

**PSYCHOLOGICAL CONTRACT BREACH, JOB SATISFACTION AND  
TURNOVER INTENTION IN THE UTILITY INDUSTRY**

Eugèny Charlene Hennicks B.Com (Hons)

Submitted in fulfilment of the degree

**MAGISTER COMMERCII**

In the School of Behavioural Sciences (Labour Relations Management) in the Faculty of Humanities  
of the North-West University (Vaal Triangle Campus)

Supervisor: Dr E Diedericks

Vanderbijlpark

May 2014

## COMMENTS

The reader is reminded of the following:

- The references as well as the editorial style as prescribed by the *Publication Manual* (6th edition) of the American Psychological Association (APA) were followed in this dissertation.
- The dissertation is submitted in the form of two research articles.

## ACKNOWLEDGEMENTS

The past two years have been both challenging and rewarding. The completion of my Master's degree was a daunting personal journey of self-discovery, learning, tenacity and perseverance. Although this was a personal accomplishment, the journey would have been impossible without the love and support from my family and friends.

- First and foremost, I would like to thank the most High, my Lord and Saviour for His guidance, blessings and endless mercies bestowed upon me throughout this process.
- Secondly, I am blessed and in awe to have had the unwavering support of my loving parents and brothers. To my mom, Jacqueline, my rock and confidant, you have encouraged me to give nothing less than my best, to never give up and always keep my head and stilettos high. To my dad, Bradley, the number one man in my life. Your "Bokkie" has overtaken you and is leading the pack now. None the less, you have been listening to my constant whining and picked me up when I felt like giving up. You have always lent me a helping hand, caught me when I stumbled and always provided me with strong words of wisdom, encouragement and endearment. You encouraged me to be proud of my research, whilst still remembering things that are truly important in life.
- Gratitude and many thanks to my friend, Beaugan Da Gama, who dedicated endless hours in assisting me to complete my research. I am deeply grateful for your support, assistance, effort and technological intellect. I have benefitted greatly from your willingness to share your expertise and knowledge.
- A word of thanks is conveyed to my company that supported my request to return to university and continue my quest of intellectual curiosity.
- Thanks to the professional library staff at the Northwest University (Vaal Triangle Campus). Your speedy response in distributing requested journals and articles is much appreciated.
- My most sincere thanks to Prof. Ian Rothmann who humbly shared his invaluable insight and expertise throughout the entire research process, guiding and assisting with the daunting task of analysing the data. Despite his own extremely hectic schedule, he always made time to answer our questions and to peruse the final product.
- And last but not least, to my supervisor, Dr Elsabé Diedericks. I could not have asked for a better lecturer. You have dedicated countless hours and sacrificed your weekends to ensure that this endeavour is a success. Your feedback was always challenging, but you helped me be more thoughtful relating to the manner in which I approach my studies. You have pushed me to greater heights which forced me out of my comfort zone, allowing me to challenge myself; and for this I will remain forever grateful.

I would like to dedicate this dissertation to my late great grandmother, “Mama” Lettie Hennicks. I hope this makes you smile, where ever you may be...

# TABLE OF CONTENTS

	<b>Page</b>	
Acknowledgements	iii	
List of Figures	vii	
List of Tables	viii	
Summary	ix	
<b>CHAPTER 1: INTRODUCTION</b>		
1.1	Background and Motivation of the Research	1
1.2	Problem Statement	3
1.3	Aims of the Research	7
1.3.1	General Aim	7
1.3.2	Specific Objectives	7
1.4	Research Method	7
1.4.1	Research Design	7
1.4.2	Participants	8
1.4.3	Measuring Instruments	8
1.4.4	Research Procedure	9
1.4.5	Statistical Analysis	10
1.5	Ethical Considerations	10
1.6	Chapter Layout	11
	References	12
	<b>CHAPTER 2: RESEARCH ARTICLE 1</b>	17
	<b>CHAPTER 3: RESEARCH ARTICLE 2</b>	49

## TABLE OF CONTENTS (CONTINUED)

	<b>CHAPTER 4: CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS</b>	83
4.1	Conclusions	83
4.2	Limitations	88
4.3	Recommendations	89
4.3.1	Recommendations to Solve the Research Problems	89
4.3.2	Recommendations for Future Research	91
	References	92

## LIST OF FIGURES

<b>Figure</b>	<b>Description</b>	<b>Page</b>
	<b>Research Article 1</b>	
Figure 1	Total reward package	22
	<b>Research Article 2</b>	
Figure 1	The structural model	68

## LIST OF TABLES

<b>Table</b>	<b>Description</b>	<b>Page</b>
<b>Research Article 1</b>		
Table 1	Participant Characteristics (N = 15)	27
Table 2	Phases of Thematic Analysis	29
Table 3	Staff in the Utility Industry's Experiences Relating to Turnover Intent (N = 15)	30
<b>Research Article 2</b>		
Table 1	Characteristics of the Participants (N = 251)	60
Table 2	Organisational Characteristics of the Participants (N = 251)	61
Table 3	Fit Statistics of Measurement Models	64
Table 4	Reliabilities and Correlations of the Scales	66
Table 5	Standardised Regression Coefficients of the Variables	67
Table 6	Indirect Effects of Psychological Contract Fulfilment on Turnover Intention and Job Satisfaction	69
Table 7	Summary of Results of Hypotheses Testing	69



## SUMMARY

**Subject:** Psychological contract breach, job satisfaction and turnover intention in the utility industry

**Key terms:** Money, remuneration, rewards, skills loss, talent retention, psychological contract, psychological contract breach, job satisfaction, turnover intention

Globally competitive industries need to keep up with the rigorous technical innovations to ensure that they reach their targets in terms of customer satisfaction. In order to do this, businesses need to ensure that they have the correct skills and capabilities in order to meet their demands. Organisations encounter difficulties as they constantly need to replace lost skills, and once these skills have been replaced, they need to spend additional money to train and equip new employees adequately to perform the jobs that they are employed to do. These days, many companies find themselves in financial turmoil which emerges from large turnover rates. There has been a severe exodus of skilled employees in the utility industry. During the past twelve months, this industry has lost 1 479 critical skills. Scarce skills are expensive to retain and it is important that employee well-being take top priority to keep up with changing labour demographics. This upkeep relates to huge emphasis being placed on customer satisfaction. In order to keep customers happy, companies first need to keep their employees happy. Efforts made by the organisation to improve situational circumstances for its employees, will promote positive individual and organisational outcomes.

Two dimensions contribute greatly to a positive employment relationship which is conducive towards promoting positive individual and organisational outcomes, namely a fulfilled psychological contract and fairness in allocating monetary rewards. Money should not be used as a Band-Aid; not everything can be remedied with money. However, money is important, although it is not the most important factor. Fulfilment of the different dimensions of the psychological contract, including, but not limited to opportunities for personal growth and career advancement, and a management-supportive work environment are vital towards establishing and maintaining a positive employment relationship.

The aim of the study was to investigate the role of psychological contract breach, job satisfaction and turnover intention in the utility industry and to determine the outcomes thereof. A mixed method approach was used to gather data. In the qualitative study, managers and staff (N = 15) were interviewed and a thematic content analysis was performed. In the second phase of the study, the quantitative part, questionnaires were distributed to employees (N = 251) across all levels of the organisation. The measuring instruments used were the Psychological Contract Inventory, Job Satisfaction Scale and Turnover Intention Scale.

The results of Article 1 (Chapter 2) showed that a total of 60% of participants made reference to the importance of money. Emphasis was also placed on other aspects, where 53% of participants made mention of leadership being an important driver of job satisfaction. Other themes also regarded as important toward curbing skills loss were the importance of personal excellence and the need for effective communication as drivers of job satisfaction.

Article 2 (Chapter 3) found that a fulfilled balanced psychological contract displayed a strong, positive relationship with job satisfaction and that job satisfaction had a negative impact on turnover intention. These findings support the negative impact of psychological contract breach on job satisfaction and, in relation to this, job dissatisfaction positively impacted turnover intention. It was further found that psychological contract breach of the balanced contract had an indirect positive impact on turnover intent via job satisfaction.

Recommendations for future studies were made.

## **CHAPTER 1**

### **INTRODUCTION**

This dissertation is about psychological contract breach and its effect on job satisfaction and turnover intention in the utility industry in South Africa.

Chapter 1 contains the problem statement, research objectives, research method and the division of chapters.

#### **1.1 BACKGROUND AND MOTIVATION OF THE RESEARCH**

In today's globally competitive world of work characterised by rapid technological change, increased customer demands for products and services, and a greater consciousness of environmental issues, organisations are only able to maintain a competitive edge when their human capital is optimised (Joshi, 2010). Retaining key talent and securing the flow of talent are imperative; talent being a major corporate resource (Armstrong, 2006). However, skills loss as a result of the inability to retain talent is a global phenomenon and there is a widespread concern regarding the detrimental effects of skills loss/shortage on the economy and organisations as an entity. Skills loss directly constrains production and prevents organisations from meeting their demands (Haskel & Martin, 1993), crippling innovation which impacts organisations and the way in which they do business (Dubin, 2004). Thus, investigating how skills loss/shortage affects organisations in South Africa is fundamental in identifying and addressing problems accordingly in order to improve the developing country's competitiveness.

Figures about the skills loss South Africa has been experiencing thus far are not readily available, but a 2006 study estimated that more than 520 000 people, of whom approximately 120 000 had formal qualifications, had left this country between 1989 and 2003 (Centre for Development and Enterprise, 2010). This continuous skills loss is a serious concern which has received serious attention from the South African Government since the advent of democracy in 1994. One of the industries in South Africa that has been experiencing a severe exodus of skilled employees, is the utility industry which has lost about 15% of its skills since 1994 (Laher, 2007), and 1 479 skills during the past 12 months (I. Venter, personal communication, August 14, 2013); the loss of engineers, project managers and other highly skilled employees being cited as one of the major reasons for the current crisis in the industry (Hamlin, 2008). According to Samuel and Chipunza (2009), the main intention for retention strategies is to prevent skills loss which could have a negative effect on productivity and business success rates.

Employees are an important component within an organisation as it is through their involvement and commitment that organisations become competitive. Organisations and people are interdependent on each other (Kerego & Mthupha, 1997; McGuire, Palus, Pasmore, & Rhodes, 2009), impacting on each other's ability to achieve results. Taking into consideration all these aforementioned aspects, it is clearly evident that positive employment relations translate into employee retention (Fatima, 2011; Kyndt, Dochy, Michielsen, & Moeyaert, 2009). It is important to retain skilled people as it affects business competitiveness and determines success which could ultimately take the business to new heights. In a healthy employment relationship loyalty, productivity and commitment are at stake; qualities which will not be enhanced by rejection. Failure to retain skilled people will result in mismanagement of valued human resources, which would lead to skills loss which in turn negatively impacts turnover (Mrara, 2010).

Turnover has largely negative influences which dent companies financially (Armstrong, 2006). Therefore, strategically it would be wise to diminish the effects thereof. This can be done by setting the basis for solid employment relations, starting amongst others with determining the reasons why employees leave the organisation. One such reason could be an imbalance in reciprocity in the psychological contract (Robinson & Rousseau, 1994); another could possibly be dissatisfaction with the allocation of rewards in the organisation, including monetary rewards (Bussin, 2002; Cheong & Feinberg, 2012).

A psychological contract implies that an employer meets the unspoken needs of the employee (e.g., providing good working conditions, favourable environments for promotion and good remuneration scales). Employers have the responsibility to ensure that employee capacity is utilised effectively and that employee contributions are recognised in terms of promotions, salary increases and so forth. Once these needs have been fulfilled, they will be accompanied by job satisfaction as research has shown that job satisfaction cannot exist without positive contributing factors, be it externally or internally (Bal & Kooij, 2011; Jönsson, 2012; Saif-ud-Din, Khair-uz-Zaman, & Nawaz., 2010). The employee, on the other hand, also has a reciprocal obligation toward the employer, as the psychological contract is part and parcel of the social exchange theory which postulates mutuality and fairness in the exchange deal (Blau, 1964).

If the employer does not honour its obligations, it could translate into employee job dissatisfaction which can be defined as an employee's negative feelings and general concerns about his or her future employment (Cheng & Chan, 2008; De Witte, 2000; Sverke & Hellgren, 2002). Factors that affect job satisfaction are work conditions and leadership; contributing to the organisational climate. Bakotić and Babić (2013) found that if work conditions and leadership are not adequately addressed, they can become sources of dissatisfaction. Therefore, once employees perceive the slightest breach (i.e. non-

fulfilment) of their psychological contract, it could terminate their positive feelings towards the organisation and experiences of the job (Morrison & Robinson, 1997). Psychological contract breach thus holds negative consequences for employers and organisations as employees may withhold their contributions which will ultimately negatively impact on their performance (Restubog, Bordia, & Tang, 2006), or in more severe cases lead to turnover intention or actual turnover (implying a loss of core and critical skills). An employee might leave the organisation for an organisation offering better pay and working conditions (Hemdi, Omar, & Azmi, 2012; Pathak, 2012).

The aim of this study is to focus on the employment relationship by investigating the influence of factors such as psychological contract breach, the role of monetary rewards, job satisfaction and turnover intention on the inability to retain talented employees, and thus losing core and critical skills in the utility industry in South Africa. The fundamental rationale for undertaking this research is the fact that companies are increasingly losing important skills which ultimately has detrimental effects on not only the performance and global competitiveness of organisations, but also on the employment relationship in general.

## **1.2 PROBLEM STATEMENT**

Skills loss that takes place on a global front is more commonly known as “brain drain”. This is the process whereby skills are lost to other countries. Also, due to globalisation there is an increased movement of people across borders. Factors such as better job prospects, affordable communication and better remuneration encourage these movements (World Bank, 2003). Negative factors associated with skills loss and which are referred to as “push factors”, i.e. driving a person out of the country or organisation, include crime and violence, affirmative action, cost of living, poor working conditions, job insecurity and low income levels (Ramphele, 2008; Stern & Szalontai, 2006), and arise from lack of recognition in the workplace, facilitating a person’s decision to leave (Dovlo & Martineau, 2004). These factors result in a large exit of skilled labour and place a major limitation on socio-economic growth and development (Harvard Group, 2008; Kraak, 2008).

From the push factors mentioned above, it is evident that positive employment relations translate into employee retention, thus retaining core and critical employee skills (Fatima, 2011; Kyndt et al., 2009). South Africa’s utility industry needs to retain its skilled people, and the first step in the right direction would be to establish and maintain a sound psychological contract. Psychological contract (PC) research is based on one of two theoretical frameworks. The first framework on which PC research is based, is that a lack of PC fulfilment (i.e. breach) robs employees of rewards, leading to feelings of injustice, distrust and betrayal which significantly reduce the level of efforts (AlBattat & Som, 2012; Coyle-Shapiro, 2002; Kickul & Lester, 2001) – a no-win situation for both employer and employee.

The second framework is that fulfilment has a positive impact on both parties (Rousseau, 2004). According to Flood, Turner, Ramamoorthy, and Pearson (2005), past research has found that reduced turnover intent, higher job satisfaction and higher levels of commitment correlate with a fulfilled PC.

Within the social exchange theory (Blau, 1964), the PC represents individual beliefs, shaped by the organisation, and includes terms of a reciprocal exchange agreement between employer and employee (Rousseau, 1995). These reciprocal responsibilities are based on the initial employment agreement from which expectations arise, based on the frequency of interaction (Rousseau & Schalk, 2000).

An important factor regarding the PC is the experience of violation, which refers to the emotional response to the occurrence of a breach (which is more cognitive) (Paillé & Dufour, 2013).

PC breach has negative consequences for employees and organisations. Morrison and Robinson (1997) distinguish between the following fundamental causes of perceived PC breach, namely renegeing, incongruence and employee vigilance. Renegeing refers to an employer who is aware that an obligation towards an employee exists, but purposefully fails to honour this obligation. Incongruence refers to the different perceptions held by the parties in the employment relationship of whether an obligation exists and the nature thereof. Employee vigilance refers to an employee who keeps a watchful eye on how attentive the employer is in meeting the terms of his or her PC. If an organisation does not live up to the employee's expectations by not honouring its part of the deal, this will result in employees withholding their contributions; an action which will have a devastating effect on their performance (Restubog et al., 2006).

The PC is not a formal, contractual employment agreement as required by common law, but it nevertheless encompasses a wide range of expectations, duties and obligations that direct people's behaviour and therefore the employment relationship (Chambel & Castanheira, 2012).

An attempt to understand employees' responses to PC breach is provided by the exit, voice, loyalty, and neglect (EVLN) typology and its extension (Furrer, Tjemkes, & Henseler, 2012; Zuideau, 2009). Van de Ven (2004) suggested that employees will respond to PC breach by either quitting their jobs, seeking employment elsewhere; engaging with their superiors in an attempt to improve conditions; withdrawing their extra-role, altruistic contributions to the organisation; and increasing counterproductive behaviour.

