MANAGERS' AWARENESS OF LOWER ECHELON EMPLOYEES' PERCEPTIONS OF THE PSYCHOLOGICAL CONTRACT

by

ISE-LU MÖLLER

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Supervisor: Prof S.M. Nkomo

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Managers' awareness of lower-echelon employees' perceptions of the psychological contract

DECLARATION

I, Ise-Lu Möller, declare that this thesis entitled 'Manager's awareness of lower echelon employees' perceptions of the psychological contract' is my own original work in respect of both content and execution. All the resources used for this study are cited and referred to in the reference list by way of a comprehensive referencing system. Apart from the normal guidance offered by my study leaders, I have received no assistance, except as stated in the acknowledgements.

I declare that the content of this thesis has never been used before for the purpose of obtaining any qualification at any tertiary institution.

I, Ise-Lu Möller, declare that the language in this thesis was edited by Rika Opper.

Date:

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Ise-Lu Möller

ABSTRACT

MANAGERS' AWARENESS OF LOWER-ECHELON EMPLOYEES' PERCEPTIONS OF THE PSYCHOLOGICAL CONTRACT

by

Ise-Lu Möller

SUPERVISOR: Prof. Stella Nkomo

DEPARTMENT: Human Resource Management

DEGREE: MCom Industrial Psychology

Lower level workers, earning on a low salary band and with limited formal education, form the largest part of the South African workforce today. Organisations are to an extent dependent on these workers, since they provide organisations with readily available and affordable labour as well as perform essential jobs at the 'bottom of the hierarchy'. Lower-echelon workers, as they are referred to in this study, should therefore be regarded as valuable human resources by their employers as they are essential to the business' success. Organisations should see it as vital to be aware of and understand the needs of these employees. The needs and expectations of lower-echelon employees as well as what they are willing to do for the organisation, are enclosed in the phenomenon called the "psychological contract". In as much as it is true that organisations should be aware of it, literature searches revealed that little research had been previously conducted on specifically lower-echelon employees and their psychological contracts.

An understanding of the psychological contract is crucial in defining the nature of the relationship between organisations and their employees. This can eliminate incorrect interpretations of tasks, increase job performance, reduce workforce turnover and increase job satisfaction for both management and lower-echelon workers.

The purpose of this study was to determine and understand the content of the psychological contract from the perspective of lower-echelon employees and to determine what managers believe its content to be. Specifically the lower-echelon employees'

expectations from and perceived obligations towards their organisation were assessed in relation to what their managers believe their expectations and obligations to be.

A qualitative study was conducted with focus groups being conducted with lower-echelon employee participants and individual interviews with managers. A qualitative research design allowed the researcher to gain an in-depth understanding of the psychological contract content of lower-echelon employees and to what extent their managers are aware of that content.

A representative sample of lower-echelon employees consisted of 18 employees working in the hospitality industry. These participants participated in three similar focus groups held at different time intervals. Also, a purposefully selected sample of five managers who had a working relationship with the lower-echelon employees, partook in individual semi-structured interviews. Both the focus groups and interviews were digitally recorded and transcribed and coded as themes emerged.

The results indicated that managers do not have a thorough understanding of the psychological contract content as it pertains specifically to lower-echelon employees. A discrepancy was found in the expectations and obligations of lower-echelon employees and what managers perceive it to be. Further incongruity was found in respect of how management rank the level of importance that these lower-level workers attach to the elements of their psychological contracts. Managers assume that money is the main expectation and driving factor behind their psychological contract agreement with the organisation. This was disproved by the findings of this study. It was moreover revealed that managers totally underestimate the value that employees attach to recognition and acknowledgement. Managers also seem to expect less from employees than what these employees are willing to do for the organisation.

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1 CHAPTER 1 INTRODUCTION

1.1 BACKGROUND

Mary Ngcobo is the single mother of two children and works as a cleaner and tea lady at a well-known hotel in the city. She works six days a week. After leaving her two children with a friend, she starts a two-hour journey to arrive at work by 07:30. She works until 20:00 and then travels back home. According to the organisation's human resource manager, Mary is more than content with her working situation and does what is expected of her at a satisfactory level. She receives overtime pay and ten days' leave per year. The organisation should not demand much more from her, but could she perhaps expect more from the organisation? Truth be told, no one in management has ever investigated Mary's situation in more depth.

Mary is categorised as a lower-echelon employee (sometimes referred to as a low-wage employee) and it is proposed that this group of employees is often largely understudied. Khatri (2009:4) touches on this issue by stating that when the power distance between management and subordinates is not narrowed, it becomes increasingly difficult for lower-echelon employees to make themselves heard.

The exploitation of workers at lower-echelon levels is a phenomenon that has also been explored by critical management studies. In an era of global competitive business, the focus of management is predictably on increasing profit. This should not be the norm for management (Adler, Forbes & Willmott, 2007) as it presents the risk of mismanagement of workers at the lower rungs.

The lack of desired outcomes when organisations invest in motivational or performance-enhancing strategies can be attributed to the fact that managers 'simply do not understand' what it is that fulfils the expectations of employees. While management believes that business

goals are achieved by growing the organisations' employees, in this case specifically lower-level employees want to grow with the organisation and understand how they are valued in the process of achieving these goals (Arnolds & Venter, 2007:15). These employees value factors such as skills development opportunities, being recognized, visibility and responsibility, competitive compensation and benefits, etc. (Delany & Turvey, 2004), but it is suggested that managers are not aware of these expectations or perceive them differently (Arnolds & Venter, 2007).

Management of the modern firm is guided by profit as the business bottom line, rather than by the interests of the employees and human development. The satisfaction and well-being of employees are classified under employee welfare (Walsh, Weber & Margolis, 2003:861). Significant statistics provided in the *Academy Management Journal* highlighted a decrease from 32% to 19% in the amount of research addressing employee welfare between 1978 and 1999, while a significant increase in performance-focused research (productivity, profit creation, etc.) was noted in the same period (Walsh *et al.*, 2003:862). It is argued that when research shows a decline in interest in and focus on the welfare of employees, organisations and management are in practice also neglecting their awareness of employee satisfaction and well-being. Employees experience job satisfaction when, amongst other factors, the hope that their expectations will be met in the employment relationship is fulfilled (Schein, 2010 and Tsui, Lin & Yu, 2013:444). Such expectations regarding the working relationship with an organisation are referred to as the psychological contract (Del Campo, 2007; Herriot, Kidd & Manning, 1997; Robinson, 1996; Rosseau, 1989; Schein, 2010; Tsui, Lin & Yu, 2013).

Psychological contracts are (as will be explained later) conceptualised in the minds of the beholders and are therefore not the same for all employees and employers involved in working relationships (Rosseau, 1990:391). One particular employee group, the lower-echelon employees, is specifically relevant to this study since very little is known about their psychological contracts with the organisation. This study examines the possible discrepancy between the way in which managers and lower-echelon employees view the content of their psychological contracts. In other words, an attempt is made to determine whether a gap exists between lower-echelon employees' expectations (Freese & Schalk, 2008:279) and what they are willing to do for the organisation, and their managers' perceptions of what they expect and what can be expected of them. Maintaining ignorance regarding this issue may

constitute passive engagement in injustice (Adler & Jermier, 2005:942).An understanding of what employees desire and expect from the employment relationship will contribute greatly to managers' success rate in recruiting and retaining employees and eliciting optimal performance from them (Lester & Kickul, 2001:11).

An in-depth search has revealed that little previous research had been conducted on the topic of managers' awareness of the psychological contract content of lower-echelon employees in particular. Although between 2005 and 2013 research was conducted on psychological contracts in the South African context with specific samples, these did not include lower-echelon employees. The populations that were researched in terms of the psychological contract included samples consisting of administrative employees in government departments, contingent workers, merging universities' employees, male managers, middle managers and consultants (Lee & Faller, 2005; Freese & Schalk, 2008; Maharaj, Ortlepp & Stacey, 2008; Wöcke & Sutherland, 2008; Botha & Moalusi, 2010; Havemann, 2011). None of these samples represented employees in the lower echelons.

In literature containing notable information relating to the South African context that dates back to 1987, Beaty and Harari (1987:98) discuss the incongruity between the perceptions of white managers and black lower-level employees in South Africa against the backdrop of apartheid. Although one might deem this information to be irrelevant and outdated, some of the issues aired by the lower-level employees are still true and pertinent in the South-African world of work today. This assertion is supported by the following quotation: *'We* (lower-echelon black employees) *are expected to behave as though we can only perform simple tasks. We are not encouraged to take initiative…"*(Beaty & Harari, 1987:98). It is therefore possible that different groups of employees could have different expectations regarding the work relationship, and these differences should be considered when any organisational matters are addressed (Chrobot-Mason, 2003:39).

This research examines the psychological contracts of lower-echelon employees and the extent to which managers are aware of the content of those contracts. In order to achieve this, the researcher had to develop an understanding of the situational existence of an understudied group of employees and the fact that they too have a psychological contract with their organisations. The review of the existing literature provided a better understanding

and a relevant definition of the concept psychological contract. As an initial platform for understanding the psychological contract, it is important to note that different measures of this contract exist, namely feature-, evaluation- and content-oriented measures. This study focused on the content-oriented measures and the researcher also reviewed elements of the psychological contract, as depicted in literature that was reviewed. The implicitness, reciprocity and dynamic nature of the psychological contract provided an important foundation to understanding and further investigating the psychological contract of lower-echelon employees.

It was also important for the researcher to understand that workers' motivation entails 'beyond payday' expectations, and that the research focus indicates a bias in favour of higher-level employees in organisations. This is also indicative of the urgent need to shed some light on the expectations of lower-echelon employees in organisations. The following section explains why organisations would want to heed the psychological contract in order to maintain increased employee commitment and productivity.

1.2 PROBLEM STATEMENT

The performance and productivity levels of lower-echelon employees are of critical importance to organisations, and in order to increase and maintain these levels the non-violation of the psychological contract is imperative, as also explained in Section 2.3 of this document. However, the possibility exists that – particularly in South Africa – managers are often unaware of, or overlook the fact that there may be differences between their own views and the way in which these employees value and prioritise expectations and psychological contract content. The problem that arises is that managers who are not fully aware of the content or importance of elements of the lower-echelon employees' psychological contract may act on their own assumptions in this regard. Lower-echelon employees may be able to make an even more valuable contribution to their organisations if managers are aware of and pay attention to the specific content elements of the psychological contracts these employees have with the organisation, but to date very little research has been done about employees in this organisational level in South Africa.

1.3   PURPOSE STATEMENT

The aim of this study was first and foremost to determine and understand the content of the psychological contract from the perspective of lower-echelon employees and to find out what managers believe this content to be (i.e. the content of employees' psychological contracts). For this purpose a qualitative research study was undertaken.

It is important to note that this study focuses on understanding the content of the psychological contract of lower-echelon employees and the managers' perceptions of what this contract entails. The purpose is not to determine the level or degree of fulfilment of this contract by the organisation, or the employees' perceptions of the level or degree of fulfilment of this contract. Therefore the research does not address feature-oriented measures (comparing the contract to a specific attribute that describes it, referring to the type of psychological contract) or evaluation-oriented measures (measuring the degree of fulfilment) of the psychological contract.

1.4   RESEARCH QUESTIONS

The research focused on the following questions:

- What is the content of the psychological contract from the perspective of lower-echelon employees? In other words, what do they expect from the organisation, and what are they willing to do for the organisation?
- What do managers believe lower-echelon employees expect in terms of the psychological contract?
- Is there a difference between the viewpoints of managers and of lower-echelon employees regarding the latter's psychological contract?

1.5   METHODOLOGY OVERVIEW

A qualitative study was conducted with focus groups being conducted with lower-echelon employee participants and individual interviews with managers. A qualitative research design allowed the researcher to gain an in-depth understanding of the psychological contract

content of lower-echelon employees and to what extent their managers are aware of that content.

A representative sample of lower-echelon employees consisted of 18 employees working in the hospitality industry. These participants participated in three similar focus groups held at different time intervals. A focus group discussion guide was used to allow the employees' psychological content to emerge from the discussions.

A purposefully selected sample of five managers who had a working relationship with the lower-echelon employees, partook in individual semi-structured interviews. Interview guides were used for these sessions and questions were designed to facilitate an in-depth exploration of the management's perceptions. Both the focus groups and interviews were digitally recorded and transcribed.

Data-coding was used to identify a summary of the key points and themes that emerged from the transcripts of the study. Themes and patterns of phenomena and surfacing categories – in the case of this study these were the expectations and obligations as part of the psychological contract content from both lower-echelon employees and managers – were identified. Importance ranking of these elements were also done by determining the groundedness of each element based on its frequency of occurrence in the focus-group and interview discussions. This provided the researcher with comparable data that could be used to answer the research questions.

1.6   CONTEXT AND UNITS OF ANALYSIS

Since the study sought to determine the extent to which management is aware of the content of the psychological contract of lower-echelon employees, the managers of an identified organisation as a group were studied as one of the units of analysis, while the other unit of analysis consisted of lower-echelon employees of the same organisation as a group.

1.7 IMPORTANCE AND SIGNIFICANCE OF THE STUDY

From an academic perspective (as also discussed briefly in Section 1), the results of this study make a valuable contribution to the existing body of knowledge relating to lower-echelon employees. Familiar arguments suggest that research should assist firms to improve their performance. This study addressed the workplace situation starting at the bottom – with a generally understudied group of workers – and provides knowledge that creates awareness of their expectations. This research took an alternative perspective – that of lower-echelon employees – and then examined the extent to which management shows awareness of that perspective. (Adler & Jermier, 2005:943). Del Campo (2007:436) suggests that psychological contract research will benefit managers and organisations in the sense that it will enable them to adapt their interactions with employees in ways that will guarantee fruitful outcomes.

Furthermore, the results of this study make a contribution by creating awareness of the psychological contract content of lower-echelon employees, which might lead to increased employee morale and therefore productivity. This contributes in that it can lead to improvements in respect of both the situation of the understudied group of employees and the business bottom line. While the relevant literature generally focuses on management and excludes 'the view from the bottom', and it is evident that research on the performance of organisation increases while research on employee welfare lags behind (Walsh *et al.,* 2003:861), this study addressed the underexplored expectations of lower-echelon employees. The issue of the bias in focus at management levels in organisation research is further discussed in the literature review section of this document. In practice, the knowledge gained through this research should assist and be of value to managements that desire better performance from lower-echelon employees.

1.8 DELIMITATIONS

Context and sampling
The study was limited to the context of a hospitality organisation where the workforce included employees earning on a low salary band in a hotel and restaurant setup. As such, the study only considered the role of the managers that were directly in charge of these employees and did not include, for example, financial or marketing managers. The

results are therefore limited to lower-echelon employees and managers in this specific industry and cannot be generalised across all lower-echelon workers with guaranteed reliability and validity.

This study deals with the psychological contract content of lower-echelon employees, and how this is perceived by the managers. It does not take into consideration the managers' psychological contract with the organisation (i.e. their mutual expectations and obligations in respect of their own employment relationship).

As will become clear in the literature section which follows, the psychological contract refers to both expectations and perceived obligations. In this instance, the researcher aims to answer the questions: 'What is it that lower-echelon employees want or expect from their working relationship with the organisation?' and 'What do managers think they expect or want from the working relationship?' In order to answer these questions, the implicit expectations of lower-echelon employees and their managers' perceptions of those expectations will be analysed in more detail. However, the perceived obligations of these employees (i.e. what they believe they owe their organisation), and the managers' perceptions thereof, will also be presented as comparable results.

The study also did not consider organisations operating in a strictly corporate office environment. The relevant employees were studied as one group and no further differentiation was made on the basis of other diversity aspects such as race or gender.

Constructs

Rosseau & Tijoriwala (1998) identified the three main measures of the psychological contract as feature-, content- and evaluation-oriented measures. Feature measures are concerned with determining the characteristics and attributes of the psychological contract (for example its implicit or explicit, transactional or relational, short- or long-term static or dynamic, certain or uncertain, written or unwritten nature, etc.). Evaluation measures assess the degree of fulfilment, change or violation experienced within the context of the contract (Rosseau & Tijoriwala, 1998:690; Freese & Schalk, 2008:270).

The study focused on the dissonance in the content (i.e. the specific terms and elements) of the psychological contract between management and lower-echelon employees. The only assessment measure that was focused on is the measure of the content of the psychological contract. As mentioned earlier, this study did not consider the feature-and the evaluation-oriented measures of the psychological contract.

Freese and Schalk (2008:272) also rule out feature-oriented measures as a measure of psychological contracts, and suggest focusing on content and evaluation measures (which fall outside the scope of this study)as a better means of exploring the psychological contract.

1.9   ASSUMPTIONS

Leedy and Ormrod (2005:5) define an assumption as 'a condition that is taken for granted'. This research study was based on the following assumptions:

- That chosen participants will be willing and capable to supply the information required for this study
- That the sample drawn will be sufficiently representative of the target population
- That focus group and interview guides will be of good quality, valid and reliable

1.10 DEFINITION OF KEY TERMS

The definitions of the key concepts used in this study are discussed below.

Manager: For the purpose of this study, a manager will be defined as the appointed manager in an organisation, or the manager who is superior to a group of employees and is responsible for overseeing the duties and welfare of those employees. In this study, managers are the representative agents of the organisation.

Lower-echelon employees: Echelon is defined as a level in an organisation and refers to a level of authority or responsibility in terms of the job grade. Lower-echelon employees will therefore, for the purpose of this research, be classified as non-managerial and non-professional staff, generally not having formal education and earning on a low salary band. In

the example used in the opening paragraph, the employee Mary would therefore be a sound example of the definition of the target population that this research will address.

Needs and expectations: For the purpose of this study, the needs of employees encompass those material (transactional) and emotional (relational) needs of employees which need to be satisfied if they are to perform optimally in their jobs. Expectations are the transactional and relational aspects that employees implicitly expect to receive from their organisations without necessarily having to verbalise them or having them in print.

Psychological contract: For the purpose of this study, the psychological contract is the unwritten work agreement and the sum of the mutual work expectations. This study focuses more specifically on the psychological contracts of lower-echelon employees than on those of higher job-level employees and management.

The methodology followed for this research is discussed in Chapter 3 of this document, and Chapter 4 contains the results of the data collection. A discussion and contextualising of findings in terms of previous literature follow in Chapter 5, and the major conclusions of the study and its contributions to current topics are presented in Chapter 6.

2   CHAPTER 2 LITERATURE REVIEW

2.1   INTRODUCTION

The psychological contract applies to more fields than human resource management and has become core to the understanding and optimisation of human resources in organisations. It is therefore important to understand how this contract relates to employees at all levels in an organisation. The theoretical and empirical literature that relates to the chosen research topic is discussed in the following sections of this document. Since very limited research has thus far been undertaken on the psychological contract of specifically lower-echelon employees, a number of related and important aspects will be investigated.

