether there were significant differences in the responses of participants of the different designated groups with regard to the factors indicated in Table 5.4.

The results of the ANOVA analysis are provided in Table 5.4 below.

**Table 5.4: ANOVA – differences between groups**

Factors	df	F	p
Employer Obligations (ERO)	3	0.591	0.621
Employee Obligations (EEO)	3	0.921	0.431
Emotions of the Psychological Contract (EPC)	3	0.678	0.566
Overall State of the Psychological Contract (OSPC)	3	0.506	0.678
Employment Equity (EE)	3	0.850	0.469
Affirmative Action (AA)	3	80.652	0.000
Intention to Leave (ITL item 45)	3	70.276	0.000
Intention to Leave (ITL item 46)	3	0.834	0.476
Intention to Leave (ITL item 47)	3	30.608	0.014
Employment Equity/Affirmative Action (EE/AA item 57)	3	70.559	0.000
Employment Equity/Affirmative Action (EE/AA item 58)	3	50.038	0.002

**Note:** \* Statistically significant difference ( $p < 0.01$ )

An examination of Table 5.4 shows that there were significant differences between the different designated groups' responses with regard to the following factors: AA ( $p = 0.000$ ); ITL item 45 ["How likely is it that you will actively look for a new job in the next year?"] ( $p = 0.000$ ); EE/AA item 57 ["To my knowledge my organisation has an employment equity and/or affirmative action policy"] ( $p = 0.000$ ); and EE/AA item 58 ["To my knowledge, my organisation actively carries out equal opportunity practices in the workplace such as affirmative action and/or employment equity policies"] ( $p = 0.002$ ).

A summary of the descriptive statistics for these factors, where significant differences among groups were identified, are provided in Table 5.5.

**Table 5.5: Descriptive statistics where significant differences occur**

Factors	Designated group	Mean	Standard deviation
<b>Affirmative Action (AA)</b>	African	3.2619	.56466
	White	2.8598	.67790
	Coloured	3.1429	.97416
	Indian	2.7143	.97938
<b>Intention to Leave (ITL item 45)</b>	African	2.29	1.160
	White	1.75	.964
	Coloured	2.60	1.342
	Indian	2.11	1.054
<b>Employment Equity/Affirmative Action (EE/AA item 57)</b>	African	1.50	.834
	White	1.06	.329
	Coloured	1.20	.447
	Indian	1.22	.667
<b>Employment Equity/Affirmative Action (EE/AA item 58)</b>	African	1.63	.824
	White	1.28	.563
	Coloured	1.20	.447
	Indian	1.67	.707

An inspection of Table 5.5 shows that with regard to AA the responses of all four groupings are on average around 3, which indicates that the responses of all four groups indicate that they were neutral with regard to affirmative action in their organisation.

In the case of ITL item 45 [“How likely is it that you will actively look for a new job in the next year?”], on average Africans, whites and Indians indicated that they were somewhat likely to look for a job in the following year, while coloureds indicated that they were quite likely to look for a job in the next year.

When examining EE/AA item 57 [“To my knowledge my organisation has an Employment Equity and/or affirmative action policy”], on average Africans indicated that they knew that their organisation had an employment equity and/or affirmative action policy; while whites, Indians and coloureds indicated they had knowledge of this as well.

When inspecting EE/AA item 58 [“To my knowledge, my organisation actively carries out equal opportunity practices in the workplace such as affirmative action and/or employment equity policies”], on average Africans and Indians indicated that they knew that their organisation actively carried out equal opportunity practices in the workplace such as affirmative action and/or employment equity policies, while whites and coloureds did not indicate knowledge of this.

The third type of inferential statistical method that was conducted was the MANOVA. The MANOVA is used to ascertain whether group differences occur in more than one dependent variable (Salkind, 2012:190). Specifically, the MANOVA examined the differences between responses with regard to the factors indicated in Table 5.6, when comparing participants in the designated groups in terms of the different genders.

The results of the MANOVA analysis are given in Table 5.6.