Therefore, it is evident that PC breach responses can differ from situation to situation (Maley, 2009; Richard, McMillan-Capehart, Bhuian, & Taylor, 2009; Shahnawaz & Hassan Jafri, 2011). Thus, psychological contract breach can ignite feelings such as betrayal which will have adverse implications for an employer and organisational performance (Pate, 2006).

Besides the importance of fulfilling the expectations and obligations as set out in the PC, another more tangible, traditional way of managing employee retention and reducing turnover is through fair organisational reward systems. Wangithi and Muceke (2012) alluded to how rewards are a reciprocal exchange for employee contributions. Rewards could constitute various forms, such as a salary, advancement, bonuses and other inducements. The effective management of the reward system assists the organisation in achieving its corporate objectives; thus, maintaining and retaining productive human capital. According to Agwu and Emeti (2013), employees' acceptance of reward systems is subject to their perceptions of fairness regarding the rewards. In a situation where employees believe that they are not rewarded adequately, their propensity towards turnover will be increased (Shropshire & Kadlec, 2012). Replacing these employees can be seen as a financial nightmare as skills are not always readily available (Coutinho, Dam, & Blustein, 2008).

Hellriegel, Jackson, Slocum, Staude, Amos, Klopper, and Oosthuizen (2008) argued that dissatisfied employees may behave in counterproductive ways that are detrimental to the organisation. For example, when productive employees leave, organisational productivity and competitive advantage take a plunge. When dissatisfied employees stay, they may withhold valuable contributions which would put a damper on productivity and quality, further decreasing the ability of the organisation to compete on a global scale. Under-rewarded employees may experience feelings of sabotage towards the organisation. These pessimistic feelings can lead to an increased level of job dissatisfaction, especially amongst high performing individuals.

There is a vast array of definitions when it comes to job satisfaction. Ellickson and Logsdon (2002), and Chen and Johantgen (2010) referred to job satisfaction as a way in which employees relate to their jobs. Job satisfaction is a very important component as it relates to a positive emotional state which stems from an employee's work experience. Aspects which contribute greatly to job satisfaction are meaningful work, fair remuneration, a positive work environment and effective leadership (Iwu, 2013).

Job satisfaction also has an impact on the way employees think about and act towards their jobs. Negative behaviours can be displayed in forms which have grave consequences for the organisation, such as frequent grievances (Idiakheua & Obetoh, 2012). Thus, it can be said that job satisfaction stems from the following:

- **Working conditions** relate to an employee's workplace, work tools etc. (Frame, 2004).
- **Remuneration** refers to payment for the work executed (Hoque & Noon, 2004).

- **Fairness** could mean different things to different people, but according to Brown (2007), it is said to be equal treatment and receiving the same benefits as other people who are in the same line of work. Individuals, who perceive progression within an organisation to be fair, are more likely to experience job satisfaction (Iwu, 2013). Belief systems are important characteristics that influence employees' way of thinking, impacting the way in which they behave and perform their daily tasks (Spector, 2008).

It is evident from literature that employee turnover implies skills loss which is a costly exercise for all stakeholders in the employment relationship. Cost implications are important considerations in drawing up retention plans. Katcher and Snyder (2007), and Rader (2012) stated that the financial costs associated with turnover include lost productivity; whilst positions are left vacant, new costs are being generated with regard to recruiting, hiring and training new employees. Poor management also contributes to high turnover intention, which in turn can be attributed to various reasons such as ineffective training, and little or no commitment shown to employees by the organisation. Then there are also more subtle costs which include reduced commitment and loss of team work. All these aspects will result in high turnover intention.

In conclusion, it is important for research to be carried out in order to explore the individual and organisational factors that really constitute positive employment relations, especially in view of the serious cost implications and damaging consequences caused by skills loss through turnover. The employer can only endeavour to retain its employees if the reasons for or the causes of their turnover propensity are known. Only then can organisations properly align organisational needs, values and practices with those of its employees.

This study will contribute towards dissecting reasons for the increased volume of skills loss, especially in the utility industry in South Africa, directing companies towards paying more attention to antecedents and outcomes identified. It will also aid in the enhancement of positive relations between employers and their employees, focusing on and alleviating reasons why employees show a propensity towards turnover.

Based on the above-mentioned discussion, the research problems can be summarised as follows: First, it is clear that greater clarity is needed regarding the influence and/or importance of monetary reward systems on turnover intent and subsequent skills loss in the utility industry. Second, the effect of psychological contract breach on employees' job satisfaction needs to be established; and third, the relation between psychological contract breach and turnover intent should be investigated.



Flowing from the above, the following more specific research questions are posed:

- What role do monetary rewards play in retaining talent in the utility industry?
- What effect does psychological contract breach have on employees' job satisfaction in the utility industry?
- What are the effects of psychological contract breach on turnover intent in the utility industry?

### **1.3 AIMS OF THE RESEARCH**

#### **1.3.1 General Aim**

The general aim of this study is to investigate, within a framework of positive relations, the importance and contribution of monetary rewards and psychological contract breach towards skills loss as a result of job dissatisfaction and turnover intention in the utility industry in South Africa.

#### **1.3.2 Specific Objectives**

The specific objectives of this research are to:

- Investigate the role of monetary rewards in retaining talent in the utility industry.
- Determine whether psychological contract breach impacts employees' job satisfaction.
- Study the relation between psychological contract breach and turnover intent.

### **1.4 RESEARCH METHOD**

#### **1.4.1 Research Design**

An exploratory mixed method approach building on both qualitative and quantitative approaches (complementing each other and allowing for a more complete analysis of the research situation) will be used in this study to gather data (Creswell, 2009). The rationale behind using a mixed method approach is threefold: First, to obtain a holistic picture of the possible reasons for the severe exodus of skilled employees in the utility industry in South Africa; second, to investigate how important monetary rewards are in retaining key talent in the utility industry; and third, to determine the relationship between psychological contract breach and individual and organisational outcomes, such as job satisfaction and turnover intention in the utility industry.

The first part of the research, namely the qualitative part follows a phenomenological paradigm, which means getting to understand participants' lived experiences about a phenomenon (Creswell, 2009). Semi-structured interviews will endeavour to find the reasons for turnover propensity and actual turnover in the utility industry. The interviews will gain insight into individuals' perspectives about the constructs comprising the purpose of this study, whilst seeking answers to the research questions (Creswell, 2009; Maree, 2011).

When all data are collected at a specific point in time, this is referred to as a cross-sectional design (De Vos, Strydom, Fouchè, & Delpont, 2011). The quantitative descriptive cross-sectional survey design will be in the form of a questionnaire, utilising measuring instruments in concurrence with the identified themes from the interviews (in the qualitative phase) and relating to the impact of PC breach on job satisfaction and turnover intent in the utility industry.

#### **1.4.2 Participants**

In accordance with the mixed method approach, probability and non-probability sampling, combining both purposeful and simple random sampling in the selection of participants will be applied (Creswell, 2009). The qualitative part will involve purposeful sampling in order to enable the researcher to select a few participants according to specific criteria, such as being representative of management and staff from different departments; and being diverse in gender, race and age. This will involve face-to-face, semi-structured interviews (Maree, 2011) with participants, the number of which will be determined by saturation of the data.

The simple random method in phase two of the study, i.e. the quantitative part, will allow every member of the study population an equal chance of being involved in the study (Creswell, 2009). The participants will include employees from all levels working at an organisation in the utility industry. A minimum of 200 respondents will be targeted to complete questionnaires in the quantitative part of the study.

#### **1.4.3 Measuring Instruments**

The following research measurements will be used in this research:

- The *Psychological Contract Inventory* (PCI; Rousseau, 2000) will be used to measure the content and fulfilment of the psychological contract. The PCI measures the content and the evaluation of the psychological contract. Using a 6-point Likert-type scale ranging from 1 (*does not have this obligation*) to 6 (*has been fulfilling much more than what it is intended*)

to), it assesses a variety of specific terms (e.g., “This company helps me achieve more and more demanding goals”) that can arise in employment, and the extent to which the respondent believes the employer has fulfilled its commitments to the employee. In a set of 32 items, the employer’s obligations towards the employee will be measured across three types of psychological contracts: transactional, relational, and balanced. Acceptable reliabilities and validity of the PCI scales ( $\alpha = .70$ ) were reported by Rousseau (2000).

- The *Job Satisfaction Scale* (JSS; Rothmann, 2010) will be used to measure job satisfaction. Five items will measure individuals’ satisfaction with their jobs (e.g., “Most days I am enthusiastic about my work” and “I consider my job rather unpleasant”). Response options range from 1 (*totally disagree*) to 5 (*totally agree*). The Cronbach alpha coefficient for the JSS was 0.84.
- The *Turnover Intention Scale* (TIS; Sjöberg & Sverke, 2000) will measure turnover intention and consists of four items. An example of an item is “I am planning to search for a new job during the next 12 months” (Sjöberg & Sverke, 2000). Response options range from 1 (*totally disagree*) to 5 (*totally agree*). A Cronbach alpha coefficient of 0.83 was reported for the TIS.

#### **1.4.4 Research Procedure**

The researcher will contact the management of the organisation to obtain permission to conduct the research. All ethical issues pertaining to confidentiality, anonymity, voluntary participation etc., as prescribed by the North-West University will be adhered to. In phase one of the research, participants will be selected for face-to-face, semi-structured interviews in order to set the stage for the quantitative part of the research, i.e. utilising appropriate questionnaires that would link to the constructs that were exposed in the views and opinions of the participants in phase one (Maree, 2011). Pre-set open-ended questions will be developed to guide the researcher during the interviews, encouraging participants to share their views and experiences regarding the employment relationship.

In phase two of the research, a questionnaire will be accompanied by a cover letter explaining the purpose of the study and emphasising the confidentiality (for the organisation and the individual) of the research project. Employees can participate voluntarily, whereby they have the opportunity to withdraw at any time during the research. Participants will complete the disseminated questionnaire and responses to items will be captured in an on-line excel sheet, where after it will be prepared for analysis.

### **1.4.5 Statistical Analysis**

The following central question will be asked in the qualitative part of the research: “What are your expectations from your employee/organisation?” The qualitative data will be collected by the researcher who is the primary data collector and who will make handwritten notes on interview protocols supported by using an audio recording device. The text data from the recordings will then be transcribed by a professional transcriber, where after two independent coders will individually (and separately) analyse the content, coding the means of words and labels, identifying and aggregating similar codes into themes. After their initial and individual analyses, the coders will meet and compare their analyses in order to synergise their efforts, and in so doing, ensure the trustworthiness of the data. The researcher will then group recurring themes, drawing conclusions based on the similarities and differences of the experiences of the parties in the employment relationship (Maree, 2011).

In the quantitative part, data will be analysed using Mplus version 7 (Muthén & Muthén, 2012). The following indexes produced by Mplus will be used in this study: a) absolute fit indices, including the Chi-square statistic, which is the test of absolute fit of the model, the Standardized Root Mean Residual (SRMR), and the Root-Means-Square Error of Approximation (RMSEA), b) incremental fit indices, including the Tucker-Lewis Index (TLI) and the Comparative Fit Index (Hair, Black, Babin, & Andersen, 2010). For the TLI and CFI, values higher than 0.90 are considered acceptable. RMSEA values lower than 0.08 and a SRMR lower than 0.08 indicate a close fit between the model and the data.

As an alternative for Cronbach’s alpha, reliabilities ( $\rho$ ) of scales measured by items rated on a continuous scale will be computed using a formula based on the sum of squares of standardized loadings and the sum of standardized variance of error terms (Wang & Wang, 2012). The reason for this is that when latent variable modelling is used, the Cronbach alpha does not provide a dependable estimate of scale reliability. Bootstrapping will be used to construct two-sided bias-corrected confidence intervals, thus evaluating indirect effects (Hayes, 2009); also assessing the statistical significance of these bootstrapping indirect effects (Preacher & Hayes, 2008). Furthermore, 90 percent bootstrap confidence intervals (2000 trials) for all indirect effects will be computed to assess whether they include zeros.

## **1.5 ETHICAL CONSIDERATIONS**

The purpose of the research will be explained to all the participants in the research. The roles and responsibilities of all parties involved will be clarified, and it will be emphasised that participants

partake voluntarily, ensuring their anonymity throughout the research. They would also be assured that they could decide at any stage to withdraw from the research and that the information obtained via the research would be used for research purposes only.

In both phases of the research, participants will be required to sign an informed consent form including the following: purpose and procedures of the research, possible risks (if any) as a result of participation, potential benefits to the organisation and participants, confidentiality, withdrawal without prejudice, name and contact details of student and supervisor should questions arise, and finally an agreement clause for participation.

## **1.6 CHAPTER LAYOUT**

Chapter 1: Introduction

Chapter 2: Article 1: The role of monetary rewards in turnover intention

Chapter 3: Article 2: The role of psychological contract breach on the job satisfaction and turnover intent of employees in the utility industry

Chapter 4: Conclusions, limitations and recommendations

## REFERENCES

- Agwu, M. O., & Emeti, C. I. (2013). Perception survey of skill-based pay system and employees performance in Dormanlong Engineering Company Limited Port-Harcourt. *International Journal of Business and Management*; 8, 11–21.
- AlBattat, A. R. S., & Som, A. P. M. (2012). Employee dissatisfaction and turnover crises in the Malaysian hospitality industry. *International Journal of Business and Management*, 8, 62–71
- Armstrong, M. (2006). *A handbook of human resource management practice* (10th ed.). London, United Kingdom: Kogan Page.
- Bakotić, D., & Babić, T. (2013). Relationship between working conditions and job satisfaction: The case of Croatian shipbuilding company. *International Journal of Business and Social Science*, 4, 206–213.
- Bal, P. M., & Kooij, D. (2011). The relations between work centrality, psychological contracts, and job attitudes: The influence of age. *European Journal of Work and Organizational Psychology*, 20, 497–523.
- Blau, P. M. (1964). *Exchange and power in social life*. New York, NY: Wiley.
- Brown, J. R. 2007. Rational and behavioral perspectives on the role of annuities in retirement planning. *NBER Working Paper No.13537*.
- Bussin, M. (2002). *Retention strategies: Remuneration answers*. Johannesburg, South Africa: Knowledge Resources.
- Centre for Development and Enterprise. (2010). *Much of SA's maths and science potential still being wasted*. Retrieved from [http://www.cde.org.za/article.php?a\\_id=381](http://www.cde.org.za/article.php?a_id=381)
- Chambel, M. J., & Castanheira, F. (2012). Training opportunities and employee exhaustion in call centres: Mediation by psychological contract fulfilment. *International Journal of Training and Development*, 16, 107–117.
- Chen, Y.-M., & Johantgen, M. E. (2010). Magnet hospital attributes in European hospitals: A multilevel model of job satisfaction. *International Journal of Nursing Studies*, 47, 1001–1012,
- Cheng, G., & Chan, D. (2008). Who suffers more from job insecurity? A meta-analytic review. *Journal of Applied Psychology*, 5, 272–303.
- Cheong, K. J., & Feinberg, R. A. (2012). Moderating effects of supervisor support, monetary rewards, and career paths on the relationship between job burnout and turnover intentions in the context of call centers. *Managing Service Quality*, 22, 492–516.
- Coutinho, M. T., Dam, U. C., & Blustein, D. L. (2008). The psychology of working and globalisation: A new perspective for a new era. *International Journal of Educational and Vocational Guidance*, 8, 5–18.
- Coyle-Shapiro, J. A-M. (2002). A psychological contract perspective on organizational citizenship behavior. *Journal of Organizational Behavior*, 23, 927–946.