As part of the broader efforts to determine the content of the psychological contracts of lower-echelon employees and the extent to which their managers are aware of that content, this literature review starts with a definition and clarification of the psychological contract as a concept. A thorough exploration of various comprehensive definitions presents the psychological contract as the terms and conditions that an individual assumes or expects to be part of a reciprocal working relationship. Most of the attempts to define the psychological contract clearly indicate two dimensions, namely its implicit and reciprocal nature. Its dynamic nature is discussed as a third dimension. Since it is evident that it is vital for managers to be aware of the content of their employees' psychological contracts, it is at this point important to establish why organisations should still refrain from ensuring that psychological contracts are not violated or breached.

The psychological contract fits into the context of a relationship between two parties (usually the employer and the employee) in the working environment. First, since feature- and evaluation-oriented measures of the psychological contract are totally different constructs, the reasons for this research study focusing on content measures of the psychological contract are explained. The researcher explores the content of the psychological contracts of both parties (employer and employee), as portrayed in the literature. As stated, the purpose of this study is to explore the difference between the actual content of the psychological contract of lower-echelon employees and how it is perceived by managers. Although limited, existing evidence of discrepancies in the perceptions of contract content is therefore also discussed.

Researchers, and to a greater extent organisations, concern themselves with the psychological contract as it proves to be a mediator between job satisfaction and motivation to perform on the job. It is therefore useful to explore, in the following sections, those factors that satisfy and motivate workers in general as an indication of both the common and the 'more-than-just-my-salary' expectations of employees. Lastly, to emphasize the importance of this study, the bias in research focus in favour of higher-level employees is discussed.

The overarching theme for this study is the content and perceptions of the psychological contract of the largely understudied group that is comprised of lower-echelon employees. This theoretical basis encompasses elements relevant to the scope of these employees and their psychological contracts in an organisational setup.

2.2   THE PSYCHOLOGICAL CONTRACT: DEFINITION AND CONCEPT

Written contracts are commonly used in the employment relationship to state and agree on mostly tangible, explicit terms and conditions between employer and employee. However, there is an increasing need for organisations to also understand and heed the phenomenon that is the psychological or implied contract (Rosseau, 1989:123; Lester & Kickul, 2001:11). The psychological contract has been defined as implicitly developed agreements within the minds of individuals (Del Campo, 2007:220). An acceptable and comprehensive definition is presented by Herriot *et al.* (1997:154), who define the psychological contract as *'the perceptions of mutual obligations to each other held by the two parties in the employment relationship, the organisation and the employee'.* Robinson (1996:574) places the emphasis on the employee by defining the psychological contract as '*employees′ perceptions of what…their employers owe to them'.*

The psychological contract can therefore be explained as that which an individual believes regarding the terms and conditions of a reciprocal exchange between two parties, in this case the employee and the organisation or management (Rosseau, 1989:123; Lester & Kickul, 2001:11). According to Lester & Kickul (2001:11), the elements of a psychological contract consist mainly of what employees expect, based on their understanding of the employment relationship.

It is important to note that these elements (mutual expectations and obligations) are not necessarily overtly stated or expressed, nor are they written down in a black-on-white employment contract (Schein, 2010). The nature of the psychological contract is an implicit one where both parties, in their minds, believe that their expectations will be met in the employment relationship. Employees expect (obligation on the organisation) certain things, for example fair pay and promotion opportunities, training, etc., while the organisation or employer expects (obligation on the employee), among other things, a willingness to work, initiative and loyalty (Tsui, Lin & Yu, 2013:445).

The familiar dichotomous nature of the psychological contract is presented throughout the relevant literature (Del Campo, 2007; Freese & Schalk, 2008; Rosseau 1990; Rosseau & Tijoriwala, 1998). Both transactional and relational components are present in the psychological contract.

Transactional components will more closely relate to ensuring justice and aligning employee and organisational objectives (Tsui *et al.,* 2011:446), having a fiscal focus where terms are sometimes more explicit (Rosseau & Tijoriwala, 1998:689). Herriot *et al.* (1997:152) name aspects such as additional working hours, fair pay, and training and development as transactional components, whereas relational components relate to the interaction between the parties as a result of the relationship between the employee and the employer and the mutual organisational experiences (Del Campo, 2007:439 and Tsui *et al.,* 2013:446). Both the economic and *'socio-emotional exchanges'* are taken into account and monetary as well as non-monetary open-ended agreements are considered (Rosseau, 1990:390; Rosseau & Tijoriwala, 1998:689). Relational factors include, but are not limited to, loyalty and job security (Herriot *et al.,* 1997:152).

Although organisations have looked at psychological agreements from both these angles, it appears to be more valuable and practical to approach them from a perspective where transactional and relational elements are merged and the focus is on long-term exchanges that are valuable to the relationship and allow for transactional agreements to change as circumstances change. Dabos and Rosseau (2004:54) refer to this as the hybrid or balanced psychological contract. The hybrid contract is also applicable to this research study as little

distinction will be made between transactional and relational content, and the focus will be on the '*expectations between the organization and individual employee cover not only how much work is to be performed for how much pay, but also a whole set of obligations, privileges and rights"* (Cullinane & Dundon, 2006:114).

Either way it is important to note that the psychological contract is in essence what employees expect to get from their organisations, and what they are willing to do for them in return. It refers to those mutual expectations of which parties themselves may be only vaguely aware, yet it regulates the relationship between them (Cullinane & Dundon, 2006:114). Although the suggestion that the fulfilment of the psychological contract will lead to greater job commitment and motivation is not explored or researched in this study, it does support the importance of this study. (Sturges, Conway, Liefooghe & Guest, 2005:G5). It is therefore vitally importance that managers should be aware of the content of the psychological contracts of workers at all levels of the organisation. Having the psychological contract as a framework for studying and understanding people in their working environment is also useful and appealing to organisations (Cullinane & Dundon, 2006:114).

2.2.1   <u>Dimensions of the psychological contract</u>

As stated earlier, this study focuses on elements of the psychological contract and therefore includes content-oriented assessment (Sels, Janssens & Van Den Brande, 2004:464) and excludes feature- (Freese & Schalk, 2008) and evaluation-oriented measures. However, since the objective is to compile an inclusive review of the available literature dealing with the psychological contract phenomenon, three dimensions (features) of the contract are also explored. Awareness of the different features of the psychological contract plays an important role in understanding the content (Rosseau & Tijoriwala, 1998:690).

Through defining and developing an understanding the psychological contract, various dimensions of this contract become visible. Three of the prominent dimensions that will be discussed in more detail are the implicit, reciprocal and dynamic nature of the psychological contract (see Figure 1) (Sels *et al.,*2004:463). First, the **implicit** nature of the contract is further examined by debating the basis of the elements of the contract. Employment includes

unspecified expectations (Cullinane & Dundon 2006:115) that are not necessarily explicitly stated (Schein, 2010).

Dimensions of the psychological contract		
Implicit	Reciprocal	Dynamic
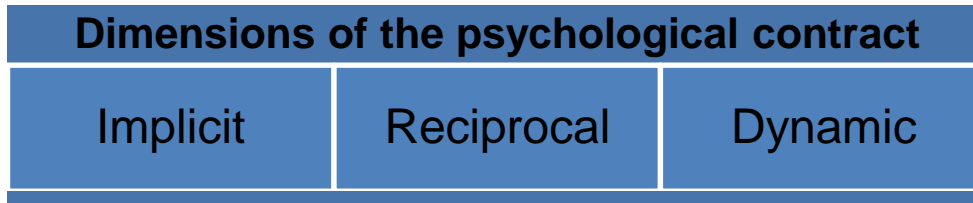
Figure 1: **Dimensions of the psychological contract**

By describing this implicit agreement as one characterised by imbeddedness, an understanding is created that the contract consists of largely unexpressed mutual expectations of which the parties themselves may be only vaguely aware (Zhengmin, 2008:18), but which still have a significant impact on the relationship between employee and manager. Taking into consideration the fact that the terms to the psychological contract are not written down or explicitly stated, it is argued that the psychological contract evolves from unconscious processes. Referring to the unconsciously formed psychological contract, Havemann (2011:33) suggests that it is important to understand the underlying and unconscious processes that determine the dynamics in the workplace. The psychological contract, being shaped by unconscious contracts and agreements rather than by rational and explicit ones, is nestled outside the parties' overt awareness of the working relationship. This contributes to the fact that the psychological contract is a strong dynamic that is never static or once-off (Cullinane & Dundon, 2006:118).

The technicality that comes under discussion is whether the psychological contract content is a result of promises made, or whether it encompasses all expectations sourced from underlying reasoning and perceptions.

Rosseau and Tijoriwala (1998:668) argue that employees form their psychological contract content as products of promises made, and that expectations include deeper causal judgments and perceptions of the employment relationship. However, it is noted that although the prospects are promissory in nature, these promises are both explicit and implicit (Del Campo, 2007:433) and indicate towards the inclusion of the causal and underlying expectations in the contract. The content of the contract can then be referred to as

employees' expectations, or that which they value most (Lester & Kickul, 2001:10), comprising even the deeper beliefs and perceived promises regarding what is owed to one another in the employee-organisation relationship (Lester & Kickul, 2001:11; Rosseau & Tijoriwala, 1998:681) and the implication of perceived expectations, *'which are communicated in a multitude of subtle or not so subtle ways'* (Herriot *et al.,* 1997:151).

Consequently, for the purpose of this study, the content of the psychological contract will constitute implicit expectations and not only promissory beliefs. Rosseau and Tijoriwala (1998:681) also indicate that working with non-promissory expectations will eventually ensure a broader understanding of the psychological contract fulfilment.

At the very core of the psychological contract lie two parties to the employment relationship – the employer and the employee – who have shared obligations towards one another (Coyle-Shapiro & Kessler, 2000:907). The second prominent dimension of the psychological contract is therefore **reciprocity**, which involves both employees and employers (in the case of this study, managers) in a mutual relationship of obligations and perceived expectations. It is suggested that a degree of agreement exists that the one party will base its contributions on the belief that certain inducements or expectations will be granted or met in return (Rosseau 1990:390; Dabos & Rosseau, 2004:53). Therefore both the expectations that employees have of their employers and those that the organisation have of their employees form part of the psychological contract (Freese & Schalk, 2008:273).

The concept of mutuality contributes to the reciprocal nature of the contract. Having its roots in the social exchange theory, the psychological contract dimension of reciprocity is based on the notion that in a mutual relationship a human being will attempt to treat another party as fairly as possible (Zhengmin, 2008:10). The mutuality of the contract also allows for both parties to align their behaviour and contributions on the basis of the commitments made to and expectations created by the other party (Dabos & Rosseau, 2004:54).

Ideally, expectations that have been met by one party obligate the other party to reciprocate in an attempt to establish a balance in what Coyles-Shapiro & Kessler (2000:904) calls the exchange relationship. The recipient of fulfilled expectations or implicit promises would behave in such a way as to reciprocate obligations towards the fulfiller of those expectations,

regardless of whether it is the employee, the manager or the employer (Dabos & Rosseau, 2004:54). The behaviour, action and efforts of one party in exchange for beneficial reciprocal action forms the basis of the psychological contract (Rosseau, 1990:390).

The third identified phenomenon of the psychological contract is its **dynamic** nature. Organisational environments as well as labour market factors change over time and so do employees' desires. Hence, the psychological contract will forever be dynamic and altered as circumstances change (Rosseau 1990:398).

In the traditional psychological contract, employees acted upon their loyalty to the company and their desire to remain with and promote the organisation (Hiltrop, 1995:286).Currently the psychological contract of employees is built on the assumption that employees care more about their own development and that loyalty towards an organisation cannot be taken for granted.

The dynamic nature of the psychological contract is emphasised by the fact that the psychological contract changes even with regard to employees' expectations of the employment relationship when they are attracted to the organisation and the content of their implicit expectations once they have been hired and employed (Hughes & Rog, 2008:749). All organisations are affected by to both external forces, such as the external economy, and internal forces within the organisation. Factors that contribute to the fundamental changes that are currently taking place in organisations include recent shifts from bureaucratic hierarchical organisational structures to more fluid, flexible structures, with consequent impacts on employee relations and therefore the psychological contract (Atkinson, 2002:14).The psychological contract is linked to phases in employment relations. While transactional psychological contracts might have been evident in the bureaucratic era of organisations, more integrative and adaptable employment relations will see the rise of a relational psychological contract (Atkinson, 2002:15).

Increasingly diverse cultures in workforces also contribute to the reconstruction of the psychological contract. The cultural orientation and perceptions of employees influence both the content of psychological contracts and the way in which these employees might react to the violation of these contracts (Au, Thomas & Ravlin, 2003:24). In a cross-cultural setting,

the evaluation of fairness and perception of contract violation play a major role (Del Campo, 2007:439).

Companies are compelled to turn to new ways to retain their workers since the expectations and needs of these workers, and consequently also their psychological contracts, have changed dramatically. Companies need to become more awareness of psychological contracts and what they imply, and should share more information with employees and make them feel valued and recognised.

As such, organisations need to shift their fulfilment of the psychological contract from '*employment to employability*' and '*career dependence to career resilience*' (Atkinson, 2002:21).

2.3   WHY BOTHER?

Before exploring *what* the expectations of employees are and what keeps them motivated (i.e. maintaining optimal performance), it is important to understand the value of this research study. Organisations should find out what can be gained if managers are aware of and pay attention to the needs, expectations and psychological contracts of their employees.

The psychological contract is a cognitive, implicit process in which the employee will assess the congruence between what was expected of the employer and what was actually received. The outcome of this assessment will indicate to the employee whether the psychological contract has been breached, which would imply that the employer had failed to fulfil its obligations in terms of the implicit agreements with the employee/s (Chrobot-Mason, 2003:25).

The psychological contract is presented as one of the mediators between job satisfaction and performance on the job. Although the relationship seems obvious, there are certain factors, such as the psychological contract, that will play a role in how job performance is influenced by job satisfaction (Tsui *et al.,* 2013:445).

Staw, Sutton and Pelled (1994:52) link job satisfaction to positive emotions and attitude at work and thus claim that positive emotions bring about favourable outcomes on the job. It is argued that positive emotion has advantageous consequences, including better performance at task activities and even enhanced cognitive functioning. Staw *et al.* (1994:55) also note that when employees experience positive feelings and attitudes, they cooperate and interact more easily with others, for example in group tasks. A positive emotional state will therefore enhance employees' performance and achievement in the workplace.

In terms of the psychological contract, why would managers then want to refrain from violating this contract? An understanding of the psychological contract is crucial to grasping the nature of the relationship between organisations and employees. The non-violation of employees' psychological contracts can, according to Del Campo (2007:434), eliminate incorrect interpretations of tasks, increase job performance, reduce workforce turnover and increase job satisfaction for both lower-echelon workers and managers.

Already in the recruitment stage, organisations can heed the elements of the psychological contract that are important to specific employees and determine early in the relationship whether meeting the expectations of certain recruits, and therefore setting the foundation for a successful relationship, is a viable undertaking (Lester & Kickul, 2001:18).

It is evident that the violation of the psychological contract could have various negative outcomes such as anger, unfaithfulness (Rosseau, 1989) and the withholding of positive contributions from the organisation. This might in turn lead to low employee motivation and increased staff turnover (Strong, 2003:9). It has been proved that *'discrepancies between perceived importance and perceived fulfilment'* affect employee motivation and are directly related to employees' intention to leave their jobs (Lester & Kickul, 2001:10,17).

Tsui *et al.* (2013:444) point to something that is particularly relevant to the hospitality industry, and therefore also to this study, when they state that by taking the psychological contract of employees into account and thus enhancing employee performance, hospitality organisations will be more likely to achieve their business objectives and even improve their brand image and customer loyalty. Owing to the labour-intensive nature of the hospitality industry and the high turnover rates that are evident, retaining staff is a major challenge for organisations

operating in this field. Skills related to customer service and housekeeping are easily transferrable to other jobs, and nothing prevents lower-level employees (whose services are essential to ensure the effective functioning of the organisation) to look for other jobs if they are dissatisfied with their working conditions (Hughes & Rog, 2008:747).

Since in the hospitality industry the employees are part of the product that the organisation sells to the public, their performance influences organisational performance. Employees' performance on the job is impaired by the breach of the psychological contract (Tsui *et al.,* 2013:450) and it is therefore imperative that organisations, in this case in the hospitality industry, understand the determinants of job performance of which the psychological contract proves to be of significant importance. Failure to heed to the psychological contract of employees leads to inadequate staff retention, which has detrimental consequences, such as decreased organisational productivity and failure to meet production and customer demands (Hughes & Rog, 2008:749).

To mitigate these harmful consequences, a genuine effort by management to understand how their employees function is put forward as an important remedy. Proven successful retention strategies include psychological contract elements such as *'being treated with respect, doing interesting work, a feeling of accomplishment and good communication among co-workers'* (Hughes & Rog, 2008:749).

In conclusion, Zhengmin (2008:8) emphasises the need for organisations 'to be bothered' with the psychological contract of their employees by stating that '*good psychological management can build a positive employment relationship between reciprocal parties'*.

2.4   THE PSYCHOLOGICAL CONTRACT IN CONTEXT

2.4.1   Content measures

According to several literature sources (Del Campo, 2007; Freese &Schalk, 2008; Rosseau & Tijoriwala, 1998), psychological contract measurement or assessment can be classified into three forms: content measures, feature measures and evaluation measures. As the focus of this study is exclusively on the content of the psychological contract, content measurement

will be elaborated on. A suitable reason for this focus is presented by Freese and Schalk (2008:270) when they state that, as is also congruent with the purpose of this study, by measuring the content of the psychological contract, both overt and implicit assumptions by both parties are measured and employment terms and obligations are determined.

Since the aim of this study is to consider the differences between the perceptions of managers and lower-echelon employees of the psychological contract, it is appropriate to explore the content of the contracts. In this regard Rousseau and Tijoriwala (1998:685) state that *'assessing the content of the psychological contract can answer a variety of research questions, including differences in contracts across organisational positions or roles'.*

By assessing the content of the psychological contract from both the employees' and employers' perspective, as will be done in this study, research questions regarding the psychological contract can be answered (Freese & Schalk, 2008:270).

2.4.1.1   *Employee's perspective*

Rosseau (1990) examined the psychological contract of working MBA graduates and found that promotion, higher wages, performance-based pay, training, job security, career development, personal support and leave are elements of employees' psychological contract with the employer and represent the implicit expectations of employees. This view is supported by several other studies on the psychological contract, which found that employees are likely to perceive the obligations of organisations (what employees implicitly expect of organisations) to include opportunities for learning and development, long-term job security, job responsibility and autonomy, supportive leadership, job security and performance-based pay (Chrobot-Mason, 2003; Rosseau 1990; Westwood, Sparrow & Leung, 2001).

A critical examination of the elements presented by Rosseau (1990) and Westwood *et al.* (2001:634) revealed that although employees are most likely to expect a competitive salary (extrinsic outcomes) from their organisations, they also expect to have an interesting job with high responsibility, supportive management, open communication, etc. (Lester & Kickul, 2001:14). This will be discussed further in Section 2.5.

Based on their research conducted with employees at a university, Linde and Schalk (2008) confirm this content of the psychological contract in the South African context and provide a comprehensive combined guideline that explains the content of the psychological contract. Employees' expectations are also translated to perceived promises made by employers. They identify the following as perceived promises made by the employer to the employee: interesting work with responsibility, fair and recognition-based rewards, fair and open management policies, social support and relationships with colleagues, career development and promotion opportunities, as well as organisational support, respect and trustworthiness.