**Table 5.6: MANOVA – differences between factors**

<b>Factors</b>	<b>df</b>	<b>F</b>	<b>p</b>
Employer Obligations (ERO)	3	1.390	0.248
Employee Obligations (EEO)	3	0.598	0.617
Emotions of the Psychological Contract (EPC)	3	1.381	0.251
Overall State of the Psychological Contract (OSPC)	3	1.161	0.327
Employment Equity (EE)	3	1.909	0.131
Affirmative Action (AA)	3	1.528	0.210
Intention to Leave (ITL item 45)	3	0.360	0.782
Intention to Leave (ITL item 46)	3	0.658	0.579
Intention to Leave (ITL item 47)	3	1.037	0.378
Employment Equity/Affirmative Action (EE/AA item 57)	3	0.968	0.410
Employment Equity/Affirmative Action (EE/AA item 58)	3	0.319	0.812

**Note:** \* Statistically significant difference ( $p < 0.05$ )

Table 5.6 shows that there are no significant differences in the answers of the different designated groups and genders within the groups with regard to the factors indicated in the table above.

The preceding section provided the empirical results of this study, specifically describing the descriptive and inferential statistical analyses that were carried out to meet the objectives of the study. The question that arises now is what all these statistics really mean in terms of the objectives of the study. The following section will integrate all the above-mentioned results in a discussion, focusing specifically on the study's objectives and their fulfilment.

### 5.3 DISCUSSION

The main purpose of this study was to examine the effect that employment equity legislation has on the psychological contract in a tertiary institution.

The first specific objective of the study was to determine the effect of employment equity legislation and practices at a tertiary institution on employees' psychological relationship with their employer and to ascertain whether such an effect is positive or negative. The results yielded by the measurement instrument revealed that

employment equity legislation and practices do not have a significant effect on employees' psychological contract. This is because employees' responses indicated that employment equity only had somewhat of an influence on their employment relationship and that they, on average, felt neutral about affirmative action policies in their organisation (a tertiary institution).

Participants did, however, indicate in a few instances that employment equity practices influenced their employment relationship in a negative way (see Table 5.2), but responses were not overwhelmingly convincing on the negative side. Participants also indicated that on average they did not think their organisation had an affirmative action policy and did not know if their organisation carried out equal opportunity practices in the workplace. This could be the case, since the application and promotion criteria in an academic context are so exclusive and well known by all people – inside and outside the organisation – that employment equity and affirmative action do not have an impact on the employees' employment relationship or their psychological contract.

The second objective of this study was to describe the state of the existing psychological contract among employees working at a tertiary institution and to determine the relationship between the psychological contract and the effect of employment equity legislation and practices. The state of the psychological contract among employees working at a tertiary institution was found to be on an average level. This finding is due to the fact that, on average, the participants indicated that their employer kept promises made to them only a little, or only half-kept the promises made. However, by contrast, the participants felt that they largely kept the promises that they had made to their employer. Furthermore, they felt neutral about the extent to which their organisation had kept the promises made to them, as well as with regard to the overall state of their employment relationship.

To address the second part of the second objective, it was found that there was a significant relationship between the employees' psychological contract ("employer obligations", "employee obligations" and "overall state of the psychological contract") and affirmative action; but not with employment equity legislation and practices. In addition, no significant relationship was found between the emotions of the

psychological contract, and employment equity or affirmative action. This could be because employees might deem employment equity to be legislation that does not have an impact in their employment relationship, but that affirmative action is the “dreaded” policy that could have an impact on whether their employer kept the promises it made to them.