- Creswell, J. W. (2009). *Research design: Qualitative, quantitative, and mixed methods approaches* (3rd ed.). Thousand Oaks, CA: SAGE.
- De Witte, H. (2000). Work ethic and job insecurity: Assessment and consequences for well-being, satisfaction and performance at work. In R. Bouwen, H. De Witte, & T. Taillieu (Eds.), *Van groep naar gemeenschap* (pp. 325–350). Leuven, Belgium: Garant.
- Dovlo, D., & Martineau, T. (2004). A review of the migration of Africa's health professionals. Paper commissioned by the Joint Learning Initiative on human resources for health. Africa Working Group. Retrieved from <http://www.globalhealthtrust.org/doc/abstracts/WG4/DovloMartineauFINAL.pdf>.
- Dubin, S. (2004). Workplace skills, technology adoption and firm productivity: A review. New Zealand Treasury Work Paper 04/16. New Zealand.
- Ellickson, M. C., & Logsdon, K. (2002). Determinants of job satisfaction of municipal government employees. *Public Personnel Management*, *31*, 343–358.
- Fatima, H. (2011). Does employee retention affect organizational competence? *Industrial Engineering Letters*, *1*. Retrieved from [www.iiste.org](http://www.iiste.org)
- Flood, P. C., Turner, T., Ramamoorthy, W., & Pearson, J. (2005). Causes and consequences of psychological contracts among knowledge workers in the high technology and financial services industry. *International Journal of Human Resource Management* *12*, 152–1165.
- Furrer, O., Tjemkes, B., & Henseler, J. (2012). A model of response strategies in strategic alliances: A PLS analysis of a circumplex structure. *Long Range Planning*, *45*, 424–450.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate data analysis: A global perspective* (7th ed.). Upper Saddle River, NJ: Pearson Education.
- Hamlin, M. (2008). *ID blame loss of skills at Eskom*. Retrieved from: <http://www.flyafrica.info/forums/showthread.php?9085-ID-blame-loss-of-skills-at-Eskom>.
- Harvard Group. (2008). *Final recommendation of the international panel on growth in South Africa*. Retrieved from <http://www.treasury.gov.za>.
- Haskel, J., & Martin, C. (1993). Do skills shortage reduce productivity: Theory and evidence from the United Kingdom. *Economic Journal*, *103*, 386–394.
- Hayes, A. F. (2009). Beyond Baron and Kenny: Statistical mediation analysis in the new millennium. *Communication Monographs*, *76*, 408–420.
- Hellriegel, D., Jackson, S. E., Slocum, J., Staude, G., Amos, T., Klopper, H. B., & Oosthuizen, T. (2008). *Management* (3rd ed.). Cape Town, South Africa: Oxford University Press.
- Hemdi, M., Omar, M., & Azmi, A. (2012). The effect of organizational justice and organizational trust on hotel employees' turnover intentions. Paper presented at the 3rd International conference on business and economic research (3rd ICBER 2012). Bandung, Indonesia.
- Hoque, K., & Noon, M. (2004). Equal opportunities policy and practice in Britain: Evaluating the 'empty shell' hypothesis. *Work Employment and Society*, *18*, 481–506.

- Idiakheua, E. O., & Obetoh, G. I. (2012). Counterproductive work behaviour of Nigerians: An insight into make-up theory. *Interdisciplinary Journal of Contemporary Research in Business*, 4, 912–937.
- Iwu, C. G. (2013). Citizens' quality of life: The outcome of a satisfied health-related professional. *Journal of Economics and Behavioral Studies*, 5, 612–624.
- Jönsson, S. (2012). Psychosocial work environment and prediction of job satisfaction among Swedish registered nurses and physicians – a follow-up study. *Scandinavian Journal of Caring Sciences*, 26, 236–244.
- Joshi, U. (2010). Subjective well-being by gender. *Journal of Economics and Behavioral Studies*, 1, 20–26.
- Katcher, B. L., & Snyder, A. (2007). *30 Reasons employees hate their managers: What your people may be thinking and what you can do about it*. New York, NY: AMACOM
- Kerego, K., & Mthupha, D. M. (1997). Job satisfaction as perceived by agricultural extension workers in Swaziland. *South African Journal of Agricultural Extension*, 23, 19–24.
- Kickul, J., & Lester, S. W. (2001). Broken promises: Equity sensitivity as a moderator between psychological contract breach and employee attitudes and behavior. *Journal of Business and Psychology*, 16, 191–217.
- Kraak, A. (2008). *The education economy relationship in South Africa, 2001-2005*. *Human Resource Development Review*. Cape Town, South Africa: HSRC.
- Kyndt, E., Dochy, F., Michielsens, M., & Moeyaert, B. (2009). Employee retention: Organisational and personal perspectives. *Vocations and Learning*, 2, 195–215.
- Laher, I. (2007). A critical analysis of employment equity measures in South Africa. (Master's thesis, Rhodes University, Republic of South Africa). Retrieved from: <http://eprints.ru.ac.za/2189/1/LAHER-LLM-TR07-88.pdf>.
- Maley, J. F. (2009). The influence of performance appraisal on the psychological contract of the inpatriate manager. *South African Journal of Human Resource Management*, 7, 100–109.
- Maree, K. (Ed.). (2011). *First steps in research*. Pretoria, South Africa: Van Schaik Publishers.
- Mathieu, J. F., & Zajac, D. M. (1990). A review and meta-analysis of the antecedents, correlates and consequences of organisational commitment. *Psychological Bulletin*, 108, 171–194.
- McGuire, J. B., Palus, C. J., Pasmore, W., & Rhodes, G. B. (2009). *Transforming your organization*. Center for Creative Leadership. Retrieved from [www.ccl.org/leadership/pdf/solutions/TYO.pdf](http://www.ccl.org/leadership/pdf/solutions/TYO.pdf)
- Morrison, E. W., & Robinson, S. L. (1997). When employees feel betrayed. A model of how psychological contract violation develops. *Academy of Management Review*, 22, 226–256.
- Mrara, M. T. (2010). An investigation of turnover and retention factors of health professional staff within the Eastern Cape Department of Health. (Master's thesis, Rhodes University, Republic of South Africa).



- Muthén, L. K., & Muthén, B. O. (2012). *Mplus users' guide* (7th ed.). Los Angeles, CA: Muthén & Muthén.
- Paillé, P., & Dufour, M-E. (2013). Employee responses to psychological contract breach and violation: Intentions to leave the job, employer or profession. *The Journal of Applied Business Research*, 29, 205–216.
- Pate, J. (2006). The changing contours of the psychological contract: Unpacking context and circumstances of breach. *Journal of European Industrial Training*, 30, 32–47.
- Pathak, D. (2012). Role of perceived organizational support on stress-satisfaction relationship: An empirical study. *Asian Journal of Management Research*, 3(1), 153–177.
- Preacher, K. J., & Hayes, A. F. (2008). Asymptotic and resampling strategies for assessing and comparing indirect effects in multiple mediator models. *Behavior Research Methods*, 40, 879–891.
- Rader, B. (2012). Non-monetary strategies to retain key employees. (Master's dissertation, UNLV, Las Vegas).
- Ramphela, M. (2008). *Laying ghosts to rest*. Cape Town, South Africa: Tafelberg.
- Restubog, S. L., Bordia, P., & Tang, R. (2006). Effects of psychological contract breach on performance of IT employees: The mediating role of affective commitment. *Journal of Occupational and Organizational Psychology*, 79, 299–306.
- Richard, O. C., McMillan-Capehart, A., Bhuiyan, S. N., & Taylor, E. C. (2009). Antecedents and consequences of psychological contracts: Does organizational culture really matter? *Journal of Business Research*, 62, 818–825.
- Robinson, S. L., & Rousseau, D. M. (1994). Violating the psychological contract: Not the exception but the norm. *Journal of Organizational Behavior*, 15, 245–259.
- Rothmann, S. (2010). *The reliability and validity of measuring instruments of happiness in the Southern African context*. Vanderbijlpark, South Africa: North-West University.
- Rousseau, D. M. (1995). *Psychological contracts in organizations: Understanding written and unwritten agreements*. London, United Kingdom: Sage Publications.
- Rousseau, D. M. (2000). *Psychological contract inventory: Technical report*. Pittsburgh, Pennsylvania: Graduate School of Industrial Administration, Carnegie Mellon University.
- Rousseau, D. M. (2004). Psychological contracts in the workplace: Understanding the ties that motivate. *Academy of Management Executive*, 18, 120–127.
- Rousseau, D. M., & Schalk, R. (2000). *Psychological contracts in employment: Cross-national perspectives*. Newbury Park, CA: Sage.
- Saif-ud-Din, K-u-Z., & Nawaz, A. (2010). Impacts of demographic variables on job satisfaction of the academicians in universities of NWFP, Pakistan. *Bulletin of Education and Research*, 32, 53–68.
- Samuel, M. O., & Chipunza, C. (2009). Employee retention and turnover: Using motivational variables as a panacea. *African Journal of Business Management*, 3, 410–415.

- Shahnawaz, M. G., & Hassan Jafri, M. (2011). Determinants of psychological contract in IT/ITES industry. *IUP Journal of Organizational Behavior*, *10*, 27–42.
- Shropshire, J., & Kadlec, C. (2012). Feeling marginalized: Turnover of public sector IT professionals. *Journal of Emerging Trends in Computing and Information Sciences*, *3*, 848–864.
- Sjöberg, A., & Sverke, M. (2000). The interactive effect of job involvement and organizational commitment revisited: A note on the mediating role of turnover intention. *Scandinavian Journal of Psychology*, *41*, 247–252.
- Spector, P. E. (2008). *Industrial and organizational psychology: Research and practice* (5th ed.). Hoboken, NJ: Wiley.
- Stern, M., & Szalontai, G. (2006). Immigration policy in South Africa: Does it make economic sense? *Development Southern Africa*, *23*, 123–145.
- Sverke, M., & Hellgren, J. (2002). The nature of job insecurity, understanding employment uncertainty on the brink of the new millennium. *Applied Psychology: An International Review*, *51*, 23–42.
- Van de Ven, C. (2004) *The psychological contract: A big deal!* Behavioural Sciences Service Centre. Ministry of Defence. The Hague, The Netherlands. Retrieved from: <http://www.internationalmta.org/Documents/2004/2004024P.pdf>
- Wang, J., & Wang, X. (2012). *Structural equation modelling: Applications using Mplus*. Chichester, United Kingdom: Wiley.
- Wangithi, W. E., & Muceke, N. J. (2012). Effect of human resource management practices on psychological contract in organizations. *International Journal of Business and Social Science*, *3*, 117–122.
- World Bank. (2003). *Global economic prospects and the developing countries 2004: Realising the development promise of the Doha agenda*. Washington, DC: World Bank.
- Zuindeau, B. (2009). Responding to environmental risks: What can Albert Hirschman contribute? *Ecological Economics*, *69*, 155–165.

**CHAPTER 2**

**ARTICLE 1**

## **The role of monetary rewards in turnover intention**

### **Abstract**

This study investigated the importance of monetary rewards in retaining talent in the utility industry in South Africa. A total sample of ( $N = 15$ ) participants (9 male, 6 female), comprising 9 staff members and 6 managers from an organisation was interviewed in this qualitative study, tapping into their experiences of possible reasons for the high turnover propensity and severe exodus of skilled employees. Data were transcribed, where after the content was coded into themes. Findings indicated that monetary rewards and the fairness with which they were allocated were indeed important in retaining talent, but that sound leadership qualities in managing employees effectively also played an important role in retaining talent, and lastly, turnover propensity was imminent where employees did not experience job satisfaction. Skills loss implies an exit of valuable intellectual capital and competitive advantage; therefore, organisations can no longer ignore factors that hamper their retention strategies.

**Key terms:** Money, remuneration, rewards, skills loss, talent retention, job satisfaction, turnover intention

The association between money and evil is an ancient concept that has been promulgated by various religions. Christianity's view on money is very clear as is evident from the following quote: 'For the love of money is root for all kinds of evil' (Timothy 6: 6–10, New International Version). The Quran, on the other hand, is less critical as it proclaims that wealth is a blessing and the enjoyment thereof is acceptable if spent in the correct manner: "When you eat, drink, and give charity, let no extravagance or pride be mixed up with what you do" (Ibn Maja, Nasai, Quran 17: 26-27, Oxford World's Classics Edition). Despite the seemingly opposing views held by different religions such as the aforementioned, the importance of money is unequivocally a major source of contention today, especially in the labour market. With the global era, money has become an all-important commodity and many contemporary theorists of modernity, such as Castells, argue that the capitalist age of today is defined by man's endless quest for money (Ritzer, 2012). Thus, it is imperative to investigate whether money plays a fundamental role in the skills exodus of talented employees.

Sutherland (2011) found that more than half of South Africa's organisational operating costs are made up of employee costs which include salaries, wages, training and total cost to company. This emphasises the importance of money. Hobfoll (1989) refers to money as 'energy resources' which implies that there is a differentiating value attached to money, not only locally, but also globally. Employers use this as a means of attracting, motivating and retaining staff due to the fact that it influences performance, employee behaviour and effectiveness (Tang, Furnham, & Davis, 2000). Remuneration and other incentives serve to reward employees for their effort and behaviour. This form of acknowledgement is not only seen as a compensation tool, but, as previously mentioned, it enhances productivity (Torrington, Hall, & Taylor, 2008).

In a study to determine general attitudes towards money, Rubenstein (1981) engaged a total sample of 20 000 people, resulting in 14 per cent ranking the importance of money above factors such as family and work. With this sense of value that was attached to money more than three decades ago, it is not surprising that in this global era of today it still has importance in the work context. Tang, Kim, and Tang (2002) in their study stated that "the more money [people] have, the better" (p. 5). The question that remains to be asked is whether monetary rewards are regarded as important enough in the employment relationship to retain key talent and subsequently prevent skills loss?

Skills loss has become a global phenomenon in which industries are challenged to retain their human capital. Since becoming a democracy in 1994, this continuous cycle of "brain drain" has caught the attention of the South African government (Centre for Development and Enterprise, 2010). South Africa's utility industry is in the forefront of this struggle, as this industry has been experiencing a severe exodus of skilled employees. Figures available indicate that the utility industry has lost about 15% of its skills since 1994 (Laher, 2007); and 1 479 skills during the past 12 months (I. Venter,

personal communication, August 14, 2013). Apart from this brain drain, escalating skills loss costs are also associated with turnover which, according to Hemdi and Nasurdin (2006), refers to the migration of employees to what is potentially seen as ‘greener pastures’; thus, making it increasingly difficult for companies to attract and retain core employees.

A large number of studies have pointed out that human capital is the brain of an organisation with regard to its efficient functioning, serving as the source giving the organisation a competitive advantage (Crook, Todd, Combs, Woëhr, & Ketchen, 2011; Hatch & Dyer, 2004; Jin, Hopkins, & Wittemer, 2010; Memon, Mangi, & Rohra, 2009). Retaining their human capital is a great concern to organisations as a result of the high cost associated with turnover. De Deyn (2011) citing Blum and Tremarco (2008); and O’Connell and Kung (2007), stated that “the full cost associated with employee turnover is widely unknown and often under-rated due to hidden costs of productivity loss, customer satisfaction, low staff morale etc.” (p. 7). However, according to Ramlall (2004), the estimated total cost is equal to about one year’s salary and benefits. A study done by Blake (2006) points to the fact that turnover cost can be as low as 30% the annual salary of an entry-level employee to as high as 400% for high-level employees. Therefore, it is imperative for organisations to retain their talent.

An essential tool for retaining talent is to implement a fair remuneration and reward system (Bratton & Gold, 2003; Twenge, Campbell, Hoffman, & Lance, 2010). Willis (2000) agreed, stating that “compensation is the most important aspect when it comes to attracting and keeping talent” (p. 20). According to Milkovich and Newman (2008), compensation includes “all forms of financial returns, tangible services and benefits employees receive as a part of the employment relationship” (p. 9).

Many motivational theories throughout the century have identified factors relating to the role of money and the concept of fairness regarding its allocation that could impact individuals’ behaviour and attitude towards their jobs; such as Maslow’s (1943) hierarchy of needs, Herzberg’s two-factor theory (1971), Adams’ equity theory (1965), and Lawler’s discrepancy theory (1971). Nujjoo and Meyer (2012) agreed that one of the fundamental strategies towards creating a motivated and committed workforce is reward management; Ramlall (2004) reiterated their view stating that motivated employees exhibited decreased tendencies toward turnover propensity.

Skills loss through turnover implies an exit of valuable intellectual capital and competitive advantage. Due to this, organisations can no longer ignore factors that impede their retention mechanisms/strategies. Therefore, the objective of this study was to assess the importance of monetary rewards in retaining talent in the utility industry in South Africa.

## LITERATURE REVIEW

With a vast array of skills lost, it is evident that there is high movement of human capital throughout the world, but retaining employees in South Africa is particularly challenging due to large numbers of skilled workers leaving the country (Brink, 2012). Greenberg (2011), and Hauang and Van de Vliert (2003) believed that South African organisations should take into account the cultural context so as to adapt the best suited management style to a particular organisation, as one size does not fit all.

Companies have been facing difficult situations in recent years which have forced them to review reward practices and strategies (Deloitte Development LLP, 2009). The economic downturn experienced since 2008 has increased the burden of responsibilities on human resource managers to keep businesses afloat (Grobler, Wörnich, Carrell, Elbert, & Hatfield, 2011). They have to redesign, rethink and redevelop methods of reward strategies (Deloitte Consulting LLP, 2008); especially due to the increased rate of the shortage of skilled employees in Africa (Sutherland, 2011). Businesses are struggling as African graduates are immigrating to developed countries (World Economic Forum, World Bank, & African Development Bank, 2011). Therefore, companies are encouraged to incorporate new methods towards developing and implementing reward systems (Heneman, 2007).

Weinberger (2010) confirmed that an effective compensation system presents clear direction for the retention of staff, as it will secure and reward high calibre employees, which in turn will render positive return on investment relating to increased employee productivity and job satisfaction (Davis, 2007).

### **Reward Systems**

A reward strategy that can add value to an organisation and its employees will include aspects such as compensation, benefits, recognition of personal excellence, and opportunities for personal and career development. Such a reward strategy is referred to as total rewards and has the advantage of affording employers flexibility in addressing individual needs in their reward packages (Bussin, 2011; Costello, 2010).