The literature study undertaken for the purpose of this study indicated that the elements of the psychological contract content that are most prominent are good/performance-based pay, training and development opportunities, approachable/supportive management, being appreciated or treated with respect, interesting/challenging work, being trusted and good working relationships/conditions.

The perspective given thus far on the psychological contract content of the employee was since based on various literature sources and the prognosis is that it will be applicable to employees in general. However, Chrobot-Mason (2003:23) claims that at the time of publication of her findings, and as far as could be determined by the researcher of this study, no study undertaken to date has specifically explored the aspects of the psychological contract content as it pertains to *minority employees*. Therefore no mentionable elements or listed contents relating to minority employees are available.

Chrobot-Mason's (2003) reference to minority employees in the USA could be translated to previously disadvantaged groups and specifically the lower-echelon worker as described in the introduction of this document. She sheds some light the nature of the obligations that employees from a minority group are willing to provide to employers, as well as what they expect from their employers, and points out that they do indeed have unique expectations. Expectations that are usually not met in the case of lower-echelon workers include the lack of developmental opportunities, role models they can relate to and failure to allow them to make decision-making inputs (Chrobot-Mason, 2003:27).

It is also proposed that organisations pay attention to this group's unique expectations, since any breach of the psychological contract may result in deeper negative intrinsic reactions within this group because of the trust they put in the organisation and the feelings of hopelessness and disillusionment that arise when it is broken (Chrobot-Mason, 2003:40).

2.4.1.2   Manager's perspective

Although the reciprocal nature of the psychological contract is mostly recognised as including employer and employee obligations, the latter has been relatively neglected in studies on the psychological contract, which poses the risk that the essence of the psychological contract, which should represent both parties, is neglected. In the light of the above-mentioned lack of research, organisations should make sure that their managers are capable of effectively communicating to employees what they are expected to commit to and what their obligations are (Cullinane & Dundon, 2006:119; Zhengmin, 2008:9).

If researchers want to fully understand the nature of the psychological contract, they have to consider the obligations and expectations of both parties (Sels *et al.,* 2002:484; Chrobot-Mason, 2003:41).   Since employers or managers (as representative agents of the organisation) are the ones conveying expectations and employee-focused obligations (i.e. to be fulfilled by the employee) commitments to employees, they also hold psychological contract agreements in the working relationship (Coyle-Shapiro & Kessler, 2000:907; Rosseau, 1990:391). Rosseau (1995:60) poses that *'organisations become party to psychological contracts as principals who directly express their own terms or through agents who represent them'.*

Although research relating to the expectations that organisations or employers feel employees should feel obliged to fulfil has, to some extent, been neglected, earlier studies by Rosseau, which were confirmed by the findings of Sonnenberg, Koene & Paauwe (2011) recent findings, do touch on those expectations. Listed below are the prominent employee-focused obligations as indicated by the employer:

- Working extra hours
- Loyalty
- Volunteering to do extra non-stipulated tasks

- Willingness to accept a transfer
- Refraining from supporting the employer's competitors
- Protecting confidential information
- Working well with others
- Delivering good customer service
- Delivering work of a satisfactory quality and quantity (Rosseau, 1990:394; Sonnenberg *et al.*, 2011:672)

Of significance for this study is the fact that Rosseau (1990:391) points out that organisations operating in a strong customer-service-oriented industry will expect employees to be loyal to them and to 'buy in' to the organisation's culture and values, for which they might have to offer generous commitments to their employees, such as long-term employment and security. However, in the current highly competitive environment some organisations actually avoid extensive commitments in order to maintain flexibility, also in their workforce.

Another expectation that employees have regarding employees' obligation relates to the phenomenon of organisational citizen behaviour, which recently surfaced. This refers to the extent to which the employee takes control of his employment and engages in helping others, collaborating with them and going beyond the normal call of duty (Coyle-Shapiro & Kessler, 2000:922;Havemann, 2011:30). Employers should bear in mind that engagement in citizenship behaviour warrants that employees increase what they feel they are owed in terms of transactional obligations (Coyle-Shapiro & Kessler, 2000:922).

2.4.2 Discrepancies in perceptions of the psychological contract content

The following literature suggests that even though managements should implement measures to adhere to the psychological contract of their employees, a gap still exists between what employees expect from and are willing to give to the organisation, and what management thinks these employees expect from them and what they are willing to give in return. Bellou (2009) suggests that there are no two identical views of the psychological contract content among different groups of employees. This literature is valuable as it introduces some information that may be applicable to lower-echelon employees on which the study will focus. In his study on the psychological contract and specifically blue-collar workers (workers doing

unskilled labour with few opportunities for promotion), Steyn (2009) found that there are significant differences between the contents of employer and employee obligation contracts.

Herriot *et al.* (1997) also proved that a discrepancy exists between what employees cite as the organisation's obligations towards the employee and what organisational management actually offers. When one looks at what the different parties cited as important expectations of employees, two different points of departure become evident. A distinct possibility therefore exists that organisations may misinterpret what employees primarily want, regardless of what those wants are. Although many literature sources depict the psychological contract as an equal exchange process between two parties, it is however projected that the power distance between employer and employee still causes discrepancies in the perception of the contract content. Unless the power distance between management and subordinates is narrowed, it will become increasingly difficult for lower-echelon employees to make themselves heard, and for management to keep employee morale at a productive level (Cullinane & Dundon, 2006:123; Khatri, 2009:7).

Harriot *et al.* (1997:161) highlighted the consequences of the breach of, or ignorance regarding the psychological contract as a withdrawal from their obligations by the injured party. It is likely that employees who experience a breach of the psychological contract will reduce their valuable contributions to the organisation, including their engagement in innovative activities that facilitate organisational effectiveness and their loyalty to the organisation (Robinson 1996:592).

2.5 'BEYOND PAY DAY' MOTIVATIONAL FACTORS

'There is a considerable amount of interest in the psychological contract from academics and practitioners alike, as both search for the factors likely to contribute to sustained employee motivation and commitment' Cullinane and Dundon (2006:113).

In order to study the psychological contract of lower-echelon employees and determine whether or not their managers are aware of their expectations and needs, the researcher requires an understanding of what employees in general might need and expect to motivate them in their jobs, regardless of the job level they find themselves in. This section investigates

factors that motivate workers in general as an indication of the general as well as the 'more than just my salary' expectations of employees.

2.5.1 <u>What motivates and satisfies workers in general?</u>

The following is not intended to be a source-by-source reflection of the needs of employees, but rather serves to describe all the different needs, expectations and motivational factors identified by various legitimate sources.

Employees' expectations and workplace needs have changed substantially over the past number of years. According to relevant literature, the aspects that have become important to employees in general and which reflect their needs and expectations are:

- Work-life balance. Employees need flexibility and organisational structures that accommodate these needs and are no longer prepared to allow work to rule their lives.

- Addressing of issues relating to HIV/AIDS with appropriate programmes and assistance. Employees expect to be cared for and to feel protected against disease and discrimination.

- Corporate social investment. Employees have a need to feel that they are included in social upliftment efforts and are making a difference somewhere.

- Employees expect to be able to identify with the culture and values of the company.

- Employees need and expect fair and secure leadership.

- Methods and effectiveness of communication is of importance to employees.

- Employees expect fair rewards, recognition and performance management.

- Employees need and expect assistance and support in change and transformation. (Siviele ingenieurswese, 2006; Hughes & Rog, 2008)

Nelson (2002) supports the above analysis and states that although many managers believe that money is the best reward, employees started indicating as early as in the 1940s that they rather valued appreciation for work done and having interesting jobs. He argues (Nelson, 2002) that while money definitely plays an important role in meeting employees' monthly expenses and ensuring a satisfying standard of living, once the above expectations have been met employees turn their attention to factors of greater personal significance. These factors, which correspond greatly with the ones mentioned in the 'Best company to work for'

survey, are: the feeling that one makes a contribution, being recognised by one's manager, receiving respect from peers and colleagues, being involved in decision-making and company activities, and having an interesting or challenging job (Nelson, 2002).

Although Nadler (2010:39) suggests that in addition to the above managers should offer assistance to employees experiencing financial strain, since money and financial problems rank as an evident cause of stress. It becomes all the more evident that the issue of money should almost be kept off the table, since monetary rewards soon lose their power. This does not imply that employees do not care about how much they are paid, but rather that socio-emotional aspects quickly become the serious focus of employees (Lester & Kickul, 2001:14).

2.5.2 Herzberg's and Maslow's perspectives

Nelson (2002), whose theories were introduced above, suggests that people will do what they get paid for, but that money will do little to get them to go beyond the call of duty. Workers who are satisfied in their jobs and put in extra effort do so in response to the 'softer', relational side of management and how they are treated, and because of how much they get paid (transactional contract fulfilment). It is in this regard that one can combine Nelson's (2002) report with Frederick Herzberg's (1968) two-factor theory, according to which there are two sets of factors that influence a worker's ability to experience job satisfaction:

1. Hygiene factors – relating to the work environment (working conditions, relationships, salary and security, supervision, status, etc.)

2. Motivation factors – the set of factors that relate to work content (achievement, recognition, work itself, responsibility and personal growth, etc.)

Herzberg argues that managers try to achieve motivation by focusing on hygiene factors such as higher pay, bigger offices and more benefits. Satisfying all the hygiene factors will enable employees to do their jobs, but will do little or nothing to motivate employees to put in extra effort and perform beyond expectation.

Herzberg's two-factor theory is also related to Abraham Maslow's (1943) hierarchy of needs, which is used to identify and categorise employee needs. Maslow's five levels of needs are physiological needs, safety and security needs, social needs, self-esteem needs and self-

actualisation needs. He argues that an employee's needs must be satisfied on the lower level before he/she can move to the next level of needs. Figure 1 shows the relationship between Herzberg's two-factor theory and Maslow's hierarchy of needs.

Figure 2:   Relationship between Herzberg and Maslow
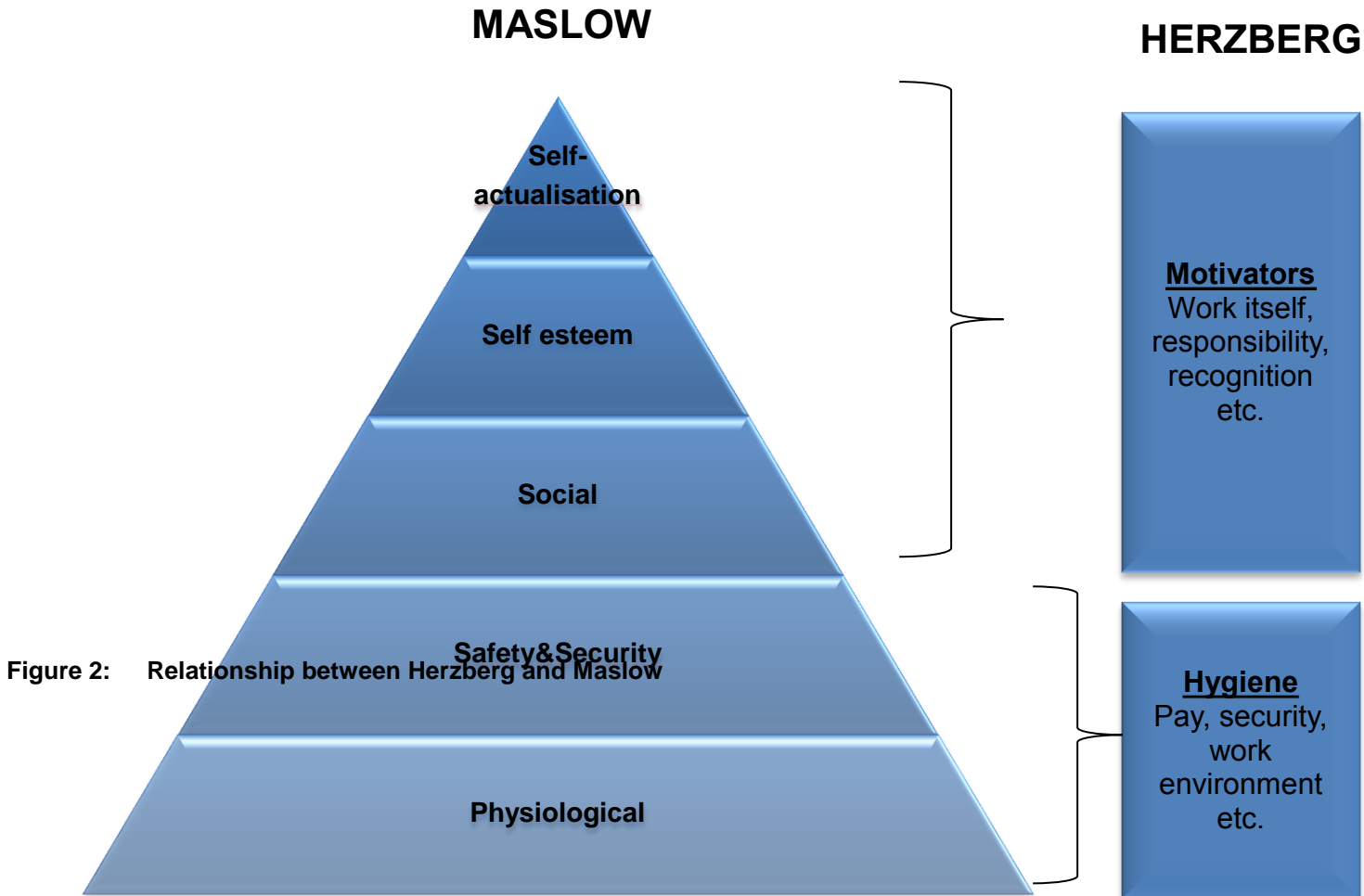
The two theories discussed above propose that although basic needs such as remuneration and security do exist, other needs or expectations will arise once the basic needs have been satisfied. It is important to take these motivational factors into account since, as is proved in this section, employees have implicit needs and expectations – other than their salary – that will motivate them to go beyond the call of duty to serve the organisation (Nelson, 2002).

2.6   BIAS IN RESEARCH FOCUS

An extensive review of the extant research literature on the study topic revealed a bias towards studying management and professional employees rather than those at the lower

echelons of the organisation. Consequently we know very little about the content of the psychological contract of specifically this level of employees.

Noteworthy statistics provided by Walsh *et al.* (2003:862) and included in the introduction of this document indicate a visible decline in research on the welfare of employees in favour of increased in research on employee performance. When performance is measured and managed, the focus will mostly be on line managers, heads of departments and top management. This same bias is evident in South African research literature. Business processes rarely focus on cleaners or 'apple-pickers' (Abdullah & Mohamed, 2002).   .

Research by Hill and Huq (2004:1039) supports the above assertion by presenting findings that state that middle managers largely ignore the matter of employee empowerment, placing considerable emphasis on managers being empowered by conferring power and authority on their subordinates instead. Managers believe that by enabling workers to perform their work they are empowered, as also mentioned in Herzberg's two-factor theory and his argument that although hygienic factors will enable the employees to do their jobs, they will not motivate them to perform.

Literature that touches on this topic effectively can be found in critical management studies (CMS). Adler *et al.* (2007) propose that CMS addresses the social injustices and broader social and economic systems that managers and firms serve and reproduce. CMS believes that management of the modern organisation is guided by a narrow goal, i.e. profit, rather than the interests of society as a whole, and that other goals, such as justice, community and human development, should bear with the preference given to economic activity and management development (Adler *et al.,* 2007). CMS therefore complimentarily contributes to this study by placing emphasis on the need to urge managers to think critically about the conventional managing styles and not to merely accept the focus that managers place on higher-level employees and increasing profit as being the norm.

Adler and Jermier (2005:941) also question whether enough research is being done on and exposure given to the perspectives, needs and expectations of lower-level employees. Is it significant to infer that the tendencies shown in research done about this category of employees directly reflect the tendencies of managers only (Adler & Jermier, 2005:942).

Assuming this, it is not clear from literature how and to what extent organisations regard those 'at the bottom of the food chain'.

The general paradigm exists that society and the economy are highly promoted when organisations maximise profits and leave 'welfare issues' to the government and civil society (Adler & Jermier, 2005:943). Adler and Jermier (2005:943) argue that this attitude will merely endanger society even further. It is possible for organisation to implement measures that address the needs and expectations of their employees. Nelson (2002) states that after getting paid, most employees present other higher-order needs, for example the need to make a contribution to society and make a difference in the lives of others. Organisations can therefore actively embrace this need that might exist with managers of employees to instigate a transfer of focus to lower-echelon employees (Nelson, 2002) by equipping managers to be involved in the welfare and job satisfaction process of these employees.

The editors of the *Academy of Management Journal* (2010:665) recently indicated that this bias is currently still an issue. They express their concern about the notion that in order to generate any knowledge about management, one only needs to study managers and their business bottomlines. It is also a matter for concern that a mere 7 percent of all the relevant articles published in the ten years between 1997 and 2007 shed some light on lower-echelon employees as primary units of analysis. As a remedy to the above, merely conducting more research on lower-echelon employees is not necessarily the answer to adapting to 'the view from the bottom'. In this regard Walsh *et al.* (2003:876) suggest the challenging adoption of a '*management philosophy that integrates social and economic objectives*'.

2.7   CONCLUSION

'The psychological contract has offered an alternative reading of the employment relationship outside the narrow legalistic frame of reference' (Cullinane & Dundon, 2006).

The theory and empirical literature discussed in the previous sections were used to guide this research study. It is clear from the literature that very little is known about the psychological contract content of lower-echelon employees and the extent to which managers and employees agree on this content. In this section, a solid theoretical foundation for conducting research on the psychological contract was established. This may serve as a frame of

reference for human resource managers and managers as representative agents of the organisation to better understand and heed the content of the psychological contract as it pertains specifically to lower-echelon employees.

The literature review aimed to provide insight into the definition and concept of the psychological contract, identify the dimensions that give the psychological contract its uniqueness and determine why organisations would not want to violate this contract. The psychological contract was placed in the context of the employer-employee relationship; current theory about the content of psychological contracts as they are understood by employees and employers was presented; and the factors that will satisfy employees and also motivate them to perform were discussed. These factors often include more than the expected fair or good pay.

The results of this study should provide welcome insights into the expectations of lower-echelon employees and the extent to which managers are aware of these expectations, since the relevant available literature reporting on research conducted on the psychological contract indicates some degree of bias in favour of middle- or managerial-level employees.

3   CHAPTER 3 RESEARCH DESIGN AND METHODS

3.1   INTRODUCTION

The research design describes the approach followed by the researcher to collect data to make sense of a specific researched phenomenon.

A qualitative research design was used in this study. A phenomenological strategy of inquiry was selected to gain an understanding the psychological contract content of lower-echelon employees. The choice of design was determined by the purpose of the study and the level of employees that were studied with a view to gaining insight into their subjective understandings of the psychological contract.

3.2   SOCIAL CONSTRUCTIVIST RESEARCH PARADIGM

A research paradigm or philosophy is a basic set of beliefs that guide action and shapes researchers' pattern and process of thinking and doing (Creswell, 2009). A research philosophy contains important assumptions about how the researcher views the world and will develop knowledge (Saunders, Lewis & Thornhill,. 2009).