The third objective of the study was to compare the differences between the three social groupings in a tertiary institution (white males, Africans and a group consisting of white females, coloureds and Indians) with regard to the effect of employment equity and their perceptions of its effects on the psychological contract. The results yielded by the measurement instrument revealed that there was no significant difference between the responses of the three social groupings in a tertiary institution in this regard. There were, however, found to be differences when the responses of the designated groups were examined using ANOVA, especially with regard to participants’ knowledge of whether their organisation had an employment equity and/or affirmative action policy in place. In this case, Africans on average indicated that they knew that their organisation had an employment equity and/or affirmative action policy, while whites, Indians and coloureds indicated they also had knowledge of this. This is interesting as Africans would be the employees who benefit the most from employment equity and affirmative action and this strengthens the research done by Wöcke and Sutherland (2008:532), who found that there is a middle group in South African organisations consisting of white females, coloureds and Indians, who were “not sufficiently White or of the wrong gender to benefit from apartheid and now finds themselves not being Black enough”. In this study the differences were found when the “whites” were males and females together, which was not an objective of the study. When the responses of the designated groups and their genders were examined using MANOVA analysis, no significant differences were found among their answers.

The fourth and final objective of the study was to establish whether there was a significant relationship between the perceptions of employees about the effect of employment equity and their intention to leave the institution. The empirical results of this study found that AA showed a practically significant correlation (medium effect) with item 46 relating to ITL (“I often think about quitting”), but not with the other two

items relating to intention to leave the organisation. Moreover, employment equity legislation and its effect on the employment relationship and, thus, the psychological contract displayed no relationship with any of the items relating to intention to leave the organisation. It can thus be concluded that no significant relationship was established between the perceptions of employees about the effect of employment equity and their intention to leave the institution. This could be because, as discussed previously, employment equity and affirmative action do not play an important role in an academic context.

To summarise, the main purpose of this study was to examine the effect that employment equity legislation has on the psychological contract in a tertiary institution. Subsequently, the empirical research that was performed found that employment equity legislation does not have a significant effect on the psychological contract in a tertiary institution.

## **5.4 CONCLUSION**

This chapter had the purpose of discussing the statistical results of the study, focusing specifically on depicting and interpreting the results obtained from the statistical procedures described in Chapter 4.

Firstly, the statistical results were reported in terms of descriptive statistics and inferential statistics. Secondly, a discussion was conducted to show how the statistics facilitated meeting the objectives of the study. Each of the objectives was addressed individually in the discussion by referring to the statistics that were performed in order to reach the objective.

The main finding of the empirical research was that employment equity legislation does not have a significant effect on the psychological contract in a tertiary institution.

In Chapter 6, the final chapter, the results of the study will be integrated and the conclusions presented.

## **CHAPTER 6: CONCLUSIONS, LIMITATIONS OF THE STUDY AND RECOMMENDATIONS FOR FURTHER RESEARCH**

### **6.1 INTRODUCTION**

This study set out to determine the effect of employment equity legislation on the psychological contract of employees working in a tertiary institution. Specifically, this study had as its objectives to determine the effect of employment equity legislation and practices at a tertiary institution on employees' psychological relationship with their employer, and to ascertain whether such an effect was positive or negative. Furthermore, the study aimed to describe the state of the existing psychological contract among employees working at a tertiary institution and to determine the relationship between the psychological contract and the effect of employment equity legislation and practices. The study also set out to compare the differences between the three social groupings in a tertiary institution (white males, Africans and a group consisting of white females, coloureds and Indians) with regard to the effect of employment equity and their perceptions of its effect on the psychological contract. Lastly, the study aimed to establish whether there is a significant relationship between the perceptions of employees on the effect of employment equity and their intention to leave the institution.

The purpose of this chapter will be to conclude the study and discuss its limitations, as well as to make recommendations for further research.

The following sections will describe the conclusions that were drawn from the literature review and those that were drawn from the empirical research that was conducted. The subsequent sections will also provide the overall outcomes and practical implications of the study. Finally, the limitations that were experienced during the study will be described and recommendations for future research will be discussed.

## **6.2 CONCLUSIONS RELATING TO THE LITERATURE REVIEW**

The first part of this study comprised a detailed literature review to examine all the latest relevant sources of literature on the psychological contract, as well as employment equity legislation and practices in the South African labour relations system.

Chapter 2 focused on the psychological contract and was intended to conceptualise the construct of the psychological contract by investigating what it entails and which elements make up the psychological contract in organisations in order to ascertain whether the psychological contract can be influenced by external factors, such as employment equity legislation and practices.