Torrington et al. (2008) distinguished the following types of reward systems in the total reward package illustrated in Figure 1.



Figure 1. Total reward package (Torrington et al., 2008)

In this study rewards, compensation (a term more generally used in the US) and remuneration (more generally used in SA) are used interchangeably with the purpose of being all-inclusive of the construct ‘money’ and all its dimensions. The fundamental reason why people engage in workmanship, is in order to receive some form of remuneration; it being the nucleus of any employment relationship (Glassman, Glassman, Champagne, & Zugelder, 2010).

### Remuneration

Al-Zawahreh and Al-Madi (2012) summarised Thierry’s (1992) components of remuneration as follows:

- 1 **Salient motives:** remuneration leads to satisfaction and serves as a motivator towards the achievement of goals. Remuneration provides more security, status, less anxiety and more recognition.
- 2 **Relative position:** remuneration informs employees about the effectiveness of their performance and provides room for improvement which allows employees to enhance and improve identified areas of deficit, reflecting on performance relative to others.
- 3 **Control:** remuneration conveys how effective employees are in determining the behaviours of others.



Remuneration may vary from organisation to organisation and various factors contribute to the way in which employees are remunerated. Employees' work experience and level of education send out signals to organisations regarding the calibre and scarcity of such employees. Thus, the labour market recognises such employees by offering better jobs and other incentives to remain with the organisation (Ng & Feldman, 2010). Each employee within an organisation exchanges a set of inputs (e.g., education, effort and long term commitment) for a set of outputs (e.g., pay, promotion and prestige). This exchange process takes place within a social setting, resulting in employees constantly comparing their inputs relative to their outcomes (Corby, Palmer, & Lindop, 2009; Gomez-Mejia, Berrone, & Franco-Santos, 2010; Zingheim & Schuster, 2007).

As a result of the excessive skills exodus, it is assumed that remuneration is an important motivating force of retention and job satisfaction in South Africa (Sutherland, 2011). Therefore, the objective of a South African compensation system should go above and beyond just attracting qualified employees, by incentivising employees through rewards, and in so doing, retain them (Grobler et al., 2011; Meyer & Kirsten, 2012).

### **Motivational Theories and Money**

Maslow's (1943) hierarchy of needs and Herzberg's two-factor theories are two well-known motivational theories. Maslow identified five basic elements in the hierarchical needs which motivate employees to accomplish throughout their lives; suggesting that each basic element first be met before progressing to the next level of development; money being prevalent on level two of the hierarchy and ultimately ending in the highest need, namely the need for self-actualisation (which cannot be attained without satisfying the second need) (Hamel, Leclerc, & Lefrancois, 2003; Schermerhorn, Hunt, & Osborn, 2003).

Herzberg's two-factor theory is divided into hygiene and motivational factors. Motivating factors include aspects such as achievement, recognition, responsibility, work itself, advancement and the possibility of growth. Hygiene factors are considered to be important in the work environment, including supervision, company policies, work conditions, salary, personal life, status, job security and relationship with subordinates (Ruthankoon & Ogunlana, 2003). Hygiene factors do not cause motivation or satisfaction; they simply prevent dissatisfaction (Herzberg, 1971; Herzberg, Mausner, & Bloch Snyderman, 2005).

Herzberg came to the realisation that because the factors causing satisfaction are different from those causing dissatisfaction, the two feelings cannot be treated as opposites of each other. The opposite of satisfaction is not dissatisfaction, but no

satisfaction. Similarly, the opposite of dissatisfaction is no dissatisfaction. While at first glance this distinction between the two opposites may sound like a play on words, Herzberg argued that there are two distinct human needs portrayed (Riley, 2005, p. 6).

Thus, money's capacity to motivate is positively being limited and when managed poorly, could be demotivating (Torrington et al., 2008). Motivators have a long term effect on employee attitude and behaviour (Accel, 2007). Reward management, therefore, is one of the key strategies used to create a motivated and committed workforce. Motivated employees experience more job satisfaction, and are less likely to exit the organisation (Ramlall, 2004). Motivation and remuneration, however, are indisputably linked to fairness, and overlooking the importance of equity in any study on remuneration or rewards would be grossly short-sighted.

### **Fairness in Remuneration**

Adams' equity theory (1965) is one such theory focusing on fairness regarding input and outcome. Employees compare their contributions (e.g., abilities, skills and experience) to outcomes received. Based on input, people expect to get something in return, for example, high performing individuals expect remuneration to be in line with the efforts they exert (Cropanzano, 1993). If employees grasp any form of unfairness, they will act out in the form of reduced levels of performance tied together with withdrawal indicators such as lateness, increased absenteeism, turnover intention and actual turnover (Currall, Towler, Judge, & Kohn, 2005; Fong & Shaffer, 2003; Ram & Prabhakar, 2010; Vandenberghe & Tremblay, 2008).

Fairness is not merely viewed as an exchange between employer and employee; nor is it only an economic transaction. There is an element of justice involved in this process. Employees regard pay differences based on performance differences as fair. However, in the exchange process one or both parties may feel that the exchange was inequitable and this is frequently the case when an individual exchanges his services for pay (Adams, 1963). Research suggests that, in comparison with others, equal pay for more work done leads to a perception of being underpaid (Werner & Ones, 2000). Furthermore, money plays an important role in people's lives today; people being dependent on money to sustain them and even for them to survive. Thus, following the principles advocated by the equity theory will be advantageous to management of organisations, equipping them with valuable insight into employee motivation (Steers, Mowday, & Shapiro, 2004).

There are a number of administrative responsibilities in organisations, such as salaries, promotions and bonuses. The human resource department in organisations plays a vital role in employees'

perceptions of fairness (Folger & Cropanzano, 1994). There is a widespread consensus that fairness and trust are crucial influences at job level, especially relating to line and top management (Purcell, 2012).

Lawler's discrepancy theory (1971) complements the equity theory by explaining fairness as an assessment of one individual's inputs and outputs in comparison with another individual. It uses other variables to determine the level of satisfaction, and is embedded in the expectancy theory (Vroom, 1964). Lawler's discrepancy model further boosts equity's explanation of the relationship between pay satisfaction and behaviour by integrating an element from the expectancy theory, namely valence, to determine whether a person will react to the discrepancy. If remuneration is important, it will have an impact on both favourable and non-favourable employee behaviour, and if remuneration is not important, this means that employees value other aspects opposed to money. Valence explains why two employees with the same value-adding principles react differently. This shift in focus provides an important intervention between money and behaviour (Vroom, 1964). Based on the similarity and relevance between the two, Adams' (1965) and Lawler's (1971) theories have served as corner stones in exploring the causes and importance of pay satisfaction and pay dissatisfaction.

### **Rewards and Turnover Intention**

Therefore, rewards can be seen as a prize organisations give their employees to show their appreciation towards employees for their level of performance. Studies carried out by Eisenberger, Stinglhamber, Vandenberghe, Sucharki, and Rhoades (2002); and Rhoades, Eisenberger, and Armeli (2001) proved the effectiveness of retaining performing employees with this 'appreciation'. As organisations show their 'appreciation' towards employees through pay increases, and employees show their 'appreciation' through performance, both parties begin investing in the continuance of the relationship; and employees show even more 'appreciation' in that they would not consider alternative employment (Foong-Ming, 2008). Thus, organisational rewards such as pay (Wang, Chen, Hyde, & Hsieh, 2010; Vandenberghe & Tremblay, 2008) and opportunities for promotion (Jawahar & Hemmasi, 2006), diminish turnover intention.

Lack of adequate remuneration, on the other hand, is more likely the cause of turnover as confirmed by Mohlala, Goldman, and Goosen (2012), who found that monetary rewards were lacking in their organisation, negatively affecting retention. Respondents confirmed that employees left the organisation for an organisation where they had been offered better salaries.

In line with these findings, studies conducted by Masibigiri and Nienaber (2011) indicated that skilled workers in the public sector protested against their employers for lack of perceived adequate pay. It is

evident that employees do regard their skills as an important determinant of monetary rewards. This once again relates to Adams' (1963) equity theory which suggests that rewards should be fairly allocated to input, which can relate to skill, effort, experience, and qualifications. Therefore, it is not only the duty of the employer to ensure fair remuneration levels, but also to ensure that they are visibly evident too.

Van Zyl (2010) made reference to the on-going debate concerning remuneration gaps in South Africa. He cites the employers' arguments for the gap as being twofold. Firstly, the result of a shortage of skilled workers requires higher fees to retain them; and secondly, the differences in productivity result in higher remuneration rates for efficient and higher quality work. Labour unions, however, believe that increasing remuneration gaps poses a threat to job creation and the economy. The imbalance of remuneration scales, as well as skewed labour production levels, further contributes to skills loss.

The aim of this study is to investigate the impact of the relationship between monetary rewards and turnover intention, resulting in severe skills loss, in the utility industry in South Africa.

## **RESEARCH METHOD**

### **Research Design**

This research is qualitative from a phenomenological approach which refers to a strategy of inquiry where the researcher gets to understand the lived experiences about a phenomenon as described by the participants (Creswell, 2009). The purpose of this research method was to analyse participants' experiences of and expectations from the utility industry, relating to the role of money as a possible driver towards turnover propensity, and to gain insight from their lived experiences.

### **Participants**

A purposive sample ( $N = 15$ ) was taken from managers ( $n = 6$ ) and permanently employed lower-level staff ( $n = 9$ ) from an organisation in the utility industry. These participants were included due to various experiences at different levels with/at the organisation; having first-hand experience of the phenomenon that was being researched. The participant characteristics are provided in Table 1 to follow.

Table 1  
*Participant Characteristics (N = 15)*

Item	Category	Frequency	Percentage
Gender	Male	9	60%
	Female	6	40%
Race	Black	10	67%
	White	2	13%
	Indian	1	7%
	Coloured	2	13%
Age	21-30 years	0	0%
	31-40	7	47%
	41-50	5	33%
	51-60	2	13%
	60+	1	7%
Qualifications	Grade 12	3	20%
	Certificates	1	7%
	Diploma	3	20%
	Degree	1	7%
	Degree +	7	47%
Tenure at Organisation	2-5 years	0	0%
	6-10 years	7	47%
	11-20 years	7	47%
	20+ years	1	7%

### **Data Collection**

A qualitative data collection research approach was utilized, conducting one-on-one interviews with participants, asking questions based on constructs identified and relating to the research objective. Prospective participants from management and staff were contacted and a date and time were arranged to meet them individually. At these first meetings, the aim of the study was explained in detail, as well as all ethical aspects pertaining to the research. Upon consenting to become a participant, every participant was requested to sign a consent form and was assured of the confidentiality, anonymity and voluntariness of his/her participation. The dates suiting participants best for the actual interviews were then determined. Each interview would take a maximum of 20 minutes only. All employees were interviewed in their offices (as per their choice). Permission was

obtained from every participant to record the interview.

The researcher did not have predetermined expectations or categories and endeavoured to understand the data from the participants' perspectives (Moustakas, 1994). Care was taken to ensure that the interview was non-directive and informal. Each participant was asked the following central question: "What are your expectations from your employee/organisation?" The word 'what' with which the central introductory question is started, indicates an open and emerging design (Creswell, 2009). Data saturation was reached with interview 15.

### **Data Analysis**

Analysis of the themes that emerged from the interviews was done according to the six phases suggested by Braun and Clarke (2006). With reference to these phases, all recorded interviews were transcribed verbatim by a professional (external) transcribe (phase 1) in order to enable identifying common areas of interest relating to themes, patterns and recurring ideas as suggested by De Vos, Fouchè, Strydom, and Delpont (2011). Data interpretation was done by means of content analysis by two independent coders (Moustakas, 1994) who have been working in the HR field for a number of years (phases 2 to 5). Reading through the written transcriptions of the data, content was coded by means of words and labels, identifying and aggregating similar codes into themes (Maree, 2011). The accuracy of these themes was checked by the two independent coders who compared their individual analyses in order to ensure synergy; thus, ensuring trustworthiness of the data. The objects in each category were counted and ranked; thus, quantifying the data.

The six phases in analysing themes (Braun & Clarke, 2006) from the interviews are explained in Table 2 that follows.

Table 2

*Phases of Thematic Analysis* (Adapted from Braun & Clarke, 2006)

Phase	
1. Becoming familiar with the data	Data were transcribed from tape recordings, read and re-read, initial ideas were noted.
2. Creating initial codes	Interesting features of the data were coded systematically.
3. Establishing themes	Potential themes were identified by grouping codes together, and data were ascribed to each potential theme.
4. Revising themes	In level 1, the relevance between themes and the codes was first checked; followed by the complete data set (level 2), and in so doing, all the themes for analysis were created.
5. Defining and naming themes	The details of each theme were analysed and refined, putting together the holistic story as per the analysis. Clear definitions were generated and each theme was named.
6. Writing the report	This comprises the final analysis. Extracts are selected, analysed, related back to the research aim and literature; finally culminating into a report.

## RESULTS

Themes that emerged from the interviews with the participants and that relate to their experiences of the possible reasons for turnover intention at their organisation are summarised in Table 3 that follows.

Table 3

*Staff in the Utility Industry's Experiences Relating to Turnover Intent (N = 15)*

Theme	Managers (n = 6)	Staff (n = 9)	Total (N = 15)
1. The importance of money	4 (67%)	5 (56%)	9 (60%)
2. Leadership qualities	4 (67%)	4 (44%)	8 (53%)
3. Personal excellence/intrinsic motivation/job satisfaction	3 (50%)	2 (22%)	5 (33%)
4. The need for effective communication	2 (33%)	2 (22%)	4 (27%)
5. Belonging/relatedness and team cohesion	2 (33%)	2 (22%)	4 (27%)
6. Conflicting/discordant expectations	2 (33%)	1 (11%)	3 (20%)
7. The need for personal development	1 (17%)	2 (22%)	3 (20%)
8. Lack of meaning in jobs	0	2 (22%)	2 (13%)
9. Enhancing employees' employability	0	2 (22%)	2 (13%)
10. Importance of coaching and mentoring	1 (17%)	0	1 (7%)

The identified themes will now be analysed in more detail.

### **Theme 1: The Importance of Money**

A total of nine participants (60%) made reference to the importance of money in their perceptions of their jobs. It seemed to be a topic of concern for most involved, as it influences aspects such as job satisfaction, motivation and turnover intent. The following statements are illustrative of this theme: *"The truth is we're all working because of money"* (interviewee 9: staff, female, black); *"they (referring to staff) are preoccupied by compensation/remuneration"* (interviewee 7: manager, female, black). People are driven by incentives as they talked about *"financial enhancement"* (interviewee 15: staff, male, coloured); and *"we're all in it to make a buck, a good couple of madibas"* (colloquialism for money) (interviewee 2: manager, male, black); *"in terms of salary the organisation may not look that great, but I'm staying in terms of long-term benefits. If you look at your leave and sickness benefits and what have you, you don't come close to any other organisation out there"* (interviewee 6: manager, male, Indian); and *"they (staff) probably get salaries that they're happy with"* (interviewee 11: manager, female, white); *"I am generally happy because of the benefits of this company"* (interviewee 4: staff, female, black); and *"I'm just here because I've got kids that I need to maintain and there's nothing basically that is driving me"* (interviewee 8: staff, female, black).



Money drives employees to put in extra effort as they know that desirable behaviour will be rewarded. Compensation, rewards and benefits are imperative to employees, as interviewee 12 (staff, male, black) stated *“I need more money”*.

## **Theme 2: Leadership Qualities**

A total of eight participants (53%) made reference to the importance of good leadership (and the current lack thereof) as is evident from the following comments:

**Staff** had the following to say about their leaders: *“I’m not happy at all. I’m frustrated where I’m sitting and actually I’m not even sure who I’m reporting to at the moment”* (interviewee 12: male, black); *“I’m the manager and you do it this way, I don’t have any guidance”* (interviewee 8: female, black); *“I expect him to support me, to give me full support, to guide me whenever necessary”* (interviewee 4: female, black); and *“... understands the growth of employees’ development, nurture them, assist them in whatever way that they need to be assisted”* (interviewee 13: male, black).

**Management** said the following pertaining to their own leadership: *“When I give him a task to do, I also explain to him why is it important for the department, why is it important for the organisation”* (interviewee 6: male, Indian); *“Well, firstly we’ve got hard measures, where we as an organisation down to divisional level and down to department level, and down to sub-department level, we’ve got certain KPIs that we are measured on. So what it means is at the end of the financial year I have agreed and signed off those KPIs that I need to meet”* (interviewee 6: male, Indian); *“I expect a manager who is more of a leader, a person who will give me guidance”* (interviewee 5: male, black); *“I am a positive person, so yes, you get your days that you feel ‘aargg’, and then you just move on and say ‘OK fine, let’s focus on things that we can achieve’”* (interviewee 11: female, white); *“I think it’s the motivation. Through motivations there are lots of things. There’s development, personal achievement”* (interviewee 11: female, white); *“Remove all this ambiguity around the work, the projects or whatever that’s required. Lead them by making sure that they understand what is required”* (interviewee 2: male, black); and *“If you combine those, I mean if you give a person instructions, it’s better now and again when you engage people”* (interviewee 2: male, black).