The researcher attempted to understand how lower-echelon workers subjectively interpret the content of their psychological contract, and the extent to which managers are aware of and perceive that interpretation. The research philosophy adopted for this study provided the most sufficient means for exploring this. An interpretivist paradigm was deemed to be most suitable for this study as this philosophy seeks to understand the individuals and their interaction with and experience of their world and also welcomes non-observable, implicit data (such as intent, reason, beliefs) as part of the research process.

The social constructivist paradigm, as a type of interpretivist paradigm, was applied in this study. This research philosophy proved to be the most suitable for this study as it relies as much as possible on the participants' views of the phenomenon. This approach also allowed the social constructivist researcher to do research in the specific context in which the participants live and work. Through using mainly open-ended question, the objective of using the social constructivism approach was to form an idea of the complexity of the participants' views and their understanding of their worlds (Creswell, 2009). A social constructivist paradigm makes provision for knowledge and understanding to emanate from human experience and interpretation.

Subjective interrelationships and the fact that meaning will be co-constructed by the researcher and the participants are recognised processes used within the social constructivist paradigm. The inevitable role of the researcher in respect of the interpretation of the data and as a co-creator or meaning is also acknowledged. It is therefore clear that the researcher's position and beliefs regarding the study had to be carefully considered so as to not damage the credibility of the study.

Ultimately this research paradigm allowed the researcher to understand and explore the phenomenon of the psychological contract as constructed through the subjective experiences of the participants (lower-echelon employees and their managers).

3.2.1   Overall research design

3.2.2.1   Qualitative research

Since this research was done by collecting qualitative data from two groups of participants using interviews and focus groups, the overarching research approach used in this study was a qualitative research approach.

The researcher explored the social phenomenon of managers' awareness (or lack thereof) of lower-echelon employees' psychological contract content. Creswell's (2009) definition of qualitative research as *'a means for exploring and understanding the meaning individuals or groups ascribe to a social or human problem'* supports the choice of a qualitative approach.

Qualitative methodologies also allow for the generation of emic frameworks, which are created where respondents' unfiltered perspectives are depicted in an attempt to mostly study a single organisation. Previous studies used a qualitative, emic approach to create a rich understanding of how psychological contracts are linked with an organisation (Rosseau & Tijoriwala, 1998:681).

A qualitative research design therefore allowed the researcher to gain an in-depth understanding of the psychological contract content of lower-echelon employees and the extent to which their managers are aware of that content.

3.2.2.2   Broad research design

The following are detailed descriptors of the broad research design of the study:
- *Empirical research* – Primary data was collected and analysed.
- *Applied research* – This research has direct relevance to organisations' issues and is presented in such a way that practitioners can understand and act upon it.

- *Primary data* - Primary data refers to data that is collected for the specific research being done and not data initially collected for another study or purpose.

- *Qualitative data* – Qualitative data is based on meanings expressed verbally, in this case the perceptions of the managers and low-echelon employees.

- *Cross-sectional research* – Cross-sectional research is focused on a specific phenomenon at a particular point in time. It is carried out once and represents a one-time view of a situation. This study represents cross-sectional research as each manager will be interviewed only once and only one focus-group discussion will be conducted with each group.

- *Exploratory study* – A study of this type aims to seek new insights into phenomena and to assess them in a new light. For the purpose of this study new insights into management's awareness of the needs and expectations of lower-echelon employees were sought. (Saunders *et al.*, 2009).

3.2.2   <u>Strategy of inquiry</u>

The broad design of research is qualitative research, and more specifically the strategy of inquiry is phenomenological research (Creswell, 2009).

Phenomenological research strategies were used for inquiry. This approach is described as one that allows the researcher to capture the essence of human experiences of a specific phenomenon as perceived by the participants. A small number of subjects were studied, which is also suitable for a phenomenological approach. The researcher's own experiences were set aside in order to fully grasp those of the participants (Creswell, 2009).

The purpose of using the phenomenological strategy of inquiry was to describe the essential structures of experiences in a manner that is free from interpretation or assumptions (Bradbury-Jones, Irvine & Sambrook, 2009:665), yet takes the subjective experiences of participants into account – something that statistical analysis is not expected to deliver satisfactorily.

Since the study focuses on how both managers and lower-echelon employees experience and perceive the psychological contract content, a phenomenological strategy was chosen as it will provide the researcher with the desired understanding.

3.3   SAMPLING

3.3.1   Target population selection methods

The target population sample for this study consisted of lower-echelon employees and their managers who are employed by an organisation in the sport, health and hospitality industry in Pretoria, South Africa. The lower-echelon employees fitted the description given in the introduction to Chapter 1.

Saunders *et al.* (2009) state that in some research projects a researcher might need to use a variety of sampling or selection techniques at different stages. This study is an example of such a project.

The sampling frame consisted of all the possible participants from the lower-echelon employees group in the organisation. From this group, a representative sample of lower-echelon employees was obtained through simple random sampling. Even though this method allowed for the unbiased selection of a sample, it should be noted that this form of sampling is not suitable for collecting data over a large geographical area (Saunders *et al.*, 2009.

Purposive sampling was used to select the managers involved in the study (Saunders *et al.*, 2009). The researcher's own judgement was used to select respondents that best enabled the researcher to answer the question regarding management's awareness of the needs and expectations of lower-echelon employees. The managerial sample was small since the organisation only had eight employees in management position. The purposive technique is also suitable for small samples (Saunders *et al.*, 2009). The limitation of this method is that the results are not necessarily representative of the total managerial population of South Africa.

3.3.2   Sample size

The lower-echelon employee population consisted of 120 individuals (in the service of the organisation) and the final sample for the research consisted of 18 lower- echelon employees. Focus-group discussions were conducted with three groups. One group consisted of eight, and each of the other two groups consisted of five participants. After identifying and inviting possible focus group participants through simple random sampling, the researcher worked with those participants who were available to attend.

A sample of five managers was selected from the ten available managers in the organisation and each was interviewed individually. This was a convenience sample as the managers who regularly interact with and have a working relationship with the lower-echelon employees were part of the sample.

3.3.3   Attributes of units of analysis

The units of analysis for this study are the lower-echelon employees and the managers of an organisation in the sport, health and hospitality industry. The specific attributes of the low echelon employees that were investigated are most importantly their needs and expectations (i.e. the content of their psychological contracts). The targeted group was identified based on their appointment at a lower-echelon/job level. The psychological contract content was explored for this group of lower- echelon employees as a whole and no other biographical characteristics that might have had an influence on the contract content were considered. The race and gender distribution of all the participants is presented in sections 4.1 and 4.2.

Characteristics of the manager sample that were explored were their level or position in the company and their relationship and interaction with the lower-echelon employees. The main characteristic of these managers that was analysed was their opinion or perception of the lower-echelon employees' psychological contract content.

This study deals with the psychological contract content of lower-echelon employees and how it is perceived by managers. It does not take into consideration the managers'

psychological contract with the organisation (i.e. their mutual expectations and obligations towards their own employment relationships).

It will become clear from the literature section that follows that the psychological contract entails both expectations and perceived obligations. In this instance, the researcher aims to answer the following questions: 'What do lower-echelon employees want or expect from their working relationship with the organisation?' and 'What do managers think they (the lower-echelon employees) expect or want from the working relationship?' In order to find the answers, the implicit expectations of lower-echelon employees and the managers' perceptions of those expectations were analysed in more detail. However, the perceived obligations of these employees (i.e. what they believe they owe their organisation) and the managers' perceptions thereof were also explored in the results.

3.3.4   <u>Challenges to accessing data</u>

- The organisation understood and embraced the value of the research study and welcomed the research to be conducted in their organisation.

Saunders *et al.* (2009) warn that gaining physical access to the sources of data could pose some challenges, and this was indeed the case. The challenges faced included the following:

- The organisation and its lower-echelon employees found it challenging to compromise productivity time and human resources in order to engage in voluntary research activities.
- The researcher experienced some difficulty in gaining access to the cognitive data of the respondents. The researcher needed to gain access to the data that would reveal the perceptions of each group. In research of this nature, participants of both groups might have been hesitant to share information that touched on sensitive subjects. Rapport was established upfront, questions posed in a way in an easily understandable way and probing techniques were used to counter this.

- The possibility of participants being hesitant to share information about their personal experiences was also mitigated by the fact that the researcher was not a stranger to the participants as she lived on the organisation's premises for some time and had become acquainted with the majority of the participants. This facilitated the establishment of rapport, trust and openness with the participants.

- The language barrier was one that had to be considered and managed. Focus groups were conducted in English, while the large majority of the lower-echelon employees were African language speakers. In focus groups, mutual understanding is of the utmost importance in order to ensure that valid and reliable data is collected. Fellow focus-group participants with good English skills assisted the researcher by helping to clarify unfamiliar terms. Careful attention was paid to making sure that questions and answers were understood correctly throughout the focus-group discussions. Fortunately English is the language used in the work environment and consequently there were very few incidents of misunderstanding or difficulty of expression due to language incompetence.

3.4   DATA-COLLECTION METHODS AND TECHNIQUES

Quantitative measures of the content of the psychological contract are typically used to test what theory presents (Rosseau & Tijoriwala, 1998:684). However, qualitative methods are also useful and provide an understanding of content that is specific to people and their organisation (Rosseau & Tijoriwala, 1998:693). Combining semi-structured interviews and focus-groups is a preferred practice when measuring content qualitatively (Rosseau & Tijoriwala, 1998:685) and the data collection for this study also involved the use of both interviews and focus groups as data-collection tools. Focus-group discussions were held with the lower-echelon employees and interviews were conducted with their managers.

3.4.1   <u>Focus-group data-collection process</u>

Focus groups, which can also be classified as group interviews, are characterised by the fact that they emphasise and focus on interaction between participants. The members of the group shares certain characteristics and the researcher pays special attention to the interaction between individuals (Bradbury-Jones *et al.*, 2009:665).

The advantages of using focus groups include that they allow for participants to elaborate on issues that others raise, encourage interaction and create opportunities for the clarification of complex issues raised (Bradbury-Jones, 2009:666). Focus group discussions also allow participants to add to one another's details and rich data is delivered. It is essential to gain an in-depth view of the experiences of these employees, which is not necessarily possible in a structured individual interview (Maree, 2007). Maree clearly explains the nature of the information required for this study when he states that a focus group has *'the purpose of collecting in-depth qualitative data about a group's perceptions, attitudes and experiences on a defined topic'*.

The focus groups should provide the researcher with valuable information on how participants respond to a situation (Maree, 2007). For instance, in a focus group discussion for a study of such as this a catalyst to activate participant's responses could be to present a question to them by asking something like: 'Which of these two items is more important for you as an employee to receive from you organisation?'

According to Bradbury-Jones *et al.* (2009:668), the combination of focus groups with a phenomenological study enhances the quality and depth of the study. However, phenomenological researchers using focus groups should take care not to lose the individual contribution, which is also very valuable to the study. They also maintain that a group approach will as a rule not exclude individual perspectives (Bradbury-Jones *et al.*, 2009:668). This can be ensured by allowing each participant to tell his/her own story without any interruption and allowing the other members to add their opinions to that (Sorrell & Redmond in Bradbury-Jones *et al.*, 2009:668). The researcher attempted as far as possible to allow this.

Bradbury-Jones et al. (2009:669) suggest that the use of focus groups in a phenomenological study might, contrary to the majority mental-models, be beneficial and add significant value to the study by stimulating in-depth discussions.

Three focus groups were held at different time intervals. The times were determined by time constraints and the availability of the participants, and also with a view to allowing for

responses from different employees whose psychological contract content might have changed over time.

At the start of each focus group an informal discussion took place between the researcher and the participants before the questions were posed. As is discussed in Appendix E, the matter of consent was explained and each participant signed a consent form. The purpose of this was to establish rapport between the parties, explain the purpose of the research and discuss the meanings of unfamiliar terms, such as 'psychological contract', to the participants.

The participants as a group were presented with a range of questions which they could answer in any manner and were allowed sufficient time to think about the questions and their answers before starting the discussion. The researcher (as the focus-group conductor) made use of micro-skills such as paraphrasing, repetition, probing questions and eliciting information from quieter participants in order to obtain as much information as possible.

Focus-group times, which included interaction between the researcher and the participants, were limited to between 40 and 60 minutes. The researcher (as the focus-group conductor) also made notes as the focus group progressed, taking non-verbal communication and interaction between group members into consideration.

3.5.1.1 Delimitations: focus group data collection

To maintain the quality and credibility of the study, the limitations of the focus-group discussions and the obstacles that were faced are acknowledged. First, it was a challenge to get all the participants of each focus group together at the same time as any disruption of productivity had to be limited to a minimum. Focus groups discussions had to take place during working hours to avoid logistical problems (such as transport) that would have arisen had they been arranged for times outside working hours.

Another limitation was the generation of biased information. Although the focus groups were not intended to generate an atmosphere of 'us against management', this might easily have happened when at times a few critical and outspoken individuals dominated the discussions. The challenge to the moderator was to monitor the views of the assertive participants and

continue to create neutral ground (Maree, 2007) and encourage individual contributions (Bradbury-Jones *et al.*, 2009:667).

Another challenge faced is that when employees (participants) are asked about their needs and expectations, and it becomes evident that they feel that their needs and expectations are not being met in their current jobs, the discussion could easily turn into a 'complaining session', which had to be avoided at all times. The researcher continually reminded the participants of the purpose of the discussion and paraphrased comments in an attempt to elicit expectations or an element of the psychological contract from the 'complaint'.

Data will not be completely uncontaminated as the researcher is involved in the data-collection process and the researcher's guidance may disrupt the interaction of the group (Bradbury-Jones *et al.,* 2008:663). This is discussed in more detail in sections 3.5.4 and 3.6.

3.5.1.2   *The collection instrument: Focus groups*

The data-collection instrument used to collect the qualitative data for this part of study was a group discussion guide for the focus groups. This guide is included as Appendix A.

Questions for each focus group were shaped and altered according to the course that the discussion took and the nature of the answers given by participants. The participants were able to understand and answer all the questions. The researcher allowed the employees' psychological content to emerge from the discussions. However, as deemed essential by Freese and Schalk (2008:274), items of the contract were included by means of probing questions and an expectation content list with items ranked by employees. The list of items presented to the employees was not a standard list and had been constructed based on what literature presented as the most prominent features (Freese & Schalk, 2008:275). This ranked list provided the researcher with comparable data when interpreting findings in terms of employees' contract content and managers' awareness thereof.

3.5.2 Interview data-collection process

For the purpose of the study, the researcher also had to explore how managers perceived, and to what extent they were aware of the content of the psychological contract of lower-echelon employees.

Data collection from the managers occurred in the form of semi-structured individual interviews with managers who had a working relationship with the lower-echelon employees that participated in the study. Semi-structured interviews allowed the researcher in-depth access to information about the participants' realities.

The questions were designed to facilitate an in-depth exploration of the management's perceptions and convictions, as well as their awareness of the needs and expectations of lower echelon-employees. Interviews allowed for as much as possible subjective data on this topic to be elicited from the managers. These interviews were digitally recorded and transcribed.

At the start of each interview, prior to posing the questions to each participant, an informal discussion took place between the researcher and the participant. The matter of consent was discussed and each participant signed a consent form (see Appendix E). The purpose of this was to establish rapport between the parties, explain the purpose of the research discuss the meanings of unfamiliar terms, such as 'psychological contract'. The participants were then presented with a range of questions which they could answer in any manner.

3.5.2.1   The collection instrument: Interviews

The data-collection instrument used to collect the qualitative data for this part of study was a semi-structured interview guide. The interview guide used in this study is included as Appendix C.

Although the questions were general enough to cover a wide range of the managers' perceptions, they were designed to elicit specific information related to the topic from each participant. The questions put to each participant were shaped and altered according to the course that the discussion took and the nature of the answers given by participants. The

researcher (as the interviewer) remained open to inputs from the managers (participants). The same content list that was discussed with the focus groups was presented to managers for ranking in order to provide the researcher with further comparable data. Participants were able to understand and answer all the questions.

The data collected from the focus groups and interviews, which was primarily verbal, was transcribed into primary textual data. With regard to pilot testing for the purpose of this study, interview and focus-group guides were presented to experts in the field (e.g. the study leader) for their comments on the quality of representation and suitability (Saunders *et al.,* 2009).

3.5 DATA ANALYSIS

3.5.1 <u>Recording and storage of qualitative data</u>

Since focus groups are facilitated and are regarded as a form of interviewing (group interviews), the data collected during both the focus groups involving the employees and the interviews held with managers was audio-recorded (Saunders *et al.*, 2009). Permission to record the interviews/focus groups was obtained from the participants in each case after they had been informed that the discussions would be recorded and explaining to them how it would aid the research (Saunders *et al.*, 2009). Consent forms were signed by both groups (Appendix E). By audio-recording the interviews and focus groups the researcher was able to listen carefully to what was said and how it was said, as well as pay attention to non-verbal cues that might be relevant to the research findings. Audio-recording is also a form of accurate and unbiased data recording (Saunders *et al.*, 2009).

Another advantage of audio-recording is that it provides a permanent record of data (Saunders *et al.*, 2009), provided that digital back-ups are made. Recorded data was stored on three computers, as well as on an external storage device.

3.5.2   Preparing the qualitative data for analysis

Data from the various interviews and focus groups was stored in separate folders and marked with distinguishable codes in order to simplify the task of transcribing, coding and creating themes for the data.

The audio-recorded data obtained through each interview and focus group was transcribed as a separate document. Although all the data was transcribed, tape-based analysis was also applied. To do this the researcher listened to the recording and, while focusing on the research questions, paid close attention to the portions that would contribute to developing a better understanding of the studied phenomenon (Dickinson, Leech, Onwuegbuzie & Zoran, 2009:4).

Researcher's notes on the interaction and the non-verbal communications and cues were also taken into consideration in the analysis of the data. The researcher ensured that data was correct and free from transcription errors (Saunders *et al.*, 2009) as the data was not presented to participants for their input and editing. Codes were used to save the transcripts of the different focus group discussions and participant interviews transcript separate and in anonymously named folders.

3.5.3   Further analysis: coding and themes

An inductive approach was followed to analyse the collected data since the process involved would ensure the emergence of an explanation of the phenomena (Saunders *et al.*, 2009). To complement the inductive approach, data was regularly analysed and assessed in order to identify emerging themes as the study progressed. Coding and thematic analysis were therefore applied on both the data provided by the employees and that obtained from the managers.

The data-coding method was used to identify a summary of the key points and themes that emerged from the transcripts of the study. Coding and categorising aided the researcher in answering the research questions. It was helpful in that it made it possible to compress large amount of textual data into fewer words (Saunders *et al.*, 2009).

The following process suggested by Maree (2007) was followed in the coding of the transcribed data:

1) Carefully read through and examine the data, heeding every line and searching for meaningful segments.
2) Code significant lines/portions by using an identification code.
3) Keep a list of all the codes that are used in the analysis.
4) Reapply existent and new emerging codes and continue coding until all data has been coded.
5) Write reflective notes while coding.