Chapter 3 focused on the influence of employment equity legislation on the South African labour relations system. The aim of this chapter was to examine employment equity legislation and practices in South Africa in order to understand the extent to which employment relations and the psychological contract can be affected by employment equity legislation.

The literature review found that the psychological contract could indeed be influenced by employment equity legislation and practices in South African workplaces. The literature review set the background for the empirical research that followed in order to determine the effect of employment equity legislation and practices on the psychological contract, specifically in a tertiary institution.

## **6.3 CONCLUSIONS RELATING TO THE EMPIRICAL STUDY**

The study was designed to perform the following four major research tasks:

1. to determine the effect of employment equity legislation and practices at a tertiary institution on employees' psychological relationship with their employer, and to ascertain whether such an effect is positive or negative

2. to describe the state of the existing psychological contract among employees working at a tertiary institution and to determine the relationship between the psychological contract and the effect of employment equity legislation and practices
3. to compare the differences between the three social groupings in a tertiary institution (white males, Africans and a group consisting of white females, coloureds and Indians) with regard to the effect of employment equity and the groupings' perceptions of its effects on the psychological contract
4. to establish whether there is a significant relationship between the perceptions of employees on the effect of employment equity and their intention to leave the institution.

Findings for each of the research objectives that merit discussion will be presented as conclusions.

Objective 1: to determine the effect of employment equity legislation and practices at a tertiary institution on employees' psychological relationship with their employer, and to ascertain whether such an effect is positive or negative

Employment equity legislation and practices do not have a significant effect on employees' psychological contract. This was concluded because employees' responses indicated that employment equity only had somewhat of an influence on their employment relationship and that they, on average, felt neutral about affirmative action policies at their organisation (a tertiary institution). However, in a few instances participants did indicate that employment equity practices influenced their employment relationship in a negative way, but responses were not overwhelmingly convincing on the negative side.

Participants also indicated on average that they did not think their organisation had an affirmative action policy and did not know whether their organisation carried out equal opportunity practices in the workplace. This could be the case, since the application and promotion criteria in an academic context are so exclusive and well

known among all people – inside and outside the organisation – that employment equity and affirmative action do not have an impact on employees' employment relationship and their psychological contract. For example, to apply for a senior lecturer position at the institution where the research was conducted, a candidate requires a Master's degree plus three research outputs. This is well known among all employees and the requirements for all positions are also freely available on the institution's intranet.

Objective 2: to describe the state of the existing psychological contract among employees working at a tertiary institution and to determine the relationship between the psychological contract and the effect of employment equity legislation and practices

The state of the psychological contract among employees working at a tertiary institution was found to be on an average level. This finding results from the fact that, on average, the participants indicated that their employer kept the promises it made to them only a slightly, or that promises were only half-kept. However, by contrast, the participants felt that they had largely kept the promises that they had made to their employer. Furthermore, the participants felt neutral emotions regarding the extent to which their organisation had kept the promises it had made to them; moreover, they felt neutral about the overall state of their employment relationship.

To address the second part of the second objective, it was found that there was a significant relationship between the employees' psychological contract ("Employer Obligations", "Employee Obligations" and "Overall State of the Psychological contract") and affirmative action, but not with employment equity legislation and practices. In addition, no significant relationship was found between the emotions of the psychological contract, and employment equity or affirmative action. This could be because employees might deem employment equity to be legislation that does not have an impact on their employment relationship, but that affirmative action, on the other hand, is a "dreaded" policy that could affect whether the employer kept the promises it made to them.