From the above it is quite evident that staff and management have dichotomous perspectives on the current leadership in the organisation.

### **Theme 3: Personal Excellence/Intrinsic Motivation/Job Satisfaction**

Five (33%) participants made reference to the need for personal excellence/self-actualisation/job satisfaction: **Management:** “*Do more than A; do A, B, C and D. A was expected, meaning to out-perform, or to produce more quality than is required and is expected*” (interviewee 5: male, black); “*I’ve got very high expectations and I set high standards for what I produce*” (interviewee 7: female, black); and “*there are people who are driven by money more than anything else and there are people who are driven by the job satisfaction itself*” (interviewee 2: male, black). **Staff:** “*Job satisfaction, which means my outputs [are] clear...*” (interviewee 15: male, coloured); “*I have always been someone who wants to strive and be good in what you're doing*” (interviewee 3: male, black); and “*I at least strive to perform and exceed in what I do*” (interviewee 15: male, coloured).

### **Theme 4: The Need for Effective Communication**

The need for effective communication was mentioned by four (27%) participants in the study.

The workplace can be a challenging environment, especially when communication lines between management and employees are blurred. It is very important that communication starts from top management and is filtered down to lower level employees. This was verbalised in the following manner: “*There's a tendency in this organisation that feedback is given once at the end of the year. It doesn't allow one an opportunity to review one's performance and adjust where necessary*” (interviewee 5: manager, male, black). Effective communication is imperative in order for employees to understand their roles and responsibilities and deliver on what is expected. This will not only set clear goals, but provide them with a strong sense of direction which is evident in this statement: “*I've got a, what we would call, an 'open door' policy. Anyone is encouraged to actually discuss the issues*” (interviewee 2: manager, male, black). Poor communication can lead to a disoriented workforce resulting in unhappy, demotivated staff and lower productivity.

Creating a secure work environment is the best way of achieving and increasing productivity, and communication is the key element in achieving this. Wille (2013) states that communication impacts the following:

**Employee morale.** A side effect of poor communication is that morale will slowly disintegrate to a point where employee interest no longer lies with that of the organisation. This is evident in comments such as “*I'm not a very happy employee at this stage*” (interviewee 15: staff, male, coloured). Work will still continue, but employees will only do the bare minimum of what is expected and not go the extra mile. Enthusiasm, effort and innovation will be disappointingly low and this

behaviour can be detrimental to the overall functioning of the organisation, should this pessimistic behaviour be persistent.

**Clear goals.** Clear communication ensures that goals are achievable, attainable and realistic; thus, making employees aware of what is expected. Potential rewards in reaching goals will also be visible, which in turn will motivate employees. Hence, clear set goals are imperative as uncertainty could lead to poor employee performance: *“There's a tendency in this organisation that feedback is given once at the end of the year. It doesn't allow one an opportunity to review one's performance and adjust where necessary”* (interviewee 5: manager, male, black).

**Employee errors.** These stem from a lack of understanding and employees should be encouraged to ask in times of uncertainty, but in reality this is not true and is justified by comments, such as *“I have no one to talk to. I'm not even sure who I'm reporting to at the moment”* (interviewee 8: staff, female, black). Since there is no clear path for such employees, they have no support system should errors be made, resulting in increased levels of job dissatisfaction. If communication patterns were aligned, it would eliminate negligent mistakes, misunderstanding and misinterpretations.

### **Theme 5: Belonging/Relatedness and Team Cohesion**

A total of four (27%) participants made reference to the importance of belonging in the organisation. Personal identity needs to be connected to organisational identity, and this will result in a feeling of a collective entity (Forsyth, 2014). A mismatch in this could ultimately have negative consequences, as **staff** stated: *“I feel sometimes that I don't belong here”* (interviewee 14: male, black); and *“There is a mismatch as to where I should be and where I am right now”* (interviewee 14: male, black). Team cohesion gives employees a sense that they are all working towards the achievement of a common goal. A staff member stated: *“I'm also a team player”* and also that he *“[doesn't] move in a vacuum. You work with people”* (interviewee 3: male, black).

Job-fit is important in addressing relatedness with the organisational culture and it is imperative to find this match. This statement is justified by the following **managerial** comment: *“That's the first time (referring to the job interview) you've got an hour to deal with this person and you're hoping that what you're getting there, within that hour, will be the right material, the right person who fits”* (interviewee 2: male, black).

### **Theme 6: Conflicting/Discordant Expectations Between Management and Staff**

The workplace is filled with people who experience different wants, needs, and expectations.

Management and staff expectations are not in sync in this organisation. This theme was mentioned by three (20%) participants in total who expressed their concerns regarding this aspect. Managers and staff do not have clarity about the other party's expectations. **Management** (33%): *"If they don't ask, I assume that they are fine"* (interviewee 1: male, white); *"We are here to perform certain activities, so that's mainly what you would expect from a person or from your employees"* (interviewee 2: male, black); and **staff** (11%): *"...competence is a first one. I expect..."* (interviewee 7: female, black).

From the above, it is clear that there is a discrepancy between expectations and obligations in the employment relationship. Managers assume staff members know what is expected of them; whereas staff members are uncertain about their obligations towards management (as is especially evident in the last quote where a staff member uses the word 'expect' – denoting uncertainty). A positive employment relationship is only possible where there is a fair reciprocal social exchange between employer and employee.

### **Theme 7: The Need for Personal Development**

Only three (20%) participants in total made reference to their need for and importance of personal development. Two **staff members** said the following, namely *"Make use of all these resources that are available to make you a better employee"* (interviewee 3: male, black); *"The organisation gives me the exposure that I think I will not get anywhere else"* (interviewee 3: male, black); *"It kind of prepares you for any other challenge that you will come across should you want to move and go and work somewhere else"* (interviewee 3: male, black); *"...making sure that the employees are equipped, developed and trained"* (interviewee 3: male, black); *"And I expect to be developed, and I expect to be exposed to other projects for growth"* (interviewee 9: female, black); and *"I also expect to be given an opportunity just to show initiative and do other things"* (interviewee 9: female, black). One **manager** responded: *"I think the most important thing is providing fulfilling work and allowing the individual to understand that this work is important work, and understand your contribution to the organisation, and personal development for themselves"* (interviewee 6: male, Indian).

### **Theme 8: Lack of Meaning in Jobs**

Two (22%) **staff** members mentioned the vitality of this aspect and their need to find meaning in their work; whereas not one manager referred to the importance of meaning: *"... there's no sense of personal fulfilment. Not at all. A waste of time"* (interviewee 14: male, black); and *"It's so difficult for me in the morning to wake up and come to work, and I don't have anyone to talk to, because really, I don't know where I'm reporting to. It's frustrating. I'm not sure whether I'm going or I'm coming"* (interviewee 8: female, black).

### **Theme 9: Enhancing Employees' Employability**

Two (22%) **staff** members made reference to employability: *“The complexity of the organisation gives me the exposure that I think I will not get anywhere else, in terms of the job that I'm doing. It kind of prepares you for any other challenge that you will come across, should you want to move and go and work somewhere else”* (interviewee 3: male, black); and *“There is nothing that makes me want to stay and there is much that wants me to get out of the situation or to leave the organisation, because I have no job satisfaction, no directional...there is no specific job that I'm doing”* (interviewee 14: male, black).

Affording employees the opportunity to enhance their internal and external employability is one of the major obligations of employers in the workplace of today.

### **Theme 10: Importance of Coaching and Mentoring**

Evidently, this served to be an important factor to one (17%) **manager** who had made reference to the importance of mentoring and coaching in the organisation: *“I always tend to give them a longer-term overview”*; *“I think the most important thing is providing fulfilling work and allowing the individual to understand that this work is important work, and understand your contribution to the organisation, and personal development for themselves”*; *“If you are challenged intellectually, you will stay with your organisation”*; *“... mentor them and make sure that they are on the right track and meet the outputs”* (interviewee 6: male, Indian); and *“younger people that are quite well educated, Bachelor's degrees et cetera, that need a lot of mentorship and guidance and stuff like that”* (interviewee 6: male, Indian).

No participants from staff expressed the need for mentoring and coaching in the organisation. A possible explanation could be that other deficits in the organisation weighed stronger on employees, such as the need for good leadership (theme 2) and meaning (theme 5), amongst others, overshadowing the immediate need for mentoring and coaching. Another possible explanation could be that most organisations outsource the coaching and mentoring functions. Therefore, staff members might not feel inclined to ‘open up’ and trust strangers.

## DISCUSSION

The aim of this study was to investigate the role of monetary rewards in relation to turnover intent in the utility industry. The most important findings were that monetary rewards and the fairness with which they were allocated were indeed important in retaining talent, followed by the importance of good leadership qualities in managing employees effectively, and, employees who did not experience job satisfaction showed greater turnover propensity. The need for effective and clear communication was also experienced. Furthermore, employees wanted to belong in the organisational.

Throughout human history, dating back as far as 3 000 years ago (Investopedia, 2010), all the way through to early Christianity and up to the current millennium, money has played a pivotal role in lives back then and still continues to uphold its value to date. Different religions might hold different views as to money in general, but one thing that is clearly articulated is that the importance of money in human existence cannot be negated in any way.

The results of this study showed that money plays an important role in the motivation and retention of employees in the utility industry. This is because the utility industry is a highly specialised industry which calls for highly skilled employees. The retention of skills is very important, because as a parastatal, effective functioning is essential to the functioning of the country as a whole. Therefore, the utility industry needs to ensure that its policies, processes and protocol are of high quality to attract skills needed, replace skills lost and retain current skills. In order to achieve this, this industry needs to have a competent and competitive remuneration strategy to compete with the external business world, both locally and internationally.

Highly skilled people are more costly, as these employees are fully aware of the scarcity of their technically-inclined skills. As a result, businesses need to 'up their game' in offering attractive and sustainable monetary rewards. These rising costs make it increasingly difficult for companies to revise remuneration strategies already in place, because of vast changes taking place on the economic forefront daily.

In South African organisations, remuneration has become a widely discussed topic (Bussin, 2003). The correct remunerations strategies will ensure that companies attract high performing individuals who can be remunerated according to their level of knowledge, skill and expertise deemed beneficial to the organisation (Moore & Bussin, 2012).

Money is important to organisations, because they use money to channel desired behaviour such as innovation, job satisfaction and trustworthiness. With these types of characteristics in the bag,

organisations can compete more confidently; they would be one step ahead because of their highly skilled staff (Al-Asfour, 2012). Highly skilled staff comes with a hefty price-tag in the form of extrinsic rewards, meaning that employees are paid in accordance with their performance (Buch & Tolentino, 2006). Studies have found money to be an important stimulant of motivation. When employees perform within the company's boundary of expectations, they will be rewarded in line with their output, which will have a positive impact on employee consistency (Partheepkanth, 2011).

Organisations have devised an invisible boundary to arrest and gain more hold over employees by what is called 'golden handcuffs' (Capelli, 2000, p.106). Investopedia (2009) defines it as an assembly of monetary rewards to keep employees with the organisation. Based on the value organisations place on monetary rewards, money has been found to be the fifth most important factor which determined employee departure (Bussin, 2002). A later study ranked money to be the fourth most important retention tool (De Vos & Meganck, 2009). However, current studies state that employees find base pay extremely important (Snelgar, Renard, & Venter, 2013); out-rightly stating their preference for cash (Rose, 2011). This, once again, contextualises the importance of money.

De Vos and Meganck (2009) uncovered that 64% of HR managers cited financial rewards as the main reason for turnover propensity. This study justifies these authors' findings, as 60% of the participants interviewed in this study mentioned that money played an imperative role in the employment relationship, followed by the need for good leadership.

Theorists have also made reference to the importance of money. This is evident through Maslow's Hierarchy of Needs in which money forms part of the second level of the pyramid. Herzberg, however, has a contrasting approach which states that money is not an all-important motivator, although it adds to a level of dissatisfaction when absent.

Despite the seemingly different approaches of these theorists, Maslow and Herzberg both allude to the importance of money. Money plays a huge role in the employment relationship and has as long as 102 years before been considered an important motivator for employees (Taylor, 1911). The importance of money has a direct effect on job satisfaction, but the manner in which it is distributed also adds to satisfaction. For example, if an employee views his/her input to be more than that of his/her co-worker, but the remuneration is the same, the employee will experience a level of unfairness. Managers need to be fully aware of the importance of fairness in allocating monetary rewards in the workplace, as unfairness can aggravate dysfunctional and counterproductive behaviour in general, such as strikes, grievances, theft, sabotage, and lastly turnover (Kelloway, Francis, Prosser, & Cameron, 2010). The perception of fairness stems from the equity theory which positively impacts distributive and procedural fairness.

In the distribution of remuneration, distributive and procedural justice would play an imperative role. Distributive justice relates to a level of perceived fairness in which rewards are distributed, whereas procedural justice relates to the fairness of the process in which rewards are distributed. These two variables cannot exist without each other as the elimination of one would result in automatic unfairness; meaning that the procedure has to correlate with the manner in which resources are allocated. Studies have found that with high remuneration levels procedural justice does not matter, as individuals would still perceive it to be a fair outcome. However, if remuneration levels are low, the procedural justice becomes an issue (Kelloway et al., 2010); meaning there is a clear correlation between the two, but they interact at different levels.

The way in which remuneration is distributed largely depends on the leadership style of management, as employees are said to leave managers/leaders and not the organisation (Kouzes & Posner, 2002). Leadership has been a debated topic of interest since the beginning of time. This is prevalent in stories and folklore dating back to the era before Christ, progressing to the middle ages of King Arthur, and in a more local context, Shaka Zulu, and very recently the rise of multifaceted organisations with CEO leadership.

The ability of 'leadership' has been studied and scrutinised regarding various aspects; ranging from acquired traits such as intellect and skill (DeYoung, Hirsh, Shane, Papademetris, Rajeevan, & Gray, 2009), to the more inherent traits such as temperament (Jacobs & Jaques, 1990). Despite these and the myriad other studies mentioned by Zaccaro, Banks, Kiechel-Koles, Kemp, and Bader (2009), there are still many unanswered questions around the term 'leadership'.

According to Forsyth (2014), only 30% leadership traits are genetic; the rest is determined by environmental factors, such as mentoring, good role models etc. Leadership is a reciprocal, transactional, transformational, co-operative, goal-seeking process between a leader and his/her followers. The leader sets the foundation upon which the followers will build, creating a pathway that gives them a clear sense of direction (Forsyth, 2014).

Good leadership also increases autonomy, which stems from employees' perceived vision for themselves and determines their own behaviour, while relatedness satisfaction relates to a sense of belonging and creates intimate work relationships with others (Deci & Ryan, 2011). Managers, who display compassion towards the development of their employees through coaching and mentoring, encourage them to develop new skills, a fact which is advantageous to the organisation. Coaching and mentoring will help employees feed off their manager's knowledge, experience and skills; accelerating career development. It is sad that so few staff members expressed the need for coaching



and mentoring in this study, but one would want to assume that if they have high regard for the leadership in the organisation, mentoring and coaching will automatically follow.

From the above, leadership is evidently important for the survival of an organisation, as clear guidance needs to prevail and this can only be transferred via good methods of communication. A lack of communication could be detrimental to the organisation. Poor leaders do not communicate well and this ultimately impacts job satisfaction. Poor communication will result in uncertainty of roles and responsibilities, and in turn, will have a negative effect on job satisfaction as job expectations are not well-communicated (Kouzes & Posner, 2002).

Job satisfaction indicates how content individuals are with their jobs. In the pursuit of job satisfaction, meaning plays a vital role by creating a sense of belonging (not only in the job, but also in the organisational culture), in order to perform adequately. A sense of meaning and belonging will discourage turnover intent (Khan, 1990; May, Gilson, & Harter, 2004; Rothmann & Rothmann, 2010).

Personal development will also decrease possible turnover intent, as employees develop a sense of loyalty towards organisations that are concerned with their personal well-being, growth and development. Based on findings from this study, it was established that money is important, but is not the only area of concern. Employees alluded to the fact that training and development give them a personal drive to achieve more than what was bargained for. Thus, going beyond the call of duty does not only result in organisational success, but also personal achievement.

With personal achievement comes recognition through promotion and possible pay increases. This encourages employees to even outperform themselves and continuously strive for excellence. This would further encourage employees to nurture an even longer-term relationship with the organisation, because that would be where they have 'made their mark' (i.e. internal employability). This would radically reduce turnover intent or thoughts thereof. In contrast, personal development also increases external employability, which implies that newly acquired skills and competencies would make employees more equipped to seek employment opportunities elsewhere (De Cuyper & De Witte, 2008).