As is a popular approach in the social sciences, inductive codes were developed and allowed to emerge from the data as the analysis process proceeded (Creswell, 2009;Maree, 2007). The researcher looked for obvious codes, unusual or unexpected codes, and codes that shed light on a different theoretical perspective (Creswell, 2009).

Once all the data had been coded, themes and patterns of phenomena and surfacing categories – in the case of this study these were the expectations and obligations as part of the psychological contract content from both lower-echelon employees and managers – were identified and labelled with an explanatory phrase or word through clustering or combining similar topics together (Creswell, 2009; Maree, 2007).

Another important part of the data analysis was to determine how important each of these themes/elements was to the employees, as well as how important the managers perceived them to be to the lower-echelon employees. This was done by determining the groundedness of each element based on its frequency of occurrence in the focus-group and interview discussions. This provided the researcher with comparable data that could be used to answer the research questions, more specifically the question: '*Is there a difference in the viewpoints of managers and lower-echelon employees about the latter's psychological contract?*' The results and findings of the study are presented in Chapter 4.

3.5.4   The researcher

Data obtained through focus-group discussions and interviews was collected by the researcher. The researcher acknowledges the fact that she played a subjective role in the research and its consequent findings. The researcher's construction of reality, perceptions, beliefs and assumptions regarding the researched topic undeniably influenced the study (Creswell, 2009).

The researcher's choice of a research philosophy or paradigm was shaped by her area of expertise, past research experiences and lived experiences (Creswell, 2009). For this study, the researcher adopted a social constructivist worldview and the position of the social constructivist researcher in relation to the research is clarified and minimised with interventions as follows:

Table 1:   Researcher's paradigm and position influencing research process

Researcher's position or beliefs	Intervention during data collection	Intervention during data analysis
The reality of employees is shaped through their lived experiences and will inevitably be influenced by their experiences in their current jobs.	Allowed participants to reflect on their own lived experiences of the psychological contract. Questions and probing questions were structured in such a way as to elicit overall, broader perceptions on the topic.	
Employees create the meaning of the psychological contract also based on their interaction with others (social constructivism).	Open-ended questioning allowed participants to form subjective meanings. It also allowed interaction with one another in the focus-group discussions.	
The specific context (the	Acknowledged participants'	

sport, health and hospitality industry) in which these employees and managers work will impact the meaning they portray to the researcher.	backgrounds and the context in which they work. Shift work, abnormal hours and the service industry were taken into account.	
Understanding of a phenomenon is shaped through making sense of the opinions others have about their world.	Researcher followed an inductive approach without prior categories. Looked for a complexity of views; did not condense meanings into a few ideas.	Allowed a theory or pattern of meaning to inductively develop from data.
As a result of prolonged informal engagement with employees, the researcher might have certain predisposed ideas regarding the research topic and findings.	Allowed a complexity of views to be generated. Focused on eliciting data from participants as constructed in their own realities.	Also reported on contradictory and unexpected findings.
It is not possible for the researcher to present an exclusively objective understanding of the psychological contract of lower echelon-employees and their managers' awareness thereof.	Focused on understanding the lived experiences as seen from the participants' viewpoint. Personal memo writing as an acknowledgement of subjective involvement.	Systematic analysis of coding to form categories or themes. Researcher acted as a co-constructor of meaning.

3.6   THE QUALITY AND RIGOUR THE PROPOSED RESEARCH DESIGN

Creswell (2009) states that a researcher writing a proposal for a study should legitimise the quality of the findings by considering validity and reliability checking associated with

qualitative studies. Maree (2007) translates the validity and reliability of qualitative research to the trustworthiness of the data analysis, results and conclusions.

3.6.1   <u>Ensuring the trustworthiness of the qualitative findings</u>

For this study, the following can be presented as possible sources of invalid or untrustworthy findings (Saunders *et al.,* 2009):

- Reliability might be compromised due to interviewer or interviewee bias. In this process the researcher (as the interviewer) has to make key decisions about which findings based on the qualitative findings (Creswell, 2009).

- In-depth interviews and difficulty to generalise may thwart validity. It may be difficult to generalise the final results to employees who do not reveal the characteristics of the sample group.

- Unwillingness of participants to respond

- Deliberate distortion of data by the researcher

The effects of the above-mentioned possible sources of invalidity in the qualitative research process were minimised by implementing measures suggested by Creswell (2009). By administering five interviews and three focus groups, the researcher was able to compare the findings and results of all the sessions to ensure validity. In an attempt to reduce bias and the subjective role of the researcher when collecting qualitative data, the researcher declared and clarifies how her own perception, background and characteristics might have influenced the findings (see section 3.5.4). Thematic analysis based on several sources of data (interviews and focus group transcribed data) was also done, which adds to the validity of the study. Information that might indicate discrepancies and findings will also be presented to create a realistic account of the research findings.

Reliability was optimised by checking transcripts of recorded focus-group discussions and interviews for obvious mistakes. Consistency in the coding of data was applied to the greatest possible extent (Creswell, 2009).

As mentioned earlier, the validity and reliability of qualitative research implies the trustworthiness of the data analysis, results and conclusions (Maree, 2007). In support of the

above-mentioned measures, and in order to ensure the credibility and trustworthiness of this study, the following methods were installed:

- Using multiple data sources. Data from interviews, focus groups and researcher notes was used to confirm conclusions.
- Informally verifying raw data. Discussions with participants were used to sound out their understanding of the data.
- Keeping track of data analysis process through note taking.
- Presenting research participants with a draft report and allowing written or oral comments on the findings in order to verify results.
- Controlling bias and clarifying the researcher's subjective role.
- The aim was not to generalise findings across an entire population. It was acknowledged from the onset that the researcher attempted to seek insight into a specific group's perceptions and experiences.
- Protecting the confidentiality and privacy of participants.
- Stating the limitations and obstacles to accessing of data upfront.
  (Maree, 2007).

3.7 RESEARCH ETHICS

All research studies should be conducted with great ethical care. For the purpose of this study, primary data was collected and therefore the following ethical considerations apply:

- Access to data was obtained by establishing understanding at different employers and identifying possible benefits to the organisation should this research be conducted at their organisations
- Confidentiality and privacy of participants were highly protected. No data that employees provided about the managers in their organisations was linked to individuals and neither was the managers' identities made known.
- All the participants had the right to withdraw from focus groups or interviews at any time if they felt the need to do so.
- Permission from the organisation was obtained to involve its employees in the research study.

- Both the managers and employees filled out and signed consent forms. An example of this consent form is available in Appendix E.
- Research was conducted objectively and with integrity (Saunders *et al.*, 2009).

3.8 CONCLUSION

This chapter addressed the research paradigm, design, strategy of inquiry and research methods applied in this study. These frames of references underpinning the research were applied based on the research questions, the nature of the study and the objective of the research, namely to be able to answer the research questions.

The social constructivist approach was followed for this research project as it relies as much as possible on the participants' views of the phenomenon and allowed the researcher to explore the phenomenon of the psychological contract in the specific context in which the participants live and work. The qualitative research design led to the creation of a rich understanding of how psychological contracts are linked with the organisation and the phenomenological strategy of inquiry made it possible to capture the essence of the human experiences of a small number of participants.

Specific methods were also discussed, namely (1) random (for employee sample) as well as non-probability, convenience sampling (for manager sample); (2) the focus-group and interview data collection instrument; and (3) the coding and thematic analysis of the data. The researcher's assumptions impacting on the research were also explained here. Finally, this chapter provided insight into the trustworthiness and ethical considerations of this research process.

In the chapters that follow, the focus will be on the main findings as they pertain to the research questions. These findings will be discussed conclusions will be reached.

4   CHAPTER 4 RESULTS

This study aimed to investigate both the psychological contract content of lower- echelon employees and managers' awareness and perception of this content so as to determine whether a discrepancy exists. In order to effectively portray the two groups' perceptions of this phenomenon, the results based on the data obtained from both groups regarding what they considered to be the most important elements of the psychological contract content are discussed in this section.

The results are organised in two sections. First, employees' expectations and managers' perceptions thereof, and second, employees' perceived obligations towards the organisation and how these are perceived by managers.

Since the study focuses on managers' awareness of the unwritten expectations of lower-echelon employees, the results below present in detail and in order of importance what lower echelon employees essentially 'want' (implicit expectations) from the employment relationship and what management perceives that they 'want'. Not to be ignored are the findings on the other side of the psychological contract – the obligations employees believe they have towards the organisation and what employers or management believe those obligations are. These results are also presented.

The researcher found that the meaning of each one of the different variables is relative to the group of people that voiced that particular element as an implicit expectation. The definitions of the variables as they relate to the two groups of participants are therefore also given as they emanated from the data.

4.1   RESULTS: EXPECTATIONS

### 4.1.1   The expectations of lower-echelon employees

From the possible 100 lower-echelon employees in the organisation, 21 participants were selected through simple random sampling. Eighteen of the employees that were selected

responded by attending and participating in the focus groups. Some of their demographical details are displayed below

Distribution of respondents by race and gender
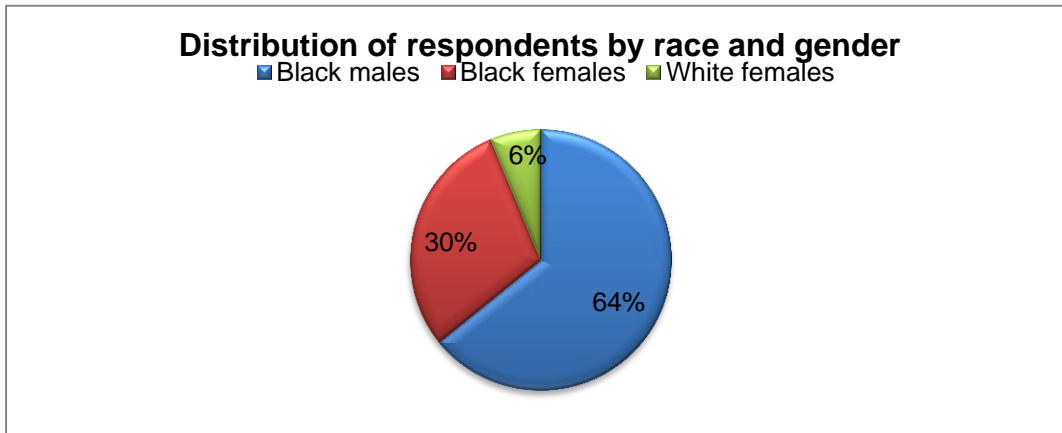
The focus-group schedule was designed by the researcher based on the research questions and the information she wished to elicit from the focus groups (see Appendix A). Recordings made during focus groups were transcribed and different elements that were identified were later clustered into coded themes.

The analysis of the focus-group transcriptions revealed nine coded themes relating to the content of lower-echelon employees' psychological contracts. These coded themes are the result of coded data that was clustered into the main variables of the psychological contract as obtained from the lower-echelon employees that participated in the focus-groups.

Code	Variable/Theme
C1	Good communication
S1	Salary and remuneration
EQ1	Equal and fair treatment
R1	Being treated with respect
WC1	Good working conditions
M1	Approachable and supportive management
RA1	Recognition and acknowledgement
TD1	Opportunity for development
CR1	Challenging work and responsibility

Results show that communication, salary and benefits, equal and fair treatment, being treated with respect, good working conditions, approachable and supportive management, recognition and acknowledgement, opportunity for development, peer support, challenging work and responsibility, in no particular order, form part of lower echelon employees'

psychological contract content. The themes identified are discussed below and defined as relevant to the context of the participants from whom they were obtained.

Theme C1: Good communication

Focus-group participants indicated that communication – both between themselves and their colleagues and between employees and management – is something that employees expect to be part of the employment relationship. Communication in this context encompasses various forms of transmission of information between all the role-players in the employment relationship. Participants put it forward that they start a job expecting that their managers will communicate to them the relevant procedures and processes to be followed with regard to, for example training and development. They also expect that managers will communicate what is expected of employees regarding their job tasks in a clear, concise an unambiguous manner.

In terms of employees' relationship with their colleagues, participants expect that communication between colleagues will be present to such an extent that they will be able to help each other out with job tasks and also bring about more efficient teamwork.

Theme S1: Salary and benefits

Salary and other monetary rewards emerged as a significant element of the psychological contract among the participants. When they agree to enter into a working relationship with their employer, apart from their stated salary in their contract, they voice the expectancy to be financially rewarded and 'looked after' by their employer.

As part of their psychological contract elements, participants indicated that they expect a salary that will last beyond the stage where they have barely covered all their monthly expenses and that will enable them to build a better life for themselves and their dependants. Elements that belong to the transactional side of the contract were also mentioned, for example fringe benefits such as medical aid, a provident fund and house and car allowances.

Theme EQ1: Equal and fair treatment

Participants indicated that when they 'sign up for a job' they believe they will receive fair and equal treatment. This implies that the same policies and procedures (i.e. lunch time) will be applied consistently to all workers at their level. There is an expectation that lower-level

workers will not be treated as a minority group and that they are entitled to the same rights and subjected to the same regulations as their superiors. Participants also refer to fair treatment as allowing the employee to liaise with their supervisors when issues arise instead of supervisors listening to stories from other employees.

Theme R1: Being treated with respect

Participants indicated that when they agree to engage in the employment relationship, they implicitly assume or expect that they will be treated with respect. Respectful treatment covers a wide spectrum of expectations expressed by this sample of employees. Being personally addressed and greeted when meeting with management or superiors is something that the participants expect and indicates to them that they are respected.

Participants hold the conviction that working at a lower organisational level often includes having to do work that is regarded as 'dirty jobs'. This participant sample of lower-echelon employees therefore implicitly anticipated that they would be shown consideration and be respected/treated with dignity for doing work that other employees are not prepared to do.

Participants indicated that as lower-echelon employees they are sensitive and susceptible to the manner in which they are spoken, Although this is not necessarily stated explicitly from the start of the employment relationship and might be an element that develops/arises from the dynamic nature of the psychological contract, employees expect to be addressed with respect and not to be threatened with harsh language, especially not in front of customers or colleagues. Participants expect this respect to be shown from the top down and also expect managers to respect their abilities enough to believe they will be able to do the job well.

Theme WC1: Good working conditions

When commencing the employment relationship, participants identify a whole array of expectations of the working environment in which they will operate daily. These expectations have been clustered under the psychological contract element of good working conditions.

Participants indicated that as lower-echelon employees they have the implicit need to work in a disciplined and structured environment that creates an opportunity for people to be happy at

work. Good relationships with their colleagues and management, which includes time to interact on a social basis with colleagues, are valued by these employees.

Also included in a good working conditions psychological agreement is the provision of sufficient uniforms and the necessary equipment and materials to enable them to perform their duties efficiently. Another expectation that possibly arises as part of the dynamic, ever-changing psychological contract is that employees at this level expect to have a convenient change or staff room that is conducive to productivity.

Theme M1: Approachable and supportive management

Participants indicated that they form an intense and multifaceted psychological contract when it comes to how they relate to their managers and how their managers relate to them. An element that they expect to be part of the employee-employer relationship is approachable and supportive managers. Participants believe that their managers have a duty to support them by, for example, motivating them in their daily work environment. Participants also expect managers to be willing to help and assist them with tasks when the workload gets too much, especially in the hospitality industry where time and customer service are of crucial importance.

Participants pointed out that lower-echelon employees feel that, as part of the implicitly developed agreement with their managers, management will be approachable when employees need to discuss issues or requests with them and will attend to those. Participants expect management to assist them in finding solutions to work-related and personal problems.

Theme RA1: Recognition and acknowledgement

It is part of the implicitly developed agreement between focus-group participants and their employers or management that they will be appreciated for the work they do.

The recognition and acknowledgement of these employees will manifest in management gives recognition to employees who not only make an effort to get the job done in order to be paid, but who also actively contribute towards the efficiency and success of the organisation.

Participants indicated that they also expect managers to identify and recognise potential in lower-level employees so that they can be developed and grow in their career to improve their personal circumstances. It is these participants' implicit expectation from the start that they will be prioritised when it comes to training and development opportunities.

Participants expressed the need to be told when they have succeeded in doing a job well and to receive positive feedback, or to be acknowledged for doing work that many others are not prepared to do.

Participants indicated that they value public acknowledgement in front of their peers and customers of the hospitality organisation, and implicitly agreed that they would work well if their efforts were visibly appreciated and acknowledged.

Theme TD1: Opportunity for development

This sample of lower-echelon employees indicated that when entering into the employment relationship, they expect to be exposed to more than merely the work and tasks done at their job level. They expect to be able to use their current job as a platform to gain experience and acquire skills that will enable them to either progress to a higher job level inside the organisation or to further their careers otherwise. They have the implicit belief that the organisation will help employees to develop and grow, offering job-related training and development courses that will also equip them with skills and knowledge that are additional to immediate job knowledge. They expect equality to be applied and training and development to be available to employees at all job levels.

Participants indicated that it is also important for them to be able to apply their current skills and knowledge in their jobs and make a productive contribution to the organisation's effectiveness.

Participants have the perception that assumptions should not be made about their ability to fill higher positions and that they should be given opportunities to be promoted and see their career progress.

Theme CR1: Challenging work and responsibility

Without necessarily voicing their opinions in this regard to their managers from the onset, participants indicated that they want to be given a sufficient level of responsibility in their jobs. Their expectation that they will be allowed to give input and exercise authority over their tasks forms part of the implicitly developed understanding that they will be trusted to do their jobs well.

Participants believe they will be challenged and pushed to grow by being allowed to solve certain job-related problems independently without having to always wait for the manager's input.

In order to provide comparable data, participants' expectations have been summarised in ranked order in the table below. The expectations were ranked as part of the psychological contract of lower-echelon employees. The rank of each theme was determined by its level of groundedness and frequency of occurrence of each element included in that theme during the focus-group discussions.