Objective 3: to compare the differences between the three social groupings in a tertiary institution (white males, Africans and a group consisting of white females, coloureds and Indians) with regard to the effect of employment equity and their perceptions regarding its effects on the psychological contract

No significant difference was found between the responses of the three social groupings in a tertiary institution (white males, Africans and a group consisting of white females, coloureds and Indians) with regard to the effect of employment equity and their perceptions regarding its effect on the psychological contract. However, differences were found when the responses of the different groupings were examined using ANOVA, especially with regard to participants' knowledge of whether their organisation had an employment equity and/or affirmative action policy. In this case, Africans on average indicated that they knew that their organisation had an employment equity and/or affirmative action policy, while whites, Indians and coloureds also indicated that they had knowledge of this. This is interesting, as Africans would be the employees benefiting most from EE and AA; and this strengthens the research done by Wöcke and Sutherland (2008:532), who found that there is a middle group in South African organisations, consisting of white females, coloureds and Indians, who were "not sufficiently White or of the wrong gender to benefit from apartheid and now finds themselves not being Black enough".

In this study differences were found when the "whites" consisted of both males and females, which was not an objective of the study. When the responses of the designated groups and their genders were examined using MANOVA analysis, no significant differences were found among their answers.

Objective 4: to establish whether there is a significant relationship between the perceptions of employees about the effect of employment equity and their intention to leave the institution

No significant relationship was found between the perceptions of employees about the effect of employment equity and their intention to leave the institution. This could be because, as discussed previously, employment equity and affirmative action do not play an important role in an academic context.

To summarise, the main purpose of this study was to examine the effect that employment equity legislation has on the psychological contract in a tertiary institution. Accordingly, the empirical research performed in the study indicated that employment equity legislation does not have a significant effect on the psychological contract in a tertiary institution.

## **6.4 OVERALL OUTCOMES AND PRACTICAL IMPLICATIONS OF THE STUDY**

The overall outcome of the study is that employment equity does not have a significant effect on the psychological contract in a tertiary institution. The preceding discussion indicated that no significant relationship between employees' psychological contract and employment equity legislation and practices was found. Moreover, no significant differences were found between the responses of the three social groupings involved in the study.

The reason for this is probably, as explained previously, because the application and promotion criteria in an academic context are so exclusive and well known among all employees – inside and outside the organisation – that employment equity and affirmative action does not have an impact on employees' employment relationship and their psychological contract. In the financial or the business sector, for example, a white male would be disadvantaged if an organisation were aiming to improve their employment equity targets and wanted to employ an employee from a designated group. In an academic context, however, there are so few people in society who meet the exclusive academic requirements for the position of associate professor, for example, that a white male would probably not be affected by employment equity legislation or the targets that result from it. Similarly, an African woman, who would be in an advantaged position in the financial or the business sector, because she is member of a designated group and would contribute to an organisation's employment equity figures, would not be advantaged in an academic context if she did not meet to the objective exclusive requirements set for positions.

The practical implications of this study are that organisations and their employees should learn from this research and should realise that, when selection and promotion criteria are fair, objective and known to all employees, employment equity legislation and practices do not have an effect on the employees' relationship with their employer and, thus, on the psychological contract. This realisation will lead to a healthier morale and increased productivity.

The following section will examine the limitations of the study.

## **6.5 LIMITATIONS**

This study had several limitations. The first limitation was the fact that the study was performed in one institution only; thus comparison between different tertiary institutions was not possible.

The second limitation was the response rate. Although the response rate was reasonable for survey research, it was still low. Moreover, many of the participants did not fully complete the questionnaire which, as could be seen in the empirical study, led to many unanswered questions. This could be due to the sensitive and controversial nature of employment equity, even though the participants were assured of anonymity.

The third limitation was the fact that no distinction was drawn between academic and administrative positions at the tertiary institution where the research was conducted. It is presumed that the responses of academic employees relating to the effect of employment equity legislation and practices on their employment relationship would probably differ from those of administrative employees – probably because of the different selection criteria and promotion opportunities for these types of position. For instance, as discussed previously, academic employees have “clear-cut” and exclusive requirements for selection and promotion, and would most probably not be strongly influenced by employment equity legislation and practices. On the other hand, administrative personnel would probably be more directly affected by these

practices, as their selection and promotion criteria are not solely based on qualifications and research outputs for example.

The above limitations should be kept in mind when future research in this field is considered. The following section will make recommendations for further research.