Money is important in retaining talented employees and preventing skills loss, but money is only one aspect in the equation towards a positive employment relationship. The other aspects, as evident from the themes, also contribute to the rest of the equation. When there is a breakdown in any one of these, there will be a negative correlation that will result in dysfunctional behaviour which will ultimately end in turnover intention.

In conclusion to the above, it is evident that companies need to splurge heavily on finances, whether they want to attract skills, replace skills or retain skills. This confirms that money forms the foundation of the contractual relationship.

This study had limitations. In one-on-one recorded interviews, individuals were reassured of their anonymity. However, there were still restrictions in their responses to questions. Despite the fact that the researcher strived towards remaining objective, subjectivity cannot be totally excluded. The individual skills of the researcher have an unmistakable influence on qualitative research and research might be more easily influenced by the researcher's own prejudices and idiosyncrasies. The researcher's presence during data gathering, which is unavoidable when doing face-to-face interviews, can also affect the subjects' responses. In this study the researcher endeavoured to exclude any prejudice by constantly reflecting on the research process.

## **RECOMMENDATIONS**

To curb turnover intent, employers need to realise that there is not a one-size-fits-all approach in managing people. A holistic HR approach where individual and psychological needs are addressed is imperative, including (but not limited to) sub-components such as fairness in allocating monetary rewards, effective leadership, effective communication, empowering employee autonomy and relatedness, affording opportunities for mentoring and coaching, etc.

In order to retain key talent, and in so doing prevent the loss of core and critical skills, organisations can consider the following: Firstly, organisations need to shape up on their leadership styles as this is the driving force behind any successful organisation. Managers, who are loyal, honest and trustworthy, will in turn transfer these values to the employees who will propel the business even further (May et al., 2004). In doing so, managers need to listen to their employees, cascade minutes of meetings and information that directly affect employees as soon as practically possible, so as to keep them abreast of business developments, curbing the chances of rumours being spread via the grapevine.

Secondly, communication styles need to be in line with the organisation's vision and goals. Clear communication channels will ultimately decrease turnover intention (Mohamad, 2008). This will open the door to addressing concerns, problems and praises accordingly. More effective communication can come in the form of lessening the overreliance on e-mails. In addition, more personal interaction

(informal, information-sharing staff meetings) is encouraged in relaying information from one source to another, as this also provides a platform for engagement in burning organisational matters.

Thirdly, practical mentorship and coaching programmes need to be in place and assessed on a regular basis to ensure proper implementation; also to ensure that the business reaps the full benefits from this skills transfer process. To effectively address this, it is suggested that a mentor be formally appointed in every area of speciality. In other words, talent pools should be made readily available so that business can extract skills as needed (Allegis Talent2, 2013).

Lastly, money is important, but other (broader) 'compensation' aspects should receive equal attention, for example, more flexible salary restructuring. This would relate to giving employees a choice of converting benefits (such as medical aid and leave) into monetary value. More flexibility should be considered in terms of stringent working conditions; employees should be given the option to either work from home (where possible) or putting in a few extra hours' of work in order to qualify for extra leave (this would depend on overtime hours) (Hegewisch, 2009).

In retaining a competitive edge in the highly competitive global economy, job satisfaction is not an individual outcome that can be viewed in isolation. All of the above mentioned interventions need to be implemented satisfactorily in order to ensure employee job satisfaction which is imperative to high productivity, motivation and low turnover. Leadership should create a motivating environment through providing a positive work environment, fair reward and recognition principles, employee involvement and engagement, constant development of employees' skills and potential, and regular assessments of job satisfaction through measuring employee attitudes, morale and general motivation (Smith, 2013).

To get an even more accurate picture of why the utility industry has been plagued by such severe skills loss, future studies should focus on interviewing employees who have already left the organisation, and in so doing, deduce their reasons for turnover.

## REFERENCES

- Accel. (2007). Employee motivation: theory and practice. Retrieved from Accel Team Development: <http://www.accel-team.com/motivation/index.html>
- Allegis Talent2(2013). *Best Practices for Building Effective Talent Pools*. [Online] Retrieved from <http://www.allegistalent2.com/media/2404/2.10.2.1%20-Best%20Practices%20for%20Building%20Effective%20Talent%20Pools.pdf>
- Adams, J. S. (1963). Toward an understanding of inequity. *Journal of abnormal and social psychology*, 67, 422–436.
- Adams, J. S. (1965). Inequity in social exchange. In L. Berkowitz (Ed), *Advances in experimental psychology* pp. 267–299. New York, NY: Academic Press.
- Al-Asfour, A. (2012). Empirical investigation into compensation preferences for diversified employees. *International Journal of Human Resource Studies*, 2, 118–124.
- Al-Zawahreh, A., & Al-Madi, F. (2012). The utility of equity theory in enhancing organizational effectiveness. *European Journal of Economics, Finance and Administrative Sciences*, 46, 158–170.
- Blake, R. (2006). Employee retention: What employee turnover really costs our company? ManagerNewz. Retrieved from <http://archive.managernewz.com/managernewz-21-20060724EmployeeRetentionWhatEmployeeTurnoverReallyCostsYourCompany.html#resume>.
- Blum, P. K., & Tremarco, V. O. (2008). *High potential PR professionals thrive on challenge: A study of employee turnover and retention in the public relations industry*. Gaineville, FL: Institute for Public Relations.
- Bratton, J., & Gold, J. (2003). *Human resource management: Theory and practice*. New York, NY: Palgrave MacMillan.
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3, 77–101.
- Brink, G. P. (2012). Factors contributing to the emigration of skilled South African migrants to Australia. (Unpublished master's dissertation). University of South Africa, Pretoria.
- Bussin, M. (2002). *Retention strategies: Remuneration answers*. Johannesburg, South Africa: Knowledge Resources.
- Bussin, M. (2003). Factors driving changes to remuneration policy and outcomes. (Unpublished Doctoral thesis). University of Pretoria, Pretoria.
- Bussin, M. (2011). *The remuneration handbook for Africa*. Randburg, South Africa: Knowres Publishing.
- Buch, K., & Tolentino, A. (2006). Employee perceptions of the rewards associated with six stigma. *Journal of Organizational Change Management*, 19, 356–364. Doi: 10.1108/09534810610668355

- Cappelli, P. (2000). A market-driven approach to retaining talent. *Harvard Business Review*. Retrieved from [hbr.org/2000/01/a-market-driven-approach-to-retaining-talent/ar/1](http://hbr.org/2000/01/a-market-driven-approach-to-retaining-talent/ar/1)
- Centre for Development and Enterprise. (2010). *Much of SA's maths and science potential still being wasted*. Retrieved from [http://www.cde.org.za/article.php?a\\_id=381](http://www.cde.org.za/article.php?a_id=381)
- Christianbible.org. (2013). *What does the Bible say about money and wealth?* [Online] Retrieved from [http://www.christianbible.org/faq\\_money.htm](http://www.christianbible.org/faq_money.htm).
- Corby, S., Palmer, S., & Lindop, E. (2009). *Trends and tensions: An overview. Rethinking rewards, management, work, organisations*. New York, NY: Palgrave Macmillan.
- Costello, R. (2010). Communicating total rewards: Spotlight on the employee value proposition. *Aon Consulting: Ready e-newsletter*, 2, 1–3. Retrieved from [http://www.aon.com/attachments/total\\_rewards\\_spotlight.pdf](http://www.aon.com/attachments/total_rewards_spotlight.pdf)
- Creswell, J. W. (2009). *Research design: Qualitative, quantitative, and mixed methods approaches* (3rd ed.). Thousand Oaks, CA: SAGE.
- Crook, T. R., Todd, S. Y., Combs, J. G., Woëhr, D. J., & Ketchen, D. J. (2011). Does human capital matter? A meta-analysis of the relationship between human capital and firm performance. *Journal of Applied Psychology*, 96, 443–456.
- Cropanzano, R. (Ed.). (1993). *Justice in the workplace: Approaching fairness in human resource management*. Hillsdale, MI: Academic Press.
- Currall, S. C., Towler, A. J., Judge, T. A., & Kohn, L. (2005). Pay satisfaction and organisational outcomes. *Personnel Psychology*, 58, 613–640.
- Davis, T. J. (2007). *Strategic compensation: Utilising efficiency wages in the public sector to achieve desirable organisational outcomes*. Prepared for delivery at the annual meeting of the Midwest Political Science Association (MPSA), April 12-15, 2007, Chicago, Illinois.
- De Cuyper, N., & De Witte, H. (2008). Job insecurity and employability among temporary workers: A theoretical approach based on the psychological contract. In K. Näswall, J. Hellgren, & M. Sverke (Eds.), *The individual in the changing working life* (pp. 88–107). Cambridge, United Kingdom: Cambridge University Press.
- De Deyn, M. (2011). *The mediating role of job satisfaction in the relationship between reward satisfaction, turnover intention and work effort across occupational status*. (Unpublished master's dissertation). Vrije Universiteit, Brussel.
- De Vos, H. S., Fouchè, C. B., Strydom, C. B., & Delpont, C. S. L. (2011). *Research at grass roots, for the social sciences and human service professions* (4th ed.). Pretoria, South Africa: Van Schaik Publishers.
- De Vos, A., & Meganck, A. (2009). What HR managers do versus what employees' value. Exploring both parties' views on retention management from a psychological contract perspective. *Personnel Review*, 38, 45–60.

- DeYoung, C. G., Hirsh, J. B., Shane, M. S., Papademetris, X., Rajeevan, N., & Gray, J. R. (2009). Testing predictions from personality neuroscience: Brain structure and the big five. *Psychological Science, 21*, 820–828. DOI: 10.1177/0956797610370159
- Deci, E. L., & Ryan, R. M. (2011). Levels of analysis: Regnant causes of behaviour and well-being: The role of psychological needs. *Psychological Inquiry, 22*, 17–22.
- Deloitte Consulting LLP. (2008). *2008 Top five total rewards priorities survey*. Retrieved from [https://www.deloitte.com/assets/DcomUnitedStates/Local%20Assets/Documents/us\\_consulting\\_hc\\_2008TopsTotalrewards\\_130508.pdf](https://www.deloitte.com/assets/DcomUnitedStates/Local%20Assets/Documents/us_consulting_hc_2008TopsTotalrewards_130508.pdf).
- Deloitte Development LLP. (2009). *Under pressure: Compensation and retention during a turbulent economy*. Retrieved from [http://www.deloitte.com/assets/Dcom-Austria/local%20Assets/Documents/Studien/HC/019\\_2009\\_under%20pressure.pdf](http://www.deloitte.com/assets/Dcom-Austria/local%20Assets/Documents/Studien/HC/019_2009_under%20pressure.pdf).
- Eisenberger, R., Stinglhamber, F., Vandenberghe, C., Sucharski, I. L., & Rhoades, L. (2002). Perceived supervisor support: Contributions to perceived organizational support and employee retention. *Journal of Applied Psychology, 87*, 565–573.
- Folger, R., & Cropanzano, R. (1994). *Organisational justice and human resource management*. Thousand Oaks, CA: Sage Publications.
- Fong, S. C. L., & Shaffer, M. A. (2003). The dimensionality and determinants of pay satisfaction: A cross-cultural investigation of a group incentive plan. *International Journal of Human Resource Management, 14*, 559–580.
- Foong-Ming, T. (2008). Linking career development practices to turnover Intention: The mediator of perceived organizational support. *Journal of Business and Public Affairs, 2*, 1–20.
- Forsyth, D. R. (2014). *Group Dynamics* (6th ed.). Wadsworth: Cengage.
- Glassman, M., Glassman, A., Champagne, P. J., & Zugelder, M. T. (2010). *Evaluating pay-for-performance systems: Critical Issues for Implementing Compensation and Benefits Review, 42*, 231–238.
- Gomez-Mejia, L., Berrone, P., & Franco-Santos, M. (2010). *Compensation and organisational performance: Theory research, and practice*. New York, NY: M. E. Sharpe.
- Greenberg, J. (2011). *Behaviour in organisations* (10th ed.). Essex, United Kingdom: Pearson Education.
- Grobler, P. A., Wörnich, S., Carrell, M. R., Elbert, N. F., & Hatfield, R. D. (2011). *Human resource management in South Africa* (4th ed). Andover, United Kingdom: Cengage Learning.
- Hamel, S., Leclerc, G., & Lefrancios, R. (2003). A psychological outlook on the concept of transcendent actualization. *The International Journal for the Psychology of Religion, 13*, 3–15.
- Hatch, N. W., & Dyer, J. H. (2004). Human capital and learning as a source of sustainable competitive advantage. *Strategic Management Journal, 25*, 1155–1178.
- Huang, X., & Van de Vliert, E. (2003). Where intrinsic job satisfaction fails to work: National moderators of intrinsic motivation. *Journal of Organisational Behaviour, 24*, 159–179.

- Hegewisch, A. (2009). *Flexible working policies: A comparative review report*. The Equality and Human Rights Commission, April 2009.
- Hemdi, M. A., & Nasurdin, A. M. (2006). Investigating the role of human resource management practices and trust in organizations on turnover intentions of hotel employees. *International Journal of Business*, 8(1), 221–242.
- Heneman, R. L. (2007). Implementing total reward strategies: A guide to successfully planning and implementing a total reward system. Retrieved from <http://www.shrm.org/hrdisciplines/benefits/documents/07rewardsstratreport.pdf>.
- Herzberg, F. (1971). *Work and the nature of man*. Cleveland, OH: World Publishing Co.
- Herzberg, F., Mausener, B., & Bloch Snyderman, B. (2005). *The motivation to work*. New Jersey, NJ: Transaction Publishers.
- Hobfoll, S. E. (1989). Conservation of resources: A new attempt at conceptualizing stress. *American Psychologist*, 44, 513–524.
- Investopedia (2009). *Golden handcuffs definition*. [Online] Retrieved from <http://www.investopedia.com/terms/g/goldenhandcuffs.asp>.
- Investopedia (2010). *The history of money: From barter to banknotes*. [Online] Retrieved from [http://www.investopedia.com/articles/07/roots\\_of\\_money.asp](http://www.investopedia.com/articles/07/roots_of_money.asp).
- Jacobs, T. O., & Jaques, E. (1990). Military executive leadership. In K. E. Clark & M. B. Clark (Eds.), *Measures of leadership*. Greensboro, NC: Center for Creative Leadership.
- Jawahar, I. M., & Hemmasi, P. (2006). Perceived organisational support for women's advancement and turnover intentions: The mediating role of job and employer satisfaction, *Women in Management Review*, 21, 643–661.
- Jin, Y., Hopkins, M. M., & Wittemer, J. L. S. (2010). Linking human capital to competitive advantages: Flexibility in a manufacturing firms supply chain. *Human Resource Management*, 49, 939–963.
- Kelloway, E. K., Francis, L., Prosser, M., & Cameron, J. E. (2010). Counterproductive work behaviour as protest. *Human Resource Management Review*, 20, 18–25.
- Kouzes, J. M., & Posner, B. Z. (2002). *Leadership challenge*. San Francisco, CA: Jossey-Bass.
- Laher, I. (2007). *A critical analysis of employment equity measures in South Africa* (Unpublished master's thesis). Rhodes University, Grahamstown.
- Lawler, E. E. (1971). *Pay and organisational effectiveness*. New York, NY: McGraw-Hill.
- Maree, K. (Ed.) (2011). *First steps in research*. Pretoria, South Africa: Van Schaik Publishers.
- Masibigiri, V., & Nienaber, H. (2011). Factors affecting the retention of generation X public servants: An explanation study. *SA Journal of Human Resource Management*, 9(1), Art. #318, 11 pages. [doi:10.4102/sajhrm.v9i1.318](https://doi.org/10.4102/sajhrm.v9i1.318)
- Maslow, A. H. (1943). A theory of human motivation. *Psychological Review*, 50, 370–396.