Table 2:   Research results: Ranked list of lower-echelon employees' implicit expectations

Rank	Theme: Expectations	Meaning	Illustrative quotes
1	**Recognition and acknowledgement (RA1)**	Appreciated for work done Potential recognised Positive feedback received Public acknowledgement	'Being appreciated for what we do' 'regard the waiters and other staff as a person who can maybe be something better' 'see when you are doing the best for them' 'come to you to say: "Wow you did a good job!"' 'to be recognised' 'appreciate our work' 'no one will do that job we have to do'

			'come to us when they are happy, say thank you' 'it is important to be appreciated' 'if they keep telling you 'good, good keep on working like this;...you keep increasing your work rate. 'so as a general manager I have to come to my employees: "Hey, thanks for the job that you have done at that function, I hope it is not going to be the end" it's like to be motivated, like wow, somebody came to us and said "thanks guys for the job that you have done"' 'even if they don't give us money, but telling us how hard we've worked'
2	**Opportunity for development (TD1)**	Not to remain in the same job level/position for a prolonged time Opportunity for promotion Gaining experience relevant for future career Job-related and other training courses	'not just learn on your own level only' 'to learn more and get experience' 'There is a certain job, you want to go there, but you have to go work somewhere first to get experience, and then finally you'll get there. You go there, you work for

			three months, you learn something. But you have like a target, you want to go somewhere, you do this…and eventually you'll get there.'
			'a company that develops people, that grows people'
			'there is future in this company'
			'there are many advantages when they train you, like to get a promotion...but at least as a person you have learnt something'
			'looking forward to build your future'
			'when you get into a company...you are going there because you want to grow in the company'
			'regard the waiters and other staff as a person who can maybe be something better'
			'to grow myself and empower myself'
			'internal vacancies...assume housekeeping will not be able to do it'
			'like first aid training'
			'my plan was to get experience so that I can open my own catering

			business'
3	**Respect (R1)**	Being addressed in a respectful manner Being recognised and respected for doing ungrateful jobs Being spoken to in respectful language when reprimanded	'if important guests come here, we get chased away' use harsh language, I do not know if it is a threat or not' 'you greet your manager, and they just look at you...that puts you down' 'you know that from previous jobs you will greet each other nicely' 'you just expect to respect each other' 'if your seniors do not respect you, that where it lies some difficulties to respect each other' 'we are the one who are working down here, we know all the problems we are experiencing, they see it afterwards' 'Respect! ...wait for you to finish your job and then later call you in the office "we don't like this and this"'
4	**Working conditions (WC1)**	A disciplined and structured environment A happy environment Good relationships with management and colleagues	'disciplined...well organised...that is something that is not written in my contract' 'where you spend most of your day, you deserve to be happy'

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			'to create good relationship with people, getting to know people'
			'when it comes to good relationship with staff, it must start at the seniors'
			'have to communicate and have each other's backs'
			'expect that everything should run smoothly, that I know what is expected of me'
			'relax and mealtime...with our colleagues'
			'you expect a friendly environment'
			'having support and enough employees to cover'
			'good relationship with your fellow colleagues'
			'expect good conditions in terms of our changeroom'
			'expect the nice uniform, not only one. And working shoes'
			'proper uniform'
			'mucus on the floors...it is not hygienic'
			'we need some equipment'
5	**Salary and remuneration (S1)**	Rewarded with financial incentives/rewards. Remuneration should cover more than just essential monthly expenses. Transactional financial benefits	'I am going to get paid'
			'you start by how much they are going to pay me'
			'provident fund, medical aid'
			'a job that looks after you. Maybe get like provident

		such as salary and fringe benefits to be part of remuneration package.	fund...all the benefits' 'the salary is obvious. The moment you get a salary, that salary is already gone.' 'what I can afford is to buy some food, I can't take my children further, I can't even build the house...'
6	**Challenging work and responsibility (CR1)**	Responsible for and challenged to solve work- related problems independently Allowed input and authority in respect of work tasks	'trust me' 'procedures...listen to our views as well …"what is a good way to get this done, in a correct way?"' 'ask us what is the simplest for you to get this done' 'at the end of the day we are the ones who is going to make that, and then if somebody gives you something that you must do, "Do this and this" ...and then you find obstacles along the way, that somebody is not there to take you over those obstacles' 'sometimes they must let us play with the ball' 'don't have to wait for the manager to be here to handle it' 'a job that is challenging you everyday' 'you know at the end of your

			shift, you have solved something...not cleaning cars the whole day'
7	**Good communication (C1)**	Communication between colleagues to such an extent that they will be able to help each other with tasks and improve effective teamwork Communication between employees and management regarding applicable policies and procedures and clear expectations	'management does not talk to the staff' 'good communication' 'that I know what is expected of me' 'they are the people who are my leaders so you I have to have good communication with them' 'you must be able to go straight to that person and talk' 'when someone else comes in, they tell you to do something else'
8	**Approachable and supportive management (M1)**	Management to play a supportive role by motivating employees Management to assist and help with tasks if workload is excessive Management to be receptive and open to discuss problems/issues with employees	'if there is something that is not making you happy, you have to be able to go straight to that person and talk' 'if I have got a problem at home, I talk to my supervisor' 'it is more than the word important. Because whenever you have a problem, you can go and go to the person you know is going to listen to you and...to come up with a solution for

			you'
			'you will ...need help...you could have gotten it here at your workplace'
			'support from the manager'
			'there is a lot of people, students and guests, at least he or she must help us'
			'a manager that can clean and help, he motivates you'
			'motivation as well, from the managers'
9	**Equal and fair treatment (EQ1)**	Same policies and procedures to be applied consistently Employees to have same rights and be subjected to same regulations as their superiors Allow employees to state their own cases.	'treat each other fairly' ' ...training...there must be equality' 'we just need our lunch time that starts at this time, till this time' 'treat us all equally' 'if someone comes to the office and say she wants to talk to the supervisor about the other one, she must stop it...they must wait and call that person self to sort it out'

These results show that for this sample of lower-echelon employees in the hospitality industry, recognition and acknowledgement is the most important implicit agreement element they believe they are owed by their managers or employers. In a close second place is opportunity for growth and development, followed by being treated with respect. Salary and remuneration is ranked by these employees as the fourth most important psychological contract element. Good working conditions, which include physical working environment as well as relationships with colleagues and management, are ranked fifth. Challenging work

and having a level of independent responsibility in their jobs falls just below good working conditions, followed by good communication, approachable and supportive management and equal and fair treatment. These nine elements form part of the most valued elements of the psychological contract content of lower-echelon employees working in the hospitality industry, such as restaurant staff, cleaners and general maintenance workers.

4.1.2 Managers' perceptions of the implicit expectations of lower-echelon employees

Using the inductive data-analysis approach, the researcher revisited data and 'travelled back and forth' between the sets of data and did not follow a stringent procedure. The second step in the data analysis involved the coding and theming of data obtained through interviews with managers. Five participants from management were interviewed. Their demographics are displayed below. The interview protocol, designed by the researcher, was based on the research questions and the information she hoped to elicit through the interview (see Appendix C). Interviews were transcribed and the different elements that were identified were later clustered into coded themes.

Distribution of respondents by race and gender
White males   White females   Black males

40%
40%
20%
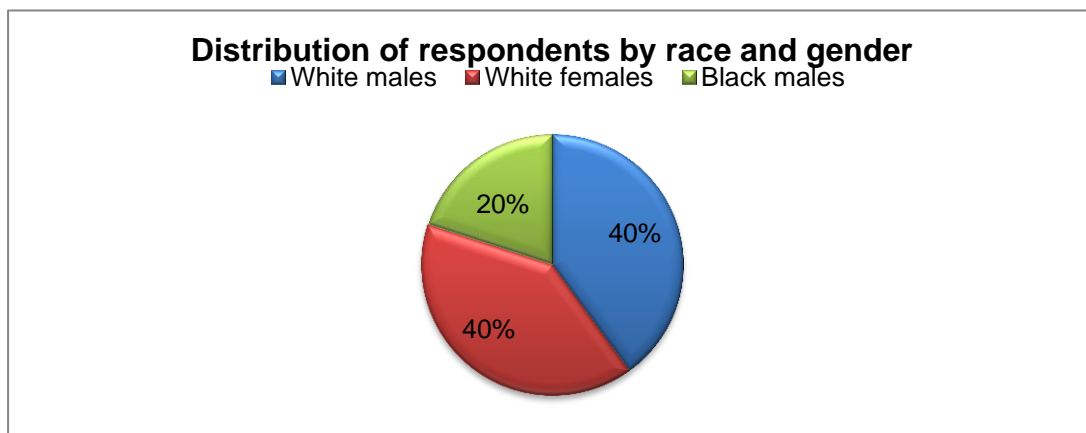
The analysis of interview transcriptions revealed seven coded themes relating to managers' perceptions of the content of the psychological contract of lower-echelon employees. These coded themes were identified from coded data that had been clustered into the main variables of the psychological contract, as obtained from the interviews with managers. Corresponding data was collapsed/clustered into coded themes. In this instance these themes are essentially the variables of lower-echelon employees' psychological contracts as perceived by management.

Code	Variable/Theme
S1	Salary and remuneration
T1	Time off
R1	Being treated with respect
WC1	Good working conditions
M1	Approachable and supportive management
RA1	Recognition and acknowledgement
TD1	Opportunity for development

Theme S1: Salary and benefits

Although remuneration also forms part of the explicit transactional contract between the organisation and employees, management participants believe that lower- echelon employees have certain expectations regarding salary and other monetary rewards received from their employer, and that these expectations influence the implicit agreement that they form with the organisation. Management participants perceived money (salary and wages) as the *'main driving factor'* that will make lower-echelon employees enter into and be satisfied with the working relationship.

Managers' and lower-echelon employees' definitions of salary and remuneration overlap somewhat. Management participants also mentioned employees' expectation of fringe benefits, such as medical aid, a provident fund, and house and car allowances.

However, interviewees also expressed the opinion that employees will do the job that offers the highest remuneration and always want more money for their current job. Management interviewees also indicated that employees will find little satisfaction in being appreciated and acknowledged if they are not being paid properly. During the interviews participants expressed the belief that lower-echelon employees' only initial expectation of the working relationship is a monthly salary.

Theme TD1: Opportunity for development

According to the interviewees, lower-echelon employees hope that the organisation they contract with will 'grow them a bit'. They do not want to be in the same position for too long and expect to be given opportunities to grow.

Once employees have grown used to the salaries they are receiving, they expect to be promoted and to receive training – both relevant to their current jobs and outside their roles.

Theme WC1: Good working conditions

This cluster was formed by including the physical work environment and working relationships and interaction with the people at work. Managers are of the opinion that lower-echelon employees expect to work in an exciting and interesting organisation. Participants in the lower-echelon focus groups also mentioned that they want to work in what was described by them and their managers as a 'happy environment' and one in which they are able to interact with their colleagues during their daily work tasks in order to build relationships with them.

It also surfaced that interviewees do not think that good working conditions is necessarily an implicit expectation employees have when they enter the employment relationship, but that it is nevertheless important.

Theme RA1: Recognition and acknowledgement

Interviewees expressed the opinion that lower-echelon employees will be willing to engage in the working relationship when they implicitly know that they will get something back for what they do. 'Something' is defined by managers as a physical reward, such as a restaurant voucher for personal use. Acknowledgement acts such as presenting an 'Employee of the month' award is something that employees value, which confirms their implicit expectation to be recognised and acknowledged. However, interviewees maintained that 'a thank you is not enough' and that salary plays a bigger role in employees' expectation of the work relationship.

Theme R1: Respect

The interviewees' ideas regarding the expectation of lower-echelon employees to be treated with respect generally corresponds with how it was defined by the focus- group participants. It is noteworthy that only one out of the five managers mentioned the expectation to be treated with respect as one of the implicit expectations of lower-echelon employees, and that he strongly emphasised it on various occasions.

The interviewees interpreted 'being treated with respect' as being treated like human beings and not merely like employees or workers. Employees should be greeted and should be approach and addressed respectfully.

Theme M1: Approachable and supportive management

Results obtained from the interviews show that interviewees (as managers) are aware of the fact that employees expect to be motivated by management. Interviewees contextualised motivation as mentoring employees and showing them where there is an opportunity to grow. Support, according to the interviewees, is demonstrated by showing interest in employees' personal lives and assisting them with finding solutions to personal (including financial) problems.

Theme T1: Time off

Another transactional element mentioned by interviewees is the implicit self-explanatory expectation that lower-echelon employees have to enjoy time off over weekends and public holidays, or when they need to attend to personal problems.

In order to provide comparable data, the expectations of lower-echelon employees, as perceived by the interviewees, have been arranged in ranked order, as shown in a summary table below. Each theme was ranked according to its level of groundedness and the frequency with which each element included in that theme occurred during the interview discussions. The ranked list of what interviewees (managers) perceive to be lower-echelon employees' most important expectations is presented in Table 4.

Table 3: **Research results: Ranked list of lower-echelon employees' implicit expectations as perceived by management**

Rank	Psychological contract content: Expectations	Meaning	Illustrative quotes
1	**Salary and remuneration (S1)**	Basic initial expectation is a monthly salary Transactional financial benefits such as salary and fringe benefits to be part of remuneration package	'just happy to get a job that pays them a certain minimum' 'money is the main driving factor' 'What do you think are the general expectations of employees when they

			initially start their job at the organisation?'"Money"'.
			'definitely money, more money'
			'A thank you alone is not good enough...it is important to them, but not as important as money.'
			'the top two is salary and work expectation'
			'they want provident fund...medical aid...and a pension fund'
			'it's...that they will get a basic monthly salary...that's the basic expectation'
2	**Opportunity for development (TD1)**	An opportunity to grow within the organisation The expectation to receive training and be promoted develops later.	'their hope is that the company will grow them a bit'
			'training is very important to them'
			'learning opportunities and opportunities to grow themselves'
			'they hope someday they would be in that position (higher level)'
			'growth means an opportunity for better pay'
			'soon they start expecting...to be promoted'

3	Good working conditions (WC1)	The physical working environment to be exciting and interesting A 'happy' environment. Interaction and relationship-building with colleagues	What do you think are the general expectations of employees when they initially start their job at the organisation? 'A happy environment' 'important for them is to have work satisfaction in the work that they do' 'between the restaurant workers, the interaction is nice...the lower-level employees enjoy that'
4	Being treated with respect (R1)	Being addressed in a respectful manner The use of respectful language when reprimanded	'respect is very important to them...especially the lower-level workers' 'important thing is...to greet them' 'if you see a cleaner is maybe not cleaning well...the manner in which you approach it'
5	Approachable and supportive management (M1)	Mentoring employees in a area where they can grow/develop Showing interest in them and offering assistance with the personal lives and problems	'to mentor them' 'see where there are opportunities to grow and send them for training' 'also to hear if someone for instance had a baby...to hear how the baby is doing'
6	Recognition and acknowledgement	Receiving something in return for work done	'get something back for what they do'

	(RA1)	Physical reward for good work done Public acknowledgement	'employee of the month...they like that 'being appreciated as well' 'congratulated on their achievements...and that is important, especially down there'
7	**Time off (T1)**	Time off work on weekends and public holidays, and when they have personal issues to attend to	'they expect to be off on a weekend…holiday' 'to be given days off whenever there's a problem'

4.2   RESULTS: OBLIGATIONS

4.2.1   The perceived obligations of lower-echelon employees

As previously stated, the aim of this research was to answer the following questions: 'What is it that lower-echelon employees want or expect from their working relationship with the organisation?' and 'What do managers think they expect or want from the working relationship?' In order to achieve this, the implicit expectations of lower-echelon employees (as focus-group participants), and managers' (as interviewees) perceptions of those expectations were analysed and presented in detail in the preceding above. However, since the perceived obligations of these employees (i.e. what they believe they owe their organisation) also constitute an important part of this contract, they were also elicited from the data in the form of clustered, coded themes. This data was collected during the same focus-group discussions as explained in section 4.1.

Table 4: **Research results: Lower-echelon employees' obligations as perceived by the employees**

Psychological contract content: Obligations	Meaning	Illustrative quotes
Task orientation TOa	Willingness to work hard and get the tasks at hand done Striving to perform at an above-average level and not to work simply to get the task done Being committed to the organisation and its work	'to get the job done' 'they expect us to do the job, we just need to get the job done' 'commitment and perseverance' 'working hard even if the company is not looking after you' 'do your job well' 'willing to work and strive for the best'
Following instructions FIa	Being well-mannered and friendly towards fellow staff members Willingness to abide by rules and regulations	'to be nice and smile' 'to obey the rules'
Initiative Ia	Employees going beyond the obvious call of duty Employees fulfilling the obligation to offer their help or services and not waiting to be asked to do	'even if you're a runner, if you see a customer, try to help' 'have initiative' 'going an extra mile' 'don't wait for a manager to tell you what to do'

	something	
	Doing things that are not necessarily part of their job scope	
Punctuality Pb	Arrive on time for work and shifts. Do not stay away unless you have leave or without informing the manager. Arrive or report for duty earlier than is expected in order to ensure good customer service delivery or task performance.	'come to work on time' 'we must also not like stay at home without telling them' 'come early. Sometimes come earlier than your time'
Promote the image of the company Ib	Wear your uniform properly and be hygienic and presentable. Promote a good image of the organisation.	'we must be beautifully uniformed and hygienic'
Loyalty La		'we have to be loyal'
Honesty Ha	Employees who handle money should be trustworthy.	'you need to be honest so they can rely on you' 'when you (a customer) is comfortable here, you will inform all your friends "I left my bag

		here, one of the waiters put it in the office, and when I checked it was still there" so it makes the business to grow'
Render good customer service CSa		'to build a good relationship with customers'
Respect for superiors RSa	Employees to see management as their 'internal customer' treat them with respect.	'as lower-level staff, we need to treat our management with all that respect' 'our internal customer is management'

The researcher deems it important to note that the employees were significantly less expressive about their obligations towards the organisation than what they were about their implicit expectations of their organisation.

4.2.2   Managers' perceptions of the obligations of lower-echelon employees

Once again, in order to answer the research question regarding the extent to which managers are aware of the psychological contract content of lower-echelon employees, interviewees' (managers') perceptions of what lower-echelon employees owe their organisations, i.e. their obligations, were also elicited from the data as clustered, coded themes. This data was collected during the same interview discussions that were discussed in section 4.1.

The study also looked at what managers believe these employees think they owe the organisation. These results are presented below.

Table 5: **Research results: Lower echelon employees' obligations as perceived by their managers**

Psychological contract content: Obligations	Meaning	Illustrative quotes
Task orientation TOa	Willingness to work hard and get the tasks at hand done Being committed to the organisation and its work	'just do what you are supposed to do' 'a chef must just do what he is supposed to do' 'Just do your job to the best of your ability'
Favourable attitude/Follow instructions Fla	Willingness to abide by rules and regulations	'to follow instructions, follow company policies'
Productivity/Perform at their best Pc	Being willing to put in hard work so that the productivity and efficiency levels of the organisation can be optimal	work hard' 'productivity is important, you want a waiter to be vigilant' 'to perform at their best for the company'
Initiative Ia	Going beyond the obvious call of duty Doing things that are not necessarily part of their job scope Being creative in performing their tasks	'sometimes do a little more, to think creatively' 'being proactive, trying to do a little bit extra'
Punctuality Pb	Arriving on time for work and work shifts	'show up on time' 'always being on time'

Loyalty La	Being reliable and faithful towards the organisation	'loyalty is very important'

4.3   RESULTS: COMPARISON AND SUMMARY

The expectations of lower echelon employees and that which managers' perceive their expectations to be, are compared as depicted in table 6.

Table 6:   Comparing employees' expectations and managers' perceptions of their expectations

Rank	Employees' expectations	Rank	Management's perceptions of employees' expectations
1	Recognition and acknowledgement (RA1)	1	Salary and remuneration (S1)
2	Opportunity for development (TD1)	2	Opportunity for development (TD1)
3	Being treated with respect (R1)	3	Good working conditions (WC1)
4	Working conditions (WC1)	4	Being treated with respect (R1)
5	Salary and remuneration (S1)	5	Approachable and supportive management (M1)
6	Challenging work and responsibility (CR1)	6	Recognition and acknowledgement (RA1)
7	Good communication (C1)	7	Time off (T1)
8	Approachable and supportive management (M1)		
9	Equal and fair treatment (EQ1)		

From the above comparison it is clear that managers are to some extent aware of some of the expectations that lower-echelon employees have of the working relationship. The expectations that managers are aware of relate to salary and remuneration, opportunity for development, good working conditions, being treated with respect, approachable and supportive management and recognition and acknowledgement. Expectations that were identified by the lower-echelon employees, but were not mentioned by the managers, are

good communication and equal and fair treatment. Managers indicated time off as an important expectation among employees, even though the employees themselves did not mention it as one of their implicitly formed expectations.