## **6.6 RECOMMENDATIONS FOR FURTHER RESEARCH**

The limitations of this study should be kept in mind when further research is considered. It would be beneficial for future researchers to do comparative studies between different tertiary institutions with regard to the effect of employment equity legislation on the psychological contract.

Future research should also compare academic and administrative employees in a tertiary institution in terms of the effect of employment equity legislation on the psychological contract. This could be the main objective of such a study.

Future research could also focus on the differences between smaller groupings of employees, for instance white males and white females, or black people and white people, with regard to the effect of employment equity legislation on the psychological contract.

In addition, when conducting further research the research method could be adjusted. Because employment equity legislation and practices are such sensitive and controversial topics, one might obtain more comprehensive information from qualitative research in the form of one-on-one interviews.

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## ANNEXURE A - QUESTIONNAIRE

Please complete the following instructions as thoroughly and honestly as possible. The information gathered through this questionnaire will be handled with utmost confidentiality.

Age \_\_\_\_\_

Gender

Male  Female

For how long have you been working at this organisation? (Tenure)

\_\_\_\_\_

Academic Qualification/Equivalence

Grade 12 or less  Diploma/certificate  Degree  
 Honours degree  Masters degree  Doctoral degree

The Employment Equity Act 55 of 1998 differentiates between non-designated employees (white males) and designated employees (women, disabled people and/or Black [African, Indian and Coloured] people). Please indicate in which group you fall (You can choose more than one).

African  
 White  
 Coloured  
 Indian

Are you disabled?

Yes     No

Please rate the extent to which you agree or disagree with the following statements by clicking on the appropriate number on the 0 to 5 point scale next to the statement

**EMPLOYER OBLIGATIONS**

Below is a list of some promises and commitments which organisations sometimes make to their employees. For each, consider whether such a promise has been made by this organisation, either formally or informally, and the extent to which it has been fulfilled.

<b>0 = No</b>	<b>1 = Yes, but promise not kept at all</b>	<b>2 = Yes, but promise only kept a little</b>	<b>3 = Yes, promise half-kept</b>	<b>4 = Yes, promise largely kept</b>	<b>5 = Yes, promise fully kept</b>
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	STATEMENT	SCALE					
1	Has your organisation promised or committed itself to provide you with interesting work?	0	1	2	3	4	5
2	Has your organisation promised or committed itself to provide you with a reasonable secure job?	0	1	2	3	4	5
3	Has your organisation promised or committed itself to provide you with good pay for the work you do?	0	1	2	3	4	5
4	Has your organisation promised or committed itself to provide you with a job that is challenging?	0	1	2	3	4	5
5	Has your organisation promised or committed itself to allow you to participate in decision-making?	0	1	2	3	4	5
6	Has your organisation promised or committed itself to provide you with a career?	0	1	2	3	4	5
7	Has your organisation promised or committed itself to provide a good working atmosphere?	0	1	2	3	4	5
8	Has your organisation promised or committed itself to ensure fair treatment by management and supervision?	0	1	2	3	4	5
9	Has your organisation promised or committed itself to be flexible in matching demands of non-work roles with work?	0	1	2	3	4	5



10	Has your organisation promised or committed itself to provide possibilities to work together in a pleasant way?	0	1	2	3	4	5
11	Has your organisation promised or committed itself to provide you with opportunities to advance and grow?	0	1	2	3	4	5
12	Has your organisation promised or committed itself to provide you with a safe working environment?	0	1	2	3	4	5
13	Has your organisation promised or committed itself to improve your future employment prospects?	0	1	2	3	4	5
14	Has your organisation promised or committed itself to provide an environment free from violence and harassment?	0	1	2	3	4	5
15	Has your organisation promised or committed itself to help you deal with problems you encounter outside work?	0	1	2	3	4	5

### EMPLOYEE OBLIGATIONS

The following list consists of some promises and commitments that people sometimes make to their organisation. For each, consider whether you made such a promise to this organisation, either formally or informally, and the extent to which it has been fulfilled.