- May, D. R., Gilson, R. L., & Hartner, L. M. (2004). The psychological conditions of meaningfulness, safety and availability and the engagement of human spirit at work. *Journal of Occupational and Organisational Psychology*, *77*, 11–37.
- Memon, M. A., Mangi, R. A., & Rohra, C. L. (2009). Human capital as a source of competitive advantage: Ideas for strategic leadership. *Australian Journal of Basic and Applied Sciences*, *3*, 4182–4189.
- Meyer, M., & Kirsten, M. (2012). *Introduction to human resource management*. Pretoria, South Africa: Van Schaik.
- Milkovich, G. T., & Newman, J. M. (2008). *Compensation* (9th ed), Irwin, OH: McGraw-Hill.
- Mohamad, S. F. (2008). *Effects of communication on turnover intention: A case of hotel employees in Malaysia*. (Graduate Theses and Dissertations). Paper 11164. Iowa State University.
- Mohlala, J., Goldman, G. A., & Goosen, X. (2012). Employee retention within the information technology division of a South African bank. *SA Journal of Human Resource Management*, *10*, 1–11.
- Moore, A., & Bussin, M. (2012). Reward preferences for generations in selected information and communication technology companies. *SA Journal of Human Resource Management*, *10* (1), Art. #325, 9 pages. <http://dx.doi.org/10.4102/sajhrm.v10i1.325>
- Moustakas, C. (1994). *Phenomenological research methods*. London, United Kingdom: Sage.
- Ng, W. H. T., & Feldman, D. C. (2010). Organisational tenure and job performance. *Journal of Management*, *20*, 1220–1250.
- Nujjoo, A., & Meyer, I. (2012). The relative importance of different types of rewards for employee motivation and commitment in South Africa. *SA Journal of Human Resource Management*, *10*(2), 10 pages. doi: 10.4102/sajhrm.v10i2.442
- O'Connell, M., & Kung, M. (2007). The cost of employee turnover. *Industrial management*, *49*, 14–19.
- Partheepkanth, P. (2011). Reward system and its impact on employee motivation in commercial bank of Sri Lanka plx, in Jaffna district. *Global Journal of Management and Business Research*, *11*, 84–92.
- Purcell, J. (2012). *Does successful employee engagement depend on management behavior?*. Warwick Papers in Industrial Relations, 96, April 2012. Retrieved from [http://www2.warwick.ac.uk/fac/soc/wbs/research/irru/wpir/wpir\\_96.pdf](http://www2.warwick.ac.uk/fac/soc/wbs/research/irru/wpir/wpir_96.pdf)
- Ram, P., & Prabhakar, G. V. (2010). Determinants of pay satisfaction: A study of the hotel industry in Jordan. *European Journal of Social Sciences*, *14*, 442–454.
- Ramlall, S. (2004). Review of employee motivation theories and their implications for employee retention within organisations. *Journal of American Academy of Business*, *5*, 52–63.



- Rhoades, L., Eisenberger, R., & Armeli, S. (2001). Affective commitment to the organization: The contribution of perceived organizational support. *Journal of Applied Psychology, 86*, 825–836.
- Riley, S. (2005). *Herzberg's two-factor theory of motivation applied to the motivational techniques within financial institutions. Senior Honors Theses. Paper 119.*
- Ritzer, G. (2012). *Sociological theory* (8th ed.). New York, NY: McGraw-Hill.
- Rose, M. (2011). *A guide to non-cash reward*. London, United Kingdom: Kogan Page.
- Rothmann, S., & Rothmann, S. Jr. (2010). Factors associated with employee engagement in South Africa. *SA Journal of Industrial Psychology, 36*, 1–12.
- Rubenstein, C. (1981), Money and self-esteem, relationships, secrecy, envy, satisfaction. *Psychology Today, 15*, 29–44.
- Ruthankoon, R., & Ogunlana, S. O. (2003). Testing Herzberg's two-factor theory in the Thai construction industry, *Engineering, Construction and Architectural Management, 10*, 333–342.
- Schermerhorn, J. R., Hunt, J. G., & Osborn. R. N. (2003). *Organisational behaviour: Instructors resource guide* (8th ed.) Hoboken, NJ: John Wiley & Sons Inc.
- Smith, G. P. (2013). *How to improve job satisfaction and increase employee engagement*. Retrieved from [www.chartcourse.com/the-pride-system/](http://www.chartcourse.com/the-pride-system/).
- Snelgar, R. J., Renard, M., & Venter, D. (2013). An empirical study of the reward preferences of South African employees. *SA Journal of Human Resource Management, 11*(1), Art. #351, 14 pages. <http://dx.doi.org/10.4102/sajhrm.v11i1.351>
- Steers, R. M., Mowday, R. T., & Shapiro, D. L. (2004). Introduction to special topic forum: The future of work motivation theory. *Academy of Management Review, 29*, 379–387.
- Sutherland, M. (2011). Foreword. In M. Bussin (Ed.). *The remuneration handbook for Africa*. Randburg, South Africa: Knowres Publishing.
- Tang, T. L. P., Furnham, A., & Davis, G. N. T. W. (2000). A cross function comparison of pay differentials as a function of rater's sex and money ethic endorsement: The Matthew effect revised. *Personality and Individual differences, 29*, 685–697.
- Tang, T. L-P., Kim, J. K., & Tang, T. L-N. (2002). Endorsement of the money ethic, income, and life satisfaction: A comparison of full-time employees, part-time employees, and non-employed university students. *Journal of Managerial Psychology, 17*, 442–467.
- Taylor, F. W. (1911). Proceedings of the New England railroad club. *Scientific management, 135–187*.
- Thierry, H. (1992). Payment: Which meanings are rewarding? *American Behavioural Scientist, 35*, 694–707.
- Torrington, D., Hall, L., & Taylor, S. (2008). *Human resource management* (7th ed.). Harlow, FT: Pearson Education.
- Twenge, J. M., Campbell, S. M., Hoffman, B. J., & Lance, C. E. (2010) Generational differences in

- work values: Leisure and extrinsic values increasing, social and intrinsic values decreasing, *Journal of Management*, 36, 1117–1142.
- Vandenberghe, C., & Tremblay, M. (2008). The role of pay satisfaction and organisational commitment in turnover intentions: A two-sample study, *Journal of Business and Psychology*, 22, 275–286.
- Van Zyl, G. (2010). Does employee remuneration dispersion in the South African economy enhance labour productivity? The Gauteng manufacturing industry as a case study. *South African Journal of Human Resource Management*, 8(1), Art. #286, 5 pages. DOI: 10.4102/sajhrm.v8i1.286
- Vroom, V. A. (1964). *Work and motivation*. New York, NY: Wiley.
- Wang, C. Y., Chen, M. H., Hyde, B., & Hsieh, L. (2010). Chinese employees' work values and turnover intentions in multinational companies: The mediating effect of pay satisfaction. *Social Behavior and Personality*, 38, 871–894.
- Weinberger, E. T. (2010). Assessing the situational awareness of employees for pay practice adherence to compensation philosophy. *Compensation and Benefits Review*, 42, 215.
- Werner, S., & Ones, D. S. (2000). Determinants of perceived pay inequities: The effect of comparison over characteristics and pay system communication. *Journal of Applied Social Psychology*, 30, 1281–1309.
- Wille, D. (2013). *The effects of poor communication in the workplace*. [Online] Retrieved from <http://duanewille.com/the-effects-of-poor-communication-in-the-workplace/>.
- Willis, C. (2000). Go for your goals. *Working Woman*, March, 6–7.
- World Economic Forum, World Bank, & African Development Bank (2011). The Africa competitiveness report 2011. Retrieved from [http://www3.weforum.org/docs/WEF\\_GCR\\_Africa\\_Report\\_2011.pdf](http://www3.weforum.org/docs/WEF_GCR_Africa_Report_2011.pdf).
- Zaccaro, S., Banks, D., Kiechel-Koles, L., Kemp, C., & Bader, P. (2009). *Leader and team adaptation: The influence and development of key attributes and processes* [Online] Retrieved from [http://www.corwin.com/upm-data/5014\\_Antonakis\\_Chapter\\_5.pdf](http://www.corwin.com/upm-data/5014_Antonakis_Chapter_5.pdf).
- Zingheim, P. K. & Schuster, J. R. (2007). *High performance pay. Fast forward to business success*. Retrieved from [www.worldatwork.org/workspan/Pubs/Book\\_Shelf-High\\_Performance\\_Pay.pdf](http://www.worldatwork.org/workspan/Pubs/Book_Shelf-High_Performance_Pay.pdf)

**CHAPTER 3**

**ARTICLE 2**

## **The role of psychological contract breach on job satisfaction and turnover intent in the utility industry**

### **Abstract**

This study investigated the role of psychological contract breach on job satisfaction and turnover intention in the utility industry in South Africa. A cross-sectional survey design was used. A convenience sample ( $N = 251$ ) was taken and the following questionnaires were administered: A biographical questionnaire, Psychological Contract Inventory, Job Satisfaction Scale and Turnover Intention Scale. Psychological contract fulfilment had a direct positive effect on job satisfaction and an indirect and negative effect (via job satisfaction) on turnover intention, whilst psychological contract breach had an indirect and positive effect (via job satisfaction) on turnover intention. Job satisfaction had a strong direct and negative effect on turnover intention.

**Key terms:** Psychological contract, psychological contract breach, job satisfaction, turnover intention

Organisations, in order to be competitive, must attend to the well-being of their employees to encourage favourable attitudes and behaviours and positive organisational outcomes. More specifically, organisations should implement and maintain favourable jobs and working conditions to promote positive employment relations (Bakker & Schaufeli, 2008; Schaufeli & Salanova, 2007). A major element in securing positive employment relations is a healthy psychological contract, as it establishes a framework against which employees' perceptions of the employment relationship can be measured (Guest, 2004).

The psychological contract (henceforth referred to as PC) has now become a major part of the business world's way of thinking and forms a large part of its vocabulary in going about its daily business tasks. The PC can be described as a tacit agreement whereby individuals and employers exchange a different set of needs with the view of benefiting from each other. This exchange is based on a set of perceived promises made and accepted by both parties. Even if promises are stipulated, it is in the interest of the employer to create an environment where communication, fairness and clarity of roles are transparent. In contrast, employers will appreciate employees who are hardworking, trustworthy, open and honest in dealing with confidential information (Gabriel & Jonathan, 2012)

Given the supporting evidence, the PC is important to any organisational setting as it creates a desired image that the employee wishes to be part of (Lumley, Coetzee, Tladinyane, & Ferreira, 2011; Purcell, 2012; Raineri, Paille, & Morin, 2012). The PC is formulated from a number of desired outcomes which are not stipulated clearly in formal contracts; hence, PCs will still be developed by both parties for a number of reasons. In 1960 Argyris (Argyris, 1960) was the mastermind behind the development of the PC and various studies brought about awareness relating to the importance of the PC and the existence thereof. The economic turmoil through the 1990s was portrayed by various organisational transformations, leading to situations which are characterised by insecurity, high levels of apprehension, and low morale. All these organisational transitions in the global arena can be regarded as times of hope and exhilaration, but in the same breathe as a time of great uncertainty (Barnard, Stoll, & Centre for Understanding Behaviour Change, 2010; Gersick, 1991). These uncertainties can contribute to how employees feel and act towards their employers. The PC helps explain, address and reinforce those changes/uncertainties which validated it to regain attention (De Lange, Van der Heijden, De Jong, & Schaufeli, 2011; Guest, Isaksson, & De Witte, 2010).

Given the on-going skills loss war, numerous stakeholders, namely managers and employees across industries and countries, are facing scenarios that present them with critical challenges (Boston Consulting Group, 2012) Research has shown that the PC and the breach thereof positively relate to aspects such as job attitude, turnover intent and employee behaviour (Zhao, Wayne, Glibkowski, & Bravo, 2007). PC breach has been found to be an important antecedent of negative employee

outcomes such as diminished trust, job dissatisfaction, poor job performance as well as increased turnover intent (Knights & Kennedy, 2005; Zhao et al., 2007). Understanding how social interactions guide the development of the PC is important for retaining and motivating talented employees.

The utility industry has been experiencing severe skills loss especially with regard to scarce, core and critical skills. To date it has been recorded that a total of 1 479 employees has left the organisation during the past 12 months (I. Venter, personal communication, August 14, 2013). Professionals such as project managers, skilled engineers and technicians are at the forefront in this skills exodus. The utility industry has not fully recuperated from a disaster which occurred in 2005. An unfortunate incident occurred which has had a snowball effect, causing the organisation to experience one disaster after the other, costing businesses millions in lost revenue. Failure to keep up with the consumer demand clearly indicated a shortage of human resources. The organisation cannot afford to lose this large exodus of skills, as it is detrimental to the functioning of the country as a whole.

How then do organisational processes affect employee disposition on PC breach? In an attempt to answer this, understanding how employees' personalities interact with the PC is crucial to avoid breach; in addition, companies also need to be careful of the promises made (Teng-Calleja, 2013). Organisations hoping to retain valuable employees, who entertain negative views about the organisation, need to understand factors at their disposal, and manage and avoid these negative perceptions. When an employee perceives that the organisation has not provided something of value in return for his/her contributions, as in the case of PC breach (Gakovic & Tetrick, 2003; Peirce, Desselle, Draugalis, Spies, Davis, & Bolino, 2012), he/she may react negatively by withholding contributions (such as good project ideas and job-related effort) (Restuborg, Bordia, & Tang, 2006).

PC breach which refers to perceptions that promises have not been honoured/fulfilled (Bal, Chiaburu, & Jansen, 2010), has been found to be associated with reduced performance and increased absenteeism (Johnson & O'Leary-Kelly, 2003); factors which ultimately have an effect on job satisfaction which has an important impact on employee behaviour. It is therefore essential that management understands the ripple effects of PC breach, as employees are continuously seeking a mutually beneficial relationship with organisations (Randmann, 2012). Thus, the PC is useful in understanding employee behaviour (Conway & Briner, 2005; Zhao et al., 2007).

PC breach relates to the spill over theory (Hecht & Boies, 2009) that postulates that both negative and positive work situations spill over into individual personal realms. Research has indicated that PC fulfilment (positive experience) will spill over, positively impacting job satisfaction, for example, whilst PC breach (negative experience) has negative effects all round which also negatively impact aspects such as job satisfaction (Tekleab, Bartol, & Liu, 2005; Zhao et al., 2007), and performance

(Lester, Turnley, Bloodgood, & Bolino, 2002). PC breach is also positively related to turnover intention (Chin & Hung, 2013; Raja, Johns, & Ntalianis, 2004, Tekleab et al., 2005).

Therefore, maintaining the psychological contract is of the utmost importance for securing a healthy and lasting work relationship, as fulfilled PCs lead to increased job satisfaction and productivity (Kabar & Barrett, 2010). It is of great importance to assess and manage the PC effectively within organisations. The economic downturn will create new challenges; thus, making it increasingly difficult for employers to fulfil their side of the PC (Adkins, Werbel, & Farh, 2001; Zhao et al., 2007). In this study, a unilateral approach was taken to studying the effect of PC breach on the job satisfaction and turnover intent of employees in the utility industry in South Africa. A unilateral approach only refers to the views of one party in the employment relationship (in this study those of the employees); whereas a bilateral approach takes into consideration the views, problems, and concerns of both parties involved (Freese & Schalk, 2008). According to these authors, a unilateral approach is preferred over the bilateral approach (employer and employee view), because the organisation consists of too many role players, or departments, and psychological contracts will differ from department to department making it difficult to synergise expectations.

### **Psychological Contract**

Due to changing workforce dynamics, psychological contracts are diverse and ever-changing through organisational experiences. Traditional employment contracts which guarantee a stable job with regular promotion and good career opportunities in exchange for loyalty and hard work are becoming increasingly uncommon (Casselmann & Walker, 2013), and organisations will have to adapt rapidly to changing business environments (Guest, et al., 2010). Rapid changes influence the nature of the employment relationship which is currently undergoing a metamorphosis that ultimately has implications for employers and employees (Randmann, 2012; Roehling, Cavanaugh, Moynihan, & Boswell, 2000). This implies changes in the employment relationship (Guest, 2004; Tyagi & Agrawal, 2010), and the PC will be in the forefront with regard to understanding the changed employment relationship (Turnley & Feldman, 2000).

Over a number of years, employee expectations have become a domain of interest leading to the PC becoming a focal point of investigation (Randmann, 2012; Teng-Calleja, 2013), as it enhances the understanding of employees and their behaviour (Coyle-Shapiro & Kessler, 2000; Teng-Calleja, 2013). The PC consists of employee expectations about what they owe their employers (e.g., hard work, loyalty and commitment) in exchange for what the employer owes them (e.g., opportunities for skills development, competitive compensation and healthcare benefits among others) (Bala, 2013; Coyle-Shapiro & Conway, 2005).

The definition of the PC has developed from the management literature from a definition that included terms relating to a reciprocal contractual agreement. With the ever-changing times, the PC has also evolved, meaning that employees need not only do as expected, but are required to add a level of innovation to keep their jobs (Torrington, Hall, & Taylor, 2008).

According to Rousseau (2004), the PC is a relatively constant schema which Fiske and Taylor (1984) described as a cognitive understanding of a specific stimulus which could be a typical situation or person, and the rules that direct the processing of this new information. A schema comprises an individual's psychological perceptions about his/her values and beliefs that serve as the conduit towards scrutinising expectations; simplifying the way in which people understand specific events and situations.

This study adheres to the definition of Rousseau (1995) where the PC, in contrast with the formal contract, refers to the unwritten promises that employees perceive the employer to have made. These promises relate to training, career advancement, or other significant job-related factors. Rousseau (2000) distinguishes between four types of contracts, on the basis of performance and timeframes, namely: transactional contracts which are short-term contracts clearly stipulating timeframes, outlining clear roles and responsibilities in which employees exchange their work for money, such as contractors and temporary workers. Relational contracts stem from long-term employment relations based on trust and loyalty. Career progression and remuneration are largely dependent on senior management; rewards being loosely related to work performance, as in family-headed organisations. Balanced contracts are viewed as positive contracts, with well specified terms and conditions and subject to change over time. Rewards are performance-based and favourable employee behaviour gives the organisation a competitive advantage. This is evident in public owned and professionally managed organisations. The last type of PC is the transitional contract which is viewed as a negative contract, seemingly contributing to the breakdown of a healthy employment relationship, because it exposes an absence of commitment and serves as a driver of low performance. It is not a PC as it relates to visible organisational changes brought about by mergers, downsizing, transformation and other uncertainties in the workplace.