What is of significance here and lays the foundation for drawing conclusions based on the results of this study, is the order of importance in which these variables were placed by the two groups. The managers that participated in the study believe that the lower-order, hygienic need of salary and remuneration is at the very top of lower-echelon employees' implicit expectation priority list. They perceive money to be the *'main driving factor'* and believe that these employees' *'basic initial expectation is a monthly salary'*. Employees, on the contrary, ranked salary and remuneration as the fifth most important factor (see Table 6), following after other higher-order needs such as recognition and acknowledgement, opportunity for development and being treated with respect.

Table 7: Comparing employees' perceived obligations and managers' perception

Employees' perceived obligations	Managers' perception of employees' obligations
Task orientation	Task orientation
Favourable attitude/Follow instructions	Favourable attitude/Follow instructions
Initiative	Initiative
Punctuality	Punctuality
Loyalty	Loyalty
Promote a good company image	
Honesty	
Render good customer service	
Show respect towards superiors	
	Productivity

Interviewees (management) indicated that they were aware of five of the nine obligations that employees (focus-group participants) were perceived to have towards their organisation. The results show that task orientation, following instructions, taking initiative, punctuality and

loyalty are the obligations that both lower-level employees and managers perceive to be part of lower-echelon employees' reciprocal psychological contract content.

The focus-group participants (lower-level workers) put forward honesty and good customer service as obligations they believe they are expected to meet. Interviewees (managers) did not place significant emphasis on the expectations of honesty, rendering good customer service and respect for superiors. This can possibly be ascribed to the notion that exists among managers that the job level at which these employees find themselves does not justify expectations that are too high or intricate. Comments such as *'I don't feel they are obligated to do more than what we ask them. That's more when you get up to the higher-level staff'*; *'all I feel we can expect of them is the job description we give them';* and *'just do their job, not anything more'* indicate that managers do not believe that lower-echelon employees can be expected to be willing, or feel an obligation to contribute towards organisational success, to render good services to customers or to treat management as their *'internal customer', as* these employees put it.

Regarding the expectations, the elements or variables that were mentioned by focus-group participants and interviewees respectively were to a large extent similar, with the exception of two expectations mentioned by the focus-group participants of which the interviewees appeared to be unaware. However, a discrepancy exists in the way the two groups ranked the expectations in their order of importance. The interviewees (managers) clearly emphasised and prioritised expectations that were not necessarily emphasised and prioritised to the same extent by focus-group participants (lower- echelon employees). The researcher concluded that although similarities do exist in respect of some of elements mentioned, a notable discrepancy is evident in the case of obligation variables that focus-groups participants 'owned up to', but of which the interviewees appeared to be totally unaware.

In summary, the results of the data analysis show that there is a fair degree of similarity between what focus-group participants (lower-echelon employees) put forward as the content of their psychological contract and that what interviewees (managers) perceive the content to be. However, discrepancies exist in the way in which the expectations of lower-echelon employees were prioritised by the two groups, as well as in the employees' perceptions of

their obligations and the managers' perceptions of what employees believe the organisation can expect from them.

5   CHAPTER 5 DISCUSSION

5.1   INTRODUCTION

In this chapter the qualitative results are integrated, interpreted and compared with relevant existing literature. The objective of this study was to determine, by way of qualitative research, the content of the psychological contract from the perspective of lower-echelon employees, and also what managers believe this content to be. Note, however, that this study did not determine the level or degree of fulfilment of this contract by the organisation or the employees' perceptions regarding the level or degree of fulfilment of this contract.

The purpose of the research was to answer the following three questions:

- What is the content of the psychological contract of lower-echelon employees? In other words, what do they expect from the organisation? What are they willing to do for the organisation?

- What do managers believe to be the content of lower-echelon employees' psychological contract?

- Is there a difference between the viewpoints of managers and lower-echelon employees regarding the latter's psychological contact?

The results will subsequently be discussed in three main sections:

- The first section contains a discussion of the results on the psychological contract content (expectations and obligations of the employment relationship) of lower-echelon employees in the hospitality industry.

- In the second section the researcher discusses the perception held by managers in the same industry regarding the expectations and obligations of lower-echelon employees, i.e. what managers believe the content of their psychological contract to be.

- Lastly, to answer the research question, the results obtained from both the above-mentioned groups are integrated and interpreted in order to determine the existence of similarities or discrepancies between the content presented by them, and ultimately the findings regarding managers' awareness of the content of the psychological contract of lower-echelon employees are presented.

5.2   PSYCHOLOGICAL CONTRACT CONTENT OF LOWER-ECHELON EMPLOYEES

The content of the psychological contract of lower-echelon employees consisted of expectations as well as obligations. The expectations played a more significant role in the entire research study as they told us "what employees want from the employment relationship and what management thinks they want".

Research into the expectations of lower-echelon employees revealed that the content of their psychological contract indicated that they want(in order of importance) recognition and acknowledgement, opportunities for development, to be treated with respect, good working conditions (good relationships and physical conditions that are conducive to job satisfaction), a salary and remuneration, challenging work and responsibility, good communication, approachable and supportive management, and equal and fair treatment. Financial reward did not emerge as the most important expectation.

Literature shows that employees in general (not specifically lower-echelon employees) expect interesting work that involves some degree of responsibility, fair and recognition-based rewards, fair and open management policies, social support and relationships with colleagues, career development and promotion opportunities, as well as organisational support, being treated with respect and trustworthiness (Linde & Schalk, 2008). Lester & Kickul (2001:14) states that employees expect, among other things, interesting work with high responsibility, supportive management and open communication – not necessarily in this order.

The results obtained in respect of the needs of specifically lower-echelon employees correspond to some extent with the expectations presented in literature. The expectation of having the opportunities for development, job responsibility, supportive management, a secure salary or pay (Chrobot-Mason, 2003) and good relationships as part of good working

conditions (Linde & Schalk, 2008) correspond with the expectations of the lower- echelon workers that participated in this study, even though the literature referred to presents the expectations of workers in general.

What is significant to note about the results of this study is the order of importance in which employees ranked their implicit expectations as part of their psychological contract.

According to Herzberg's (1968) theory, workers will have certain 'hygienic' expectations that correspond to Maslow's (1943) lower-order needs, as well as 'motivation' expectations that are comparable to Maslow's higher-order needs. If all the hygiene expectations are fulfilled, employees will be able to do their jobs, but it will do little or nothing to motivate them to put in extra effort and perform beyond expectation. This indicates that there are other expectations that employees have of the organisation, but that management either is not aware of them or else pays them no heed (Nelson, 2002).

Most important to the group of lower-echelon employees who participated in the focus groups were the higher-order motivation needs and they ranked recognition and acknowledgement as their top expectation. More than anything else, lower-echelon workers expect to be appreciated for the work they do and to receive acknowledgement (preferably in public) for the fact that they go out of their way to contribute towards organisational effectiveness. They want to know when they have succeeded in doing a job well, especially the ungrateful tasks for which they are sometimes responsible. The need for recognition and acknowledgement is a higher-order need, and receiving recognition for work well done motivates a person. Being recognised and acknowledged is not something that is mentioned often or prominently discussed in literature as part of general employees' expectations. Appreciation is mentioned as an expectation in literature, but when recognition is mentioned, reference is mostly made to recognition-based salary or pay (Linde & Schalk, 2008; Rosseau, 1990). Lower-echelon employees in this study value recognition and acknowledgement on a more personal level and would like to be appreciated for doing ungrateful jobs that not many other employees will be willing to do.

Lower-echelon employees in particular appear to value recognition and acknowledgement more than what is assumed for general workers at other levels, which confirms Chrobot-

Mason's (2003) proposition that lower-level workers do indeed have unique needs and expectations.

Also ranked as important (second and third) on the employees' expectation list are opportunity for development and being treated with respect. These are once again higher-order motivational needs and expectations. Lower-level workers expect to be able to use their current job as a platform to gain experience and skill to either grow inside the organisation or further their careers elsewhere. They have the implicit belief that the organisation will develop and grow their employees, offer training and development courses that are job related and will equip them with skills and knowledge that are additional to their immediate job knowledge. Chrobot-Mason (2003), Rosseau (1990) and Westwood, Sparrow and Leung (2001) found that workers in general feel that career development (encompassing an opportunity for promotion, training, learning of new skills outside of their immediate roles, etc.) is something that is owed to them by the organisation.

Nelson (2002) and Linde and Schalk (2008) found that employees expect being treated with respect by peers and colleagues to be part of the employment relationship. They also expect a degree of trustworthiness (Linde & Schalk, 2008), as indicated by the focus-group participants who felt that managers should respect and trust their abilities enough to believe that they will be able to do the job well. Hughes and Rog (2008:748) also state that being treated with respect is very important to hospitality industry employees in particular.

Very little research has to date explored these two aspects of the psychological contract content as they pertain specifically to minority (in this case-lower level) employees. As the results of this study show, opportunities for development and being treated with respect are two higher-order needs that are at the top of the expectation priories list of these lower-level employees.

Good working conditions are ranked as the fourth most important expectation lower-echelon employees have of the employment relationship. Good working conditions for these employees encompass a disciplined but friendly work environment, good relationships and time for interaction with colleagues, lunch hours, sufficient uniforms and the necessary equipment to enable them to do their jobs, staff/change rooms, health and safety measures,

and being able to count on their peers for assistance and backup. According to the literature that was consulted, this corresponds with the expectations of university employees (Linde & Schalk, 2008), who also value relationships with colleagues. In terms of the physical working conditions, the expectations of being provided with uniforms, proper cleaning or working equipment and a decent staff/change room proves to be unique to employees on this level. Physical working conditions and relationships, which are classified under hygiene factors (Herzberg's theory) and are therefore lower- order needs, are ranked in the fourth position of the nine main variables (expectations) lower-echelon employees indicated.

Salary and remuneration were indicated as being the fifth most important to lower-echelon employees at in the hospitality industry. Across literature, salary and remuneration are mentioned as a significant expectation of employees in general. While this variable forms part of the transactional (explicit) contract, it also plays an important role in the psychological contract as employees have many implicit expectations regarding their salaries or pay. This is as an almost obvious expectation, since money and financial problems is an evident cause of stress in any job and at any job level (Nadler, 2010:39).

According to literature, employees expect fair rewards (Siviele Ingenieurswese, 2006), higher wages, performance-based pay (Rosseau, 1990;Linde & Schalk, 2008) and a competitive salary (Westwood *et al.*, 2001:624). With regard to workers in general, literature supports the fact that earning a salary is not the only significant expectations. Previous research by Nelson (2002) suggests that employees have long indicated that other needs, such as an interesting job and being appreciated, carry more weight than the salary they earn. The expectation of fair monetary rewards will never be ruled out (Nadler 2010:39), even though socio-emotional aspects (higher-order needs) prove to be the serious focus of employees (Lester & Kickul, 2001:14).Throughout literature (DelCampo, 2007; Freese & Schalk, 2008; Rosseau 1990; Rosseau & Tijoriwala, 1998) the familiar dichotomous nature of the psychological contract is presented. Both transactional and relational components are present in the psychological contract.

As is true for lower-echelon employees specifically, as was depicted by focus-group participants in this study, the lower-echelon focus-group participants involved in this study

clearly indicated that some of their other (higher-order) expectations are more important to them than earning a competitive salary.

After salary and remuneration, lower-echelon workers ranked challenging work and responsibility, good communication, approachable and supportive management, and equal and fair treatment as the rest of their expectations in terms of their psychological contract.

Lower-echelon employees want to be entrusted with a fair level of responsibility in their jobs. They expect to be allowed to contribute input and to be given the necessary authority to solve job-related problems. They want to be trusted to be able to undertake challenging and interesting tasks. Challenging work, job responsibility and autonomy,(Rosseau 1990; Westwood *et al.,* 2001) and having an interesting job (Lester & Kickul, 2001:14) are included in the expectations of workers in general. Chrobot-Mason (2003:27) indicates that denying minority employees opportunities to be involved in decision-making will be a breach of their psychological contract.

Focus-group respondents indicated that communication – both amongst colleagues and between employees and management – is something that they expect to be part of the employment relationship. Employees start a job expecting that their managers will communicate to them the relevant procedures and processes to be followed. With their colleagues they want to be able to communicate to such an extent that they will be able to help each other out with job tasks and also bring about more efficient team work. Employees expect to experience open communication channels (Lester & Kickul, 2001:14) and expect those channels to be effective (Siviele Ingenieurswese, 2006). As participants in this study also indicated, they expect to receive thorough communication on policies, procedures and what is expected of them, and would like to be able to openly communicate with their peers as well as their superiors.

The variable that lower-echelon employees ranked in the second-last position is approachable and supportive managers. Lower-echelon employees believe that their managers should support them by, for example, motivating them in their daily working environment. Lower-level employees want to have role models they can look up to (Chrobot-Mason, 2003:27).

These employees have the implicit expectation that their managers will be approachable for discussions initiated by employees. They also expect management to be a source of assistance in finding solutions to work-related and personal problems. Rosseau (1990) and Lester & Kickul (2001:14) put forth approachable and supportive leadership as perceived promises of the employment relationship.

The findings of this study might differ from findings reported in the relevant literature in that the latter does not depict supportive management as physical assistance by management. This is due to the fact that, specifically among lower-echelon employees in the hospitality industry, the expectation exists that managers will be physically supportive in that they will be willing to help and assist employees with tasks when the workload gets too much, especially in this industry where time and customer service are of crucial importance.

Lastly, the lower-level workers mentioned the expectation of receiving fair treatment that is equal to the treatment received by employees at other job levels. This particular variable is not prevalent in literature as part of employees' psychological contracts. This expectation implies that the same policies and procedures (i.e. lunch time) will be applied consistently for all workers at their level. There is an expectation that lower-level workers will not be treated as a minority group and that they will be entitled to the same rights and subjected to the same regulations as their superiors.

The reason for this variable being unique to this study could be that this expectation is specifically related to lower-echelon employees in the hospitality industry. Hughes and Rog (2008) also suggest that hospitality industry workers have unique expectation due to the unique nature of their jobs. They perform various ungrateful jobs that do not provide them with power or status. The notion exists that these employees are less educated and therefore a minority group that can enjoy fewer rights or be subjected to more strict procedures and regulations than their superiors. Due to the fear of being discriminated against, these employees therefore expect fair and equal treatment across all job levels.

When dealing with the psychological contract, the emphasis is mostly on the employee. Robinson (1996:574) defines it as '*employees' perceptions of what…their employers owe to them'.* However, the other side of the contract, namely what employees owe their

employers/organisation, is also significant for an understanding of the embedded agreement formed by lower-echelon employees when they enter into the employment relationship. The expectations that employees have of their employers and the expectations that the organisation has of its employees both form part of the psychological contract (Freese & Schalk, 2008:273). The results from this study showed that, according to the employees themselves, their obligations are: being task oriented, following instructions, participation, initiative, punctuality, to promote a good company image, loyalty, honesty, rendering good customer service and respect for their superiors.

By definition the psychological contract is an implicit agreement according to which employees expect (obligation on the organisation) certain things, for example fair pay and promotion opportunities, training, etc., while the organisation or employer expects (obligation on the employee) willingness to work, initiative, loyalty, etc. (Tsui, Lin & Yu, 2013:445).

Previous research on this topic only looked at what organisations expect of their employees, and not what the employees themselves believe they are obligated to do for their organisations.

5.3 MANAGERS' PERCEPTIONS OF THE PSYCHOLOGICAL CONTRACT CONTENT OF LOWER-ECHELON EMPLOYEES

Research conducted to find out what managers *think* lower-echelon employees expect provided data that could be compared with what these employees indicated they expect (section 5.2.1) and enabled the researcher to answer the second and third research questions.

Although employees' perceived obligations and what the interviewees (managers) indicate as employees' actual obligations are included in this study, employees' expectations and what managers perceive their expectations to be provides a larger foundation from which to draw research conclusions.

It was found that managers perceived the expectations in the psychological contract of lower-echelon employees to be the following, listed in their order of importance: salary and

remuneration, opportunities for development, good working conditions, being treated with respect, approachable and supportive management, recognition and acknowledgement and time off.

Managers managing lower-echelon employees, who are the agents that represent organisations and the ones who construct the expectations of these employees, have implicit ideas about what they believe employees are obligated to do for the organisation. *'Organisations become party to psychological contracts as principals who directly express their own terms or through agents who represent them'* Rosseau (1995:60). It is for this reason that previous research explored only those elements that managers or organisations expect of employees, and rarely attempted to determine what managers believe the employees' embedded expectations to be.

However, literature that supports these findings proposes that many managers believe money to be the primary expectation of employees. The notion exists that employees' psychological contracts are mostly made up of the expectation to be paid more and rewarded better (Lester & Kickul, 2001; Nelson, 2002; Nadler, 2010).

In terms of lower echelon employees' obligations as perceived by managers, managers (as representative agents of the organisation) are the ones constructing expectations and employee-focused obligations (i.e. to be fulfilled by the employee) and therefore also hold a part of the psychological contract agreements in the working relationship (Coyle-Shapiro & Kessler, 2000:907; Rosseau, 1990:39). The results of the study indicate that task orientation, following instructions, productivity and optimal performance, initiative, punctuality and loyalty are the most important obligations managers believe should be met by employees.

5.4   THE COMPARISON: EMPLOYEES' PSYCHOLOGICAL CONTRACT CONTENT VS MANAGERS' PERCEPTIONS

Although many literature sources depict the psychological contract as an equal-exchange process between two parties, the power distance between employer and employee still causes discrepancies in the perception of the contract content.

Steyn (2009) found that there are differences in the contents of employer and employee obligation contracts. A dissonance exists between what employees cite as the organisation's obligations towards the employee (employees' expectations) and what organisational management considers as its obligations (Herriot *et al.*1997).

What is of significance here and lays the foundation for drawing conclusions based on this study is the order of importance of these variables as elicited from both groups. Managers believe that the lower-order hygienic need of salary and remuneration to be at the very top of lower-echelon employees' implicit expectation priority list. They perceive money to be the *'main driving factor'* and that these employees' *'basic initial expectation is a monthly salary'*. This belief was contradicted by the employees, who mentioned salary and remuneration as the fifth most important element (see Table 11) and less important than other higher-order needs such as recognition and acknowledgement, opportunity for development and being treated with respect. Coetzee and Schreuder (2010) also state that employees do not always value salary and remuneration as their most important driving factor and that organisations should just start paying their employees enough 'to keep the issue of money off the table'.

Research shows that many managers believe money to be the best reward, yet employees have long indicated that they prefer aspects such as appreciation for work done and having an interesting job. This does not mean that money does not play an important role in ensuring a satisfied employee, but shows that other factors play a more significant role in meeting employees' expectations (Nelson, 2002). These significant aspects are: feeling that one makes a contribution, being recognised by one's manager and receiving respect from colleagues (Nelson, 2002; Siviele Ingenieurswese, 2006). Although employees are definitely mindful of how they get paid, money soon loses its expectation-meeting power (Nadler, 2010:39) and socio-emotional (higher-order) needs quickly become more important to employees (Lester & Kickul, 2001;14). Herzberg's theory argues that managers try to achieve motivation (i.e. meeting expectations of the psychological contract) by focusing on the hygiene factors, such as higher pay and more benefits. Satisfying all the hygiene factors will enable employees to do their jobs, but will do little or nothing to motivate employees to put in extra effort and perform beyond expectation.