<b>0 =</b> <b>No</b>	<b>1 =</b> <b>Yes, but promise not kept at all</b>	<b>2 =</b> <b>Yes, but promise only kept a little</b>	<b>3 =</b> <b>Yes, promise half-kept</b>	<b>4 =</b> <b>Yes, promise largely kept</b>	<b>5 =</b> <b>Yes, promise fully kept</b>
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	STATEMENT	SCALE					
16	Have you promised or committed yourself to go to work even if you do not feel particularly well?	0	1	2	3	4	5
17	Have you promised or committed yourself to protect your company's image?	0	1	2	3	4	5
18	Have you promised or committed yourself to show loyalty to your organisation?	0	1	2	3	4	5
19	Have you promised or committed yourself to work overtime or extra hours when required?	0	1	2	3	4	5
20	Have you promised or committed yourself to be polite to customers or the public when they are being rude and unpleasant to you?	0	1	2	3	4	5
21	Have you promised or committed yourself to be a good team player?	0	1	2	3	4	5

22	Have you promised or committed yourself to turn up for work on time?	0	1	2	3	4	5
23	Have you promised or committed yourself to volunteer to do tasks outside your job requirements?	0	1	2	3	4	5
24	Have you promised or committed yourself to develop your skills to be able to perform well in this job?	0	1	2	3	4	5
25	Have you promised or committed yourself to meet the performance expectations in your job?	0	1	2	3	4	5
26	Have you promised or committed yourself to accept an internal transfer if necessary?	0	1	2	3	4	5
27	Have you promised or committed yourself to provide the organisations with innovative suggestions for improvement	0	1	2	3	4	5
28	Have you promised or committed yourself to develop new skills and improve your current skills	0	1	2	3	4	5
29	Have you promised or committed yourself to respect the rules and regulations of the institution?	0	1	2	3	4	5
30	Have you promised or committed yourself to work enthusiastically on jobs you would prefer not to be doing?	0	1	2	3	4	5
31	Have you promised or committed yourself to take responsibility for your career development	0	1	2	3	4	5

Looking overall at how far this organisation has or has not kept its promises and commitments, to what extent do you agree with the following statements?

1 = <i>Strongly disagree</i>	2 = <i>Disagree</i>	3 = <i>Neutral</i>	4 = <i>Agree</i>	5 = <i>Strongly agree</i>
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32	I feel happy	1	2	3	4	5
33	I feel angry	1	2	3	4	5
34	I feel pleased	1	2	3	4	5

35	I feel violated	1	2	3	4	5
36	I feel disappointed	1	2	3	4	5
37	I feel grateful	1	2	3	4	5

Please answer the following statements on the following continuum of five options, with:

1 = <i>Not at all</i>	2 = <i>Slightly</i>	3 = <i>Somewhat</i>	4 = <i>Moderately</i>	5 = <i>To a great extent</i>
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38	Overall, do you feel you are rewarded fairly for the amount of effort you put into your job?	1	2	3	4	5
39	To what extent do you trust senior management to look after your best interests?	1	2	3	4	5
40	Do you feel that organisational changes are implemented fairly in your organisation?	1	2	3	4	5
41	In general, how much do you trust your organisation to keep its promises or commitments to you and other employees?	1	2	3	4	5
42	Do you feel you are fairly paid for the work you do?	1	2	3	4	5
43	To what extent do you trust your immediate manager to look after your best interests?	1	2	3	4	5
44	Do you feel fairly treated by managers and supervisors?	1	2	3	4	5

### INTENTION TO LEAVE

Respond to the statements as indicated; regarding your intention to leave your current organisation:

1 = <i>Not at all likely</i>	2 = <i>Somewhat likely</i>	3 = <i>Quite likely</i>	4 = <i>Extremely likely</i>
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45	How likely is it that you will actively look for a new job in the next year?	1	2	3	4
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<b>1 = Strongly disagree</b>	<b>2 = Disagree</b>	<b>3 = Slightly disagree</b>	<b>4 = Neither agree nor disagree</b>	<b>5 = Slightly agree</b>	<b>6 = Agree</b>	<b>7 = Strongly agree</b>
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46	I often think about quitting	1	2	3	4	5	6	7
47	I will probably look for a new job in the next year	1	2	3	4	5	6	7