Another significant discrepancy is the difference between the importance attached to recognition and acknowledgement by lower-level workers, and how important managers perceive it to be. The frequency with which employees mentioned recognition, acknowledgement and appreciation of their work proved these to be employees' most important implicitly formed expectations. Managers perceived salary, development, good working conditions and being treated with respect as being more important than recognition and acknowledgment to these employees and ranked it as the fifth most important on the 'manager perception' list. Once lower-order hygienic needs have been met, such as knowing that you will receive a salary, being recognised by their managers it of utmost importance to employees (Nelson, 2002). Little previous literature exists on what specifically lower-echelon employees expect, but the results of this study clearly indicate that they value recognition and acknowledgement far more than their managers realise.

When looking at the importance attached by managers to the expectations of development opportunities, good working conditions and being treated with respect, it is justifiable to conclude that managers are aware of how important these expectations are to lower-echelon employees. Herzberg and Maslow also indicate that these higher-order motivation needs are of more importance to employees than is sometimes assumed.

Other than managers being aware of how important development opportunities, good working conditions and being treated with respect are to lower echelon employees, the above comparison provides little reason to claim that managers and lower-echelon employees have the same perception of the latter's psychological contract content. No two groups will have identical views of the psychological contract (Bellou, 2009), which may be detrimental to the working relationship and organisational productivity. In this particular case misconceptions on the managers' side will make it increasingly difficult for lower-echelon employees to make themselves heard and for management to keep employee morale at a productive level (Cullinane & Dundon, 2006:123; Khatri, 2009:7).

Lower-echelon employees are portrayed as expecting to have a challenging job and job responsibility, and autonomy and good communication channels before expecting to work under supportive and approachable management, which is perceived by managers to be their fifth most important expectation. Managers did not include either one of the former

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expectations as an important part of what they perceive as the psychological contract content of these employees.

Employees indicated that with challenging work and responsibility they expect to be given a sufficient level of responsibility in their jobs. Employees believe they will be challenged and pushed to grow by being allowed to solve certain problems surrounding their tasks independently without having to always wait for the manager's input. Comments such as *'trust me', 'procedures...listen to our views as well what is a good way to get this done, in a correct way'* and *'sometimes they must let us play with the ball'* are contradicted by comments made by managers such as *'we can't really expect more from them'.* Failure to allow employees to offer decision-making input is another expectation that is usually not met by managers (Chrobot-Mason, 2003:27).

Lower-echelon employees also expect good communication to be part of the employment relationship. They want to be clear on what is expected of them and want to be able to use open communication channels to their superiors. Managers did not mention this as one of the priority expectation they believe these employees to have.

It is interesting to note that while managers identified time off as an important employee expectation, the lower-level workers did not mention time off as a prioritised implicit expectation. Although lower-level employees elaborated quite extensively on the expectation of equal and fair treatment, none of the managers mentioned this as an expectation they believe employees to have.

In terms of employees' obligations, managers expect less of lower-echelon employees than they are willing to offer. For instance, lower-echelon employees said that they take responsibility of the obligation to contribute to organisational success and voiced awareness of this obligation with comments such as *'like even grow the company itself'* and *'you are building the future of the company'.* The managers did not indicate that they are aware of lower-echelon employees' willingness to meet this obligation and were of the opinion that such obligations apply to higher-level employees only.

In previous literature Hughes and Rog (2008) show that in the hospitality industry, managers fail to understand employees' motivational factors, which supports the evidence of this study that there is a discrepancy between what lower-echelon employees in this industry regard as the content of their psychological contract with the organisation and what their managers perceive the content to be. Employees in the hospitality industry consider being treated with respect, good communication and recognition of accomplishment as very important (Hughes & Rog, 2008:749), and opportunities for learning and development, a fair amount of decision-making authority, a basic salary, benefits and fair performance reviews as critical factors to their motivation and productivity. The fact that organisations fail to retain these employees supports the belief that management is not aware of the full array of these employees' expectations and implicit contracts with their organisations (Hughes & Rog, 2008:750).

5.5   CONCLUSION

Chapter 5 integrated the results of the qualitative data obtained through the focus-group discussions (lower-echelon employees) and interviews (managers) and demonstrated a visible discrepancy between the content of the psychological contract as it is perceived by lower-echelon workers and by the managers respectively. The results were discussed with reference to the three research questions and relevant literature substantiating or opposing the participants' views. Chapter 6 will conclude the study with a discussion of the research and practical implications, as well as the limitations of this study. Recommendations for future research will also be made.

6   CHAPTER 6 CONCLUSION, RECOMMENDATIONS AND LIMITATIONS

6.1   CONCLUSION

The objective of this study was to determine the content of the psychological contract as identified by lower-echelon employees and to determine to what extent managers are aware of these elements, as well as what they perceive the content of these employees' psychological contract to be.

Research questions that needed to be answered were:

- What is the content of the psychological contract of lower-echelon employees? That is, what do they expect from the organisation? What are they willing to do for the organisation?

- What do managers believe lower-echelon employees expect in terms of the psychological contract?

- Is there a difference in the viewpoints of managers and lower-echelon employees about the latter's psychological contract contact?

The answer to the third and last research question mentioned above is what brings the entire purpose of this study to completion – to determine if managers are aware of and have an understanding of the psychological contract content of specifically lower-echelon employees in their organisation. Based on the findings of this study, it was concluded that managers do not have a thorough understanding of the psychological contract content as it pertains specifically to lower-echelon employees. Even though they may have been able to identify expectations and perceived obligations of these employees as a list of elements, a significant discrepancy was found in respect of how they rate the level of importance that these lower-level workers attach to some of these elements. Because these employees earn at a lower level and have somewhat 'primitive' lifestyles, managers assume that money is the main expectation and driving factor behind their psychological contract agreement with the organisation. This was disproved by the findings of this study. For example, it was revealed that managers totally underestimate the value that employees attach to recognition and acknowledgement. Managers also seem to expect less from employees than what they are willing to offer in return for their expectations.

Overall the findings in this study are similar to those of previous research on the psychological contract of workers in general. No comparable literature on managers' perceptions of specifically lower-echelon employees' psychological contract content was available to the researcher. Linkages to literature are the elements of the reciprocal psychological contract between general employees and organisations. Although many of these elements proved to be present in lower-echelon employees' contracts as well (Linde & Schalk, 2008; Rosseau 1990; Westwood *et al.*, 2001:634), the order of importance in which they were ranked was significantly different (Adler & Jermier, 2005;(Chrobot-Mason,

2003:40). Literature also supports these employees' 'beyond payday' and higher-order expectations (Nelson, 2002; Nadler, 2010; Herzberg & Maslow) when it is assumed that *'they will just do whatever job they get paid most for'*. Literature puts the power distance between management and subordinates forward as one reason for these discrepancies (Cullinane & Dundon, 2006:123; Khatri, 2009:7).

It was found that, above all else, lower-echelon employees expect recognition and acknowledgment to be present in the employment relationship. They also rank the expectation of being offered opportunities for development, being treated with respect and operating under good working conditions above their expectation of receiving monetary rewards. These employees seem to be aware of most their obligations in the work environment, such as task orientation, initiative, following instructions, punctuality and loyalty. They also identified additional obligations that they are willing to meet, such as promoting a good company image, honesty, rendering good customer service and respecting their superiors.

At the other end of the results are managers who perceive employees' expectation of a fair and good salary and remuneration to be at the very top of their psychological contract expectations list. Managers are aware of the importance of employees' expectations relating to opportunities for development, being treated with respect and good working conditions, but rate these to be more important to them than receiving recognition and acknowledgement, which employees rate as their most important expectation. Although managers' perceptions of employees' obligations does to some extent correspond to the employees' perceptions, they did not illustrate any awareness of the lower-echelon employees' willingness to meet significant obligations such as rendering good customer service, showing respect for their superiors and actually contributing to organisational effectiveness. Managers appear to ascribe such obligations to higher-level employees only.

Managers are aware of most of the elements that employees would expect of the organisation, but they prioritise them in a significantly different manner than do the employees. In terms of employees' obligations, it seems that in this respect too managers are only vaguely aware of the obligations employees are willing to offer the organisation and clearly expect less of lower-echelon employees than what those employees themselves

regard as their obligations. It was concluded that managers are only somewhat aware of the content of the psychological contract elements of lower echelon employees.

Gary Hamel (2000) made the statement that *"Every employee has the desire to make a positive difference in their organisation and the lives of customers and colleagues. They want to have something else to commit to other than the success of their own career and feel that same commitment towards themselves. Why is this desire of employees so often denied at work? Organisations need to give their employees the opportunity to bring all of their humanity to work."*

It is not only the transactional, hygienic factors that will generate organisational commitment with employees at a lower level, but they too have the need for higher-order, motivational factors that form the essence of their expectations of the working relationship. If employees are denied the fulfilment of these implicit needs, the organisation will compromise on business success (Hamel, 2000:250).

6.2   LIMITATIONS

As this study progressed, certain limitations and obstacles became evident. First, owing to the limited amount of empirical literature that is available on the psychological contract content of lower-echelon employees specifically (i.e. not employees in general), the perceived obligations of lower-echelon employees towards the organisation, managers' perception of lower-echelon employees' expectations and perceived obligations, there were certain limitations in terms of the quality and sufficient relevant literature for integration in Chapter 2. Sources older than ten years were used, as well as sources focusing on the psychological contract of employees in general. This could have a harmful effect on the reliability of the comparisons made between the study's results and evidence provided in the literature.

Second, focus-group discussions consisted of multiracial participants speaking different languages, which compelled the researcher to conduct focus groups in English. Ideally, focus-group discussions held in the native language of the participants would have added to the reliability of data elicited from them. This obstacle was overcome by asking participants who were fluent in both the native language and English to explain or translate concepts to

participants who did not understand them or were unable to convey their own opinions effectively in English. This was not a recurring or frequent problem during the discussions.

Another limitation was the generation of possibly biased information. Although it was not the objective of the focus-group discussions to generate an atmosphere of 'us against/versus management', or to allow the lower-level workers to complain about current unsatisfactory circumstances in their jobs, this did happen occasionally since some employees seemed to experience psychological contract breach and unmet expectations in their current jobs. The researcher attempted to overcome this by monitoring the views of the assertive participants and continuing to create neutral ground. A focus-group memo written by the researcher gives some insight into this situation: '*Although "us vs. them" complaints and discussions were avoided, allowing the participants to raise their concerns did present valuable information in terms of embedded expectations that exist with the employees.*'

Lastly, this study was conducted with both groups of employees (lower-echelon employees and managers) working in one specific industry, namely the hospitality industry. This might infringe on the generalisability of the results of this study. Since this study was exploratory in nature in the sense that it touched on an understudied research area, some of the results may be applicable to employees in this industry only. Future research should aim to identify lower-echelon workers and manager samples that are representative of more industries. This study was also limited to measuring the content of the psychological contract of lower-echelon employees. Researchers might consider examining the degree of fulfilment and the consequences of non-fulfilment of the psychological contract of this employee group.

6.3   CONTRIBUTIONS

Existing literature on managers' perception of the psychological contract content of lower-echelon employees is limited. The results of this study make a valuable contribution to the body of research on this topic.

The results of this study make a contribution by creating awareness of the psychological contract content of lower-echelon employees and giving a voice to a generally understudied minority group of employees. A better understanding among managers of the needs and

psychological agreements of these employees might lead to improved employee morale and therefore productivity, which will contribute to improving both the situation of the understudied group of employees and the business bottom line.

As far as could be determined, this study addressed an under-explored area in that it examined the views of lower-echelon employees, unlike most of the existing literature that focuses on management and excludes the 'view from the bottom'. The knowledge generated through this research should assist and be of value to managements that desire better performance from lower-echelon employees.

6.4   RECOMMENDATIONS

Future research could place more emphasis on the under-explored group referred to as lower-echelon employees. Researchers could attempt to determine what it is this group of employees (in South Africa and elsewhere) expect from their organisations, and how their expectations and obligations differ from those of other employee categories. As Tyagi and Agrawal (2010:391) put it: '*The relationship between perceived organisational obligations and perceived employee obligations is a research area that needs further attention.*' The findings of such a study may result in organisations being able to customise their human resource management strategies for this specific group instead of making wrong assumptions about what will bring about organisational citizen behaviour in lower-level workers.

In terms of practical recommendations for organisations, and more specifically for managers of lower-echelon employees, something as fundamental as the use of adjusted communication strategies from the onset of the employment relationship may prove to be efficient. The facilitation of a discussion with newly appointed employees to determine how they understand their embedded expectations is recommended. By determining what they are willing to offer and communicating to them what is implicitly expected of them by the organisation might already make some contribution towards counteracting the identified discrepancies that exist between the ways these two groups perceive the psychological contract.

When managers are then more aware of and have a thorough perception of lower-echelon employees' psychological contract content, it is crucial that an attempt is made to fulfil these expectations, since the psychological contract is presented as one of the mediators between job satisfaction and performance on the job.

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APPENDIX A

-Data-collection instrument-

-Focus-group schedule-

FOCUS-GROUP DISCUSSION SCHEDULE FOR LOWER-ECHELON EMPLOYEES

Research conducted by:

Miss. I.LMöller

Student number 25131410

Cell: 072 860 3626

POSSIBLE QUESTIONS TO LEAD THE DISCUSSION:

1. What do you generally think your organisation should provide to you as a worker?
(Follow-up: What were your general expectations when you initially started your job with this organisation?)

2. Let us get more specific in terms of what you expect.
(Guide: Ask probing questions such as: What were your expectations in terms of salary? What did you expect from training and development? What did you expect the working conditions to be like? What benefits did you expect that were not verbalised or written down? What were your expectations in terms of relationships with your fellow employees?)

3. Of these, help me to understand the most important ones? What are the most important and the least important to you as a worker?

4. Now that I understand what you expect, I want to discuss what you think you need to do for the organisation as an employee. What do you as a worker 'owe' your organisation?

5. Which of the obligations you mentioned do you consider to be the most important?

APPENDIX B

-Focus group agenda -

FOCUS GROUP AGENDA AND LOGISTICS

<div align="right">

<u>Research conducted by</u>:

Miss. I.LMöller

Student number 25131410

Cell: 072 860 3626

</div>

Schedule

Focus-group meeting to be no longer than 1.5hours

Setting the scene

A conference room on the premises of the organisation will be used. Adequate air flow and lighting will be ensured. Chairs and equipment will be configured in a relaxed and practical manner. Refreshments will be served that appeal to diverse groupscan be eaten without making any noise.

Recording and transcribing

Anaudio recorder of good quality that allows for data to be easily downloaded onto a computer will be used. The recorder will be placed at a central point in the room and, as previously mentioned, outside noise will be limited to a minimum.

As the data collected will be from a group as a whole, it will not be necessary to identify individual voices for later analysis. However, the researcher will personally take notes on any noteworthy non-verbal aspects to assist in data analysis. During transcription, attention will be paid to details such as pauses, choice of words and change in voice volume or pitch, which might all provide the researcher with valuable information.

Participation agreement and difficult situations

On entering the venue, participants will sign a consent form that promises confidentially and anonymity.

Problems such as uninvolved or quiet group members will be overcome by an invitation aimed at that member to voice his/her opinion.

No other moderators will be involved, e.g. in note taking, but an objective person who can communicate fluently in the majority of participants' home language will be present and 'on standby' in the case of linguistic barriers or misunderstandings.

Ground rules

A few short ground rules will apply to sustain participation and focus, for instance: 1) remain focused on the topic; 2) only discuss things in the group; and 3) get closure on every aspect before we continue.

Agenda

Welcoming and introduction to researcher and other participants

A review of the objectives of the meeting

Discussion

Questions and answers

Consolidation

APPENDIX C

-Data-collection instrument-

-Interview protocol-

INTERVIEW PROTOCOL FOR MANGERS' INTERVIEWS

<u>Research conducted by</u>:

Miss I.Möller

Student number: 25131410

Cell: 072 860 3626

INTERVIEW QUESTIONS:

1. What do you think are the general expectations of employees when they initially start their job at this organisation?

2. Do you believe that the expectations of lower-level employees differ from those of employees at other levels in the organisation?

In your opinion, what arethe most important things lower-echelon employees expect from their jobs/the organisation? In other words, what do you think they want from the company? Elaborate on this.

3. What are the promises made to these employees in terms of the employmentrelationship? How are these promises conveyed to employees?

4. When you think of the lower-echelon employees in your organisation, what do you think they are obligated to do for the organisation as employees?

5. Describe your obligations towards these employees, in other words, what are you obligated to do for them?

APPENDIX D

-Interview agenda-

INTERVIEW AGENDA AND LOGISTICS

<u>Research conducted by</u>:

Miss I. Möller

Student number: 25131410

Cell: 072 860 3626

Schedule

The duration of the interview should not exceed 90 minutes.

Setting the scene

Offices of the managers will be used, closed off from noise and external disturbances.

Recording and transcribing

An audio recorder of good quality that allows for data to be easily downloaded onto a computer will be used. The recorder will be placed at a central point in the room and, as previously mentioned, outside noise will be limited to a minimum.

As the data collected will be from a group as a whole, it will not be necessary to identify individual voices for later analysis.However, the researcher will personally take notes on any noteworthy non-verbal cues. Attention will be paid to detail during transcriptions aspauses, choice of words and change in voice volume or pitch might provide valuable information to the researcher.

Participation agreement

Upon entering the venue, participants will sign a consent form upon that promises confidentially and anonymity.

Agenda

Welcoming and introduction to researcher

A review of the objectives of the interview

Interview

Questions and answers

Consolidate

APPENDIX E

-Informed consent form for both

managers and employees-

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Informed consent for participation in an academic research study

Department of Human Resource Management

MANAGERS' AWARENESS OF LOWER ECHELON EMPLOYEES' PERCEPTIONS OF THE PSYCHOLOGICAL CONTRACT

Research conducted by:

MissI. Möller (25131410)

Cell: 072 860 3626

Dear Respondent

You are invited to participate in an academic research study conducted by Ise-lu Louise Möller, a master's student from the Department Human Resource Management at the University of Pretoria.

The purpose of the study is to understand and determine the extent to which managements are aware of the psychological contract content of lower-echelon employees in the corporate environment.

Please note the following:

▪ This study involves an anonymous discussion. Your will not be required to disclose any personal information in any of the focus-groups/interviews and the answers you give will be treated as strictly confidential. You cannot be identified 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.

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- During the focus-group discussions/interviews, please answer as completely and honestly as possible.This should not take more than 90 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.
- During the interviews/focus groups an audio-recorder will be used to record data.
- Please contact my supervisor, Prof. Stella Nkomo at stella.nkomo@up.ac.za 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 agree to participate voluntarily in the study.
- You understand that the data will be recorded by way ofan audio-recorder.

_____   _____

Respondent's signature   **Date**