### THE EFFECT OF EMPLOYMENT EQUITY PRACTICES ON YOUR EMPLOYMENT RELATIONSHIP

Indicate how employment equity practices such as affirmative action in your organisation have influenced the following areas. Please indicate whether this influence has been positive or negative:

<b>1 = Not at all</b>	<b>2 = Slightly</b>	<b>3 = Somewhat</b>	<b>4 = Moderately</b>	<b>5 = To a great extent</b>
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48	Your future earning potential	1	2	3	4	5	Positive	Negative
49	Your current reward and remuneration	1	2	3	4	5	Positive	Negative
50	Your current training and development opportunities	1	2	3	4	5	Positive	Negative
51	Recognition and reward for your performance	1	2	3	4	5	Positive	Negative
52	Your assignment to challenging work in line with your skill and ability	1	2	3	4	5	Positive	Negative
53	Your job satisfaction	1	2	3	4	5	Positive	Negative
54	Your working relationship with colleagues	1	2	3	4	5	Positive	Negative
55	The company's organisational culture	1	2	3	4	5	Positive	Negative
56	The honesty of your senior management	1	2	3	4	5	Positive	Negative

Please answer the following questions:

1 = No	2 = Yes	3 = Don't know
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57	To my knowledge my organisation has an Employment Equity and/or affirmative action policy	1	2	3
58	To my knowledge, my organisation actively carries out equal opportunity practices in the workplace such as affirmative action and/or employment equity policies?	1	2	3

Indicate the extent to which you agree or disagree with the following statements:

1 = <i>Strongly disagree</i>	2 = <i>Disagree</i>	3 = <i>Neutral</i>	4 = <i>Agree</i>	5 = <i>Strongly agree</i>
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59	I believe that affirmative action appointments have a negative influence on productivity within my organisation	1	2	3	4	5
60	I understand the reasons for affirmative action within my organisation	1	2	3	4	5
61	I support my co-employees that are employed due to our affirmative action policies	1	2	3	4	5
62	I am satisfied with my organisation's affirmative action policy as well as the employment equity policy	1	2	3	4	5
63	I experience unfair discrimination against me in my organisation	1	2	3	4	5
64	I believe that sufficient attention is given to reduce discrimination in my organisation	1	2	3	4	5
65	I believe that employees from designated groups experience special treatment from management	1	2	3	4	5

## ANNEXURE B – INFORMED CONSENT FORM

### Informed consent for participation in an academic research study

#### Dept. of Human Resource Management

#### THE EFFECT OF EMPLOYMENT EQUITY LEGISLATION ON THE PSYCHOLOGICAL CONTRACT IN A TERTIARY INSTITUTION

Research conducted by:

Mrs. A.M. Snyman  
Cell: 084 207 9272

Dear Respondent

You are invited to participate in an academic research study conducted by Annette Snyman, a Masters student from the Department of Human Resource Management at the University of Pretoria.

The purpose of the study is to determine what effect employment equity legislation and practices has on the psychological contract in a tertiary institution.

Please note the following: This study involves an anonymous survey. Your name will not appear on the questionnaire and the answers you give will be treated as strictly confidential. You cannot be identified in person based on the answers you give.

- Your participation in this study is very important to us. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.
- Please answer the questions in the attached questionnaire as completely and honestly as possible. This should not take more than 15 minutes of your time.
- The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of our findings on request.
- The data obtained in this research could be used in future academic research projects.
- Please contact my supervisor, Dr. B. Linde (email: Bennie.Linde@nwu.ac.za]; telephone number: 018 299 1427) if you have any questions or comments regarding the study.

Please sign the form to indicate that:

- You have read and understand the information provided above.
- You give your consent to participate in the study on a voluntary basis.

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Respondent's signature

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Date