Based on the above, the advantages of a positive/fulfilled PC are evident. The existence of a positive PC is an important element in a symbiotic work relationship, as it reduces individual uncertainty (an understood agreement with the employer gives the employee a greater sense of security), serves to direct employee behaviour without constant surveillance, and lastly, provides a feeling of self-empowerment (Shore & Tetrick, 1994).



According to Guest (2004), the PC can be categorised into three main components, namely trust, fairness, and delivery of the deal. In relation to this, the PC is grounded in the social exchange theory where trust forms the basis of the employee level of investment in a relationship with the organisation. Given the fact that there is no formal contract with regard to the social exchange, parties have no option other than to rely on trustworthiness to be reciprocated by the other party (Blau, 1964). Trust is a driver of the level of investment in a relationship and when promises are broken, this tarnishes the relationship by pushing employees to withdraw and decrease their level of commitment (Gharbi & Ayed, 2012). Increased social exchange strengthens employee contributions through higher levels of job satisfaction and lower turnover intention (Shore, Coyle-Shapiro, Chen, & Tetrick, 2009).

### **Psychological Contract Breach**

PC breach would have the opposite effect of a fulfilled PC and is related to broken promises, especially a breach in trust (Bal, De Lange, Jansen, & Van der Velde, 2008). PC breach also relates to unmet expectations from the employer's side which largely impact the views of the employee. Employers may unknowingly breach an employee's PC by forms such as lack of training, insufficient promotion and recognition, uncompetitive reward strategies and a genuine lack of employee well-being.

According to Marks (2001), PC breach is when the organisation does not deliver on its obligations and Rousseau (2004) explained that contract breach signals unwelcome change, damaging the employment relationship and ultimately causing an employee to experience psychological distress; even if the organisation fulfils its promises/obligations of the contract at a later stage.

In view of the negative impact PC breach has on a number of variables, the amount of interest shown towards this topic has escalated (Jensen, Opland, & Ryan, 2010), taking into account all the aspects making up the content of the PC. Sverdup (2012) asserted: "Breach is always negatively related to work outcomes" (p. 30). This is because it tarnishes the relationship to a state of irreparability. PC breach results in unwillingness from an employee to do more than what is required (Arain, Hameed, & Farooq, 2012; Bal, 2009). This non-conformance has a negative impact on job satisfaction (Linde & Schalk, 2005), and a positive impact on turnover (Isaksson, 2006). Many studies have elucidated the negative effects that PC breach has on job satisfaction and employee retention (Alam & Mohammad, 2009; Coomber & Barriball, 2007; De Gieter, Hofmans, & Pepermans, 2011; Delobelle, Rawlinson, Ntuli, Malatsi, Decock, & Depoorter, 2010; Dickey, Watson, & Zangelidis, 2011).

The productivity rate in organisations is largely dependent on employee behaviour (Chaudhary & Sharma, 2012), because organisations are mainly manpower-driven. Employees will reciprocate their negative actions towards the organisation that breaches their PC, by performing the bare minimum in the form of low morale, lack of attention to detail, higher rates of negligence, and showing no interest or innovation towards their world of work (Bal et al., 2008; Cantisano, Dominguez, & Depolo, 2008).

Therefore, the ultimate consequences of contract breach are destructive in the sense that they contribute to a deteriorating employment relationship, lower job satisfaction and the ultimate breakdown of an employment contract in the form of higher turnover intent. It can justifiably be said that PC breach results in unwillingness from an employee to do more than what is required (Arain, et al., 2012; Bal, 2009). Therefore, this non-conformance has a negative impact on job satisfaction (Linde & Schalk, 2005), and a positive impact on turnover (Isaksson, 2006). Many studies have elucidated the negative effects that PC breach has on job satisfaction and employee retention (Alam & Mohammad, 2009; Coomber & Barriball, 2007; De Gieter, et al., 2011; Delobelle, et al., 2010; Dickey, et al., 2011).

### **Job Satisfaction**

Job satisfaction can be defined as an employee's feelings and attitudes towards his/her job, as well as the attitudes influencing his/her belonging in an organisation (Ivancevich & Matteson, 2002; Spector 1997). Robbins (1993) found that individuals with high job satisfaction will tend to exhibit positive attitudes and vice versa in relation to individuals with low job satisfaction. In addition, Trevor (2001) found that satisfied employees will remain longer in their current jobs, while dejected employees will tend to seek perceived better alternatives elsewhere (Sumner & Niederman, 2003). Therefore, job satisfaction can be considered as a major determinant in theories focusing on turnover intention (Sing & Loncar, 2010; Tsai & Wu, 2010).

According to Adams (1963), the equity theory can be used to enhance the understanding of the PC and PC breach. Instinctively, the equity theory is grounded in the social exchange theory as it closely relates to job satisfaction. Employees will transfer time and effort for rewards such as a salary or other benefits. Thus, satisfaction has an activating potential in that rewarded employees feel obligated to exert effort; and motivational potential in that employees will exert more effort in exchange for more rewards. Unfortunately, the other side of the coin is also true. PC breach curbs activating potential and demotivates employees who then attempt to balance the equity and fairness scale in the exchange deal (Bjørnebekk, 2008), resulting in serious negative effects on their job satisfaction. Studies done by Dickey et al., 2011; Parry, 2008; and Springvloet, 2012, indicated that the effect of job satisfaction is

an important mechanism in the determination of turnover intent. Increased levels of job satisfaction lessen the chances of turnover propensity and vice versa (Martin & Roodt, 2008).

### **Turnover Intention**

Turnover intention is a constant desire to seek out alternative employment opportunities (Tett & Meyer, 1993). Studies done by Chen, Ployhart, Thomas, Anderson, and Bliese (2011); and Valentine, Godkin, Fleischman, and Kidwell (2011), found that turnover intention has the most impact on organisational effectiveness. Job satisfaction is also impacted negatively in this regard, according to the findings of Kazi, Aziz, and Zadeh (2012).

Bester (2012) argued that turnover intention is a self-made decision based on problems that could not be addressed, and thus, the last step is to leave. The equity theory addresses the equilibrium of inputs and outputs for a specific individual. Brinkmann and Stapf (2005) stated that each individual will weigh the inputs and outputs differently. Therefore, the theory must be applied on an individual basis. Inputs include the services an employee will offer to an organisation and outputs will include the benefits conferred upon the individual by the company. Inputs could include hard work and skill, while outputs will consist of a salary and other benefits. Thus, in terms of the equity theory, turnover intent proves to be a non-linear, perceived imbalance between the input and output factors.

Similarly, the social exchange theory speaks of a cost-benefit approach (Holthausen, 2010). Costs again, can be ascribed to hard work and skill, and benefits to salary and other benefits paid or bestowed by the employer. Thus, when cost exceeds benefits, turnover intent will rise.

Turnover is seen as an alternative used by employees to seek out greener pastures (Petriglieri, 2011). Bothma (2011) noted that employees seldom want to leave their current work environments, but due to the fact that organisations cannot adequately address their concerns, their only option is to leave. Furthermore, Agarwal, Ferrat, and De (2007); Bellou (2008); and Martin and Roodt (2008) found that turnover intention increases when there are abundant opportunities available in the job market.

With turnover, organisations do not only feel the financial burden of losing skills, but they also have to deal with the impact on their service delivery and reputation (Bothma & Roodt, 2013). The effect of losing skills adds to the increased financial costs of hiring and training new staff (Sulu, Ceylan, & Kaynak, 2010). High employee turnover impacts an organisation negatively and the rocketing costs of high employee turnover are horrendous, including direct and indirect financial expenditure pertaining to replacing human resources, losing core and critical skills and thus invaluable expertise; all these

factors negatively impacting employee morale. High turnover also places a huge load of responsibility on human resource and line managers.

### **Aim and Hypotheses**

The research questions for this study are:

- What effect does psychological contract breach have on employees' job satisfaction in the utility industry?
- What are the effects of psychological contract breach on turnover intent in the utility industry?

Thus, the aim of this study was to investigate the impact of PC breach on individual and organisational outcomes such as job satisfaction and turnover intention in the utility industry in South Africa.

On the basis of this literature support, the following hypotheses are proposed.

*Hypothesis 1:* Psychological contract fulfilment is positively associated with job satisfaction.

*Hypothesis 2:* Psychological contract breach is negatively associated with job satisfaction.

*Hypothesis 3:* Psychological contract breach relates positively to turnover intention.

*Hypothesis 4:* Job satisfaction impacts turnover intention.

*Hypothesis 5:* Psychological contract fulfilment impacts turnover intention indirectly via job satisfaction.

## **METHOD**

### **Research Design**

A cross-sectional (all data collected was collected at a specific point in time) (De Vos, Strydom, Fouchè, & Delpont, 2011), quantitative approach was used to gather data, by using questionnaires that related to the impact of PC breach on job satisfaction and turnover intent in the utility industry. Quantitative research is an indisputable measurement tool representative of large sample sizes with a structured process for data collection (Struwig & Stead, 2001).

## **Participants, Procedure and Ethics**

The project was approved by the Ethics Committee of the North-West University (Vaal Triangle Campus), South Africa.

The researcher administered questionnaires in English to 723 participants manually, of which 251 responses were received, which translates to a 34.7% response rate. A cover letter accompanied the questionnaire, which emphasised the purpose and confidentiality of the research project. The Further Studies Committee of the organisation in the utility industry was approached to obtain permission to conduct the study. The individuals participating in the study were reassured of their anonymity, confidentiality, and voluntary participation. The questionnaires were sent out during the month of August 2013 and collected from participants by the researcher personally on a weekly basis. The raw data was accumulated, compiled and converted to an SPSS data file, using the SPSS 21.0 program (SPSS, 2013) for computing descriptive statistics.

Table 1 indicates that females formed the majority (57%) and that almost half of the population was black (49.8%). Thus, it can be determined that black females amount to roughly 28.4% of the entire population of respondents. This can be due to the fact that a lot of emphasis is placed on female empowerment in South Africa, especially in the utility industry where black females are given first priority in most job advertisements.

Table 1  
*Characteristics of the Participants (N = 251)*

<b>Item</b>	<b>Category</b>	<b>Frequency</b>	<b>Percentage</b>
Gender	Male	108	43.0
	Female	143	57.0
Race	White	45	17.9
	African	125	49.8
	Coloured	52	20.7
	Indian	29	11.6
Age	20-30 years	63	25.1
	31-40 years	95	37.9
	41-50 years	57	22.7
	51-60 years	32	12.8
	61+ years	4	1.6
Marital Status	Single /widow /widower	104	41.4
	Married	122	48.6
	Divorced	18	7.2
	Remarried	7	2.8
Number of Children	0	64	25.5
	1	55	21.9
	2	74	29.5
	3	47	18.7
	4	4	1.6
	5+	3	1.2
	Other	4	1.6
Home Language	Afrikaans	45	17.9
	English	86	34.2
	Sepedi	20	8.0
	isiZulu	37	14.7
	Sesotho	16	6.4
	Setswana	16	6.4
	isiXhosa	13	5.2
	isiTsonga	8	3.2
	Tshivenda	4	1.6
	isiSwati	2	0.8
Other	4	1.6	

With regard to the organisational characteristics of the participants, 52.2% had a university degree or higher. Most of the participants (60.2%) have been working for the organisation between 0-8 years. Organisational characteristics are described in Table 2 below.

Table 2

*Organisational Characteristics of the Participants (N = 251)*

<b>Item</b>	<b>Category</b>	<b>Frequency</b>	<b>Percentage</b>
Level of Education	Std 10/ Gr 12	34	13.6
	University Technology Diploma	51	20.3
	University Technology Degree	34	13.6
	University Degree	131	52.2
Job Title	Administrative	54	21.5
	Project Management	17	6.8
	Human Resources	95	37.9
	Finance	26	10.4
	Procurement	10	4.0
	Engineering	11	4.4
	Information Technology	4	1.6
	General	34	13.6
Length of Service	0 – 8 years	151	60.2
	9 – 18 years	59	23.5
	19 – 28 years	26	10.4
	29+ years	15	6.0
Direct Reports	0 – 5	216	86.1
	6 – 10	18	7.2
	11 – 15	5	2.0
	16 – 20	5	2.0
	21 – 25	4	1.6
	26 – 30	1	0.4
Working Hours	Up to 10	5	2.0
	11 – 20	2	0.8
	21 – 30	2	0.8
	31 – 40	99	39.4
	41 – 50	106	42.2
	51 or more	36	14.3

## Measuring Instruments

The following measuring instruments were used during the study: Psychological Contract Inventory, Job Satisfaction Scale and Turnover Intention Scale.

The *Psychological Contract Inventory* (PCI; Rousseau, 2000) was used to measure the content and fulfilment of the psychological contract. The PCI measures the content and the evaluation of the psychological contract. Using a 6-point Likert-type scale ranging from 1 (*does not have this obligation*) to 6 (*has been fulfilling much more than what it is intended to*), it assesses a variety of specific terms (e.g., “to train me only for my particular job”) that can arise in employment, and the extent to which the respondent believes that the employer has fulfilled its commitments to the employee. In the 32 items, the employer’s obligations towards the employees were measured across three types of psychological contracts: transactional, relational, and balanced. Acceptable reliabilities and validity of the PCI scales ( $\alpha = 0.70$ ) were reported by Rousseau (2000). In a South African study, Diedericks (2012) also reported acceptable reliabilities and validity of the different components of the PCI scales: balanced PC ( $\alpha = 0.95$ ), relational PC ( $\alpha = 0.93$ ), employability PC ( $\alpha = 0.88$ ), and transactional PC ( $\alpha = 0.70$ ).

The *Job Satisfaction Scale* (JSS; Rothmann, 2010) was used to measure job satisfaction. Five items measured how satisfied individuals felt with their jobs (e.g., “I feel fairly satisfied with my present job” and “I find real enjoyment in my work”). Response options range from 1 (*totally disagree*) to 6 (*totally agree*). The Cronbach alpha coefficient for the JSS was 0.84.

The *Turnover Intention Scale* (TIS; Sjöberg & Sverke, 2000) measured turnover intention. The TIS consists of four items and an example of an item is “If I have my own way, I will be working for this organisation one year from now” (Sjöberg & Sverke, 2000). Response options range from 1 (*totally disagree*) to 5 (*totally agree*). A Cronbach alpha coefficient of 0.83 was reported for the TIS.

## Statistical Analysis

Data was analysed using Mplus version 7 (Muthén & Muthén, 2012). Items of three questionnaires, namely PCI, JSS and TIS were defined as being continuous and a robust maximum likelihood (MLM) estimator was used. The following indexes produced by Mplus were used in this study: a) absolute fit indices, including the Chi-square statistic, which is the test of absolute fit of the model, the Standardized Root Mean Residual (SRMR), and the Root-Means-Square Error of Approximation (RMSEA), b) incremental fit indices, including the Tucker-Lewis Index (TLI) and the Comparative Fit Index (Hair, Black, Babin, & Andersen, 2010). For the TLI and CFI, values higher than 0.90 are



considered acceptable. RMSEA values lower than 0.08 and a SRMR lower than 0.08 indicate a close fit between the model and the data.

## RESULTS

The results of tests of competing measurement models are reported. Thereafter, the results of tests of structural models are reported.

### Testing the Measurement Models

Using confirmatory factor analysis (CFA), a six-factor measurement model as well as alternative models was tested to assess whether each of the measurement items would load significantly onto the scales with which they were associated (Schreiber, 2008). The four types of psychological contracts on which the factors from the PCI loaded in this study are: balanced, relational, transactional and employability PCs. Previous studies (e.g., Diedericks, 2012) showed that the scales could best be modelled in terms of these four factors for the PCI.

Model 1 consisted of six latent variables:

1. Balanced PC (measured by ten observed variables).
2. Relational PC (measured by seven observed variables).
3. Transactional PC (measured by four observed variables).
4. Employability PC (measured by four observed variables).
5. Job satisfaction (measured by four observed variables).
6. Turnover intention (measured by two observed variables).

All the latent variables in model 1 were allowed to correlate.

Models 2, 3, 4, 5 and 6 followed the same template as the first model. Model 2 was specified by 24 observed variables measuring PC, four observed variables measuring job satisfaction, and two observed variables measuring turnover intention. For model 3, only one second-order latent variable, namely PC, was measured by 28 observed variables. Model 4 consisted of the same six latent variables as model 1, with the exception that a second-order latent variable of the PC (which consisted of four first-order latent variables: balanced, relational, transactional and employability PCs), was added. Model 5 consisted of the same six latent variables, measured by the same number of observed variables as model 1, with the only difference in the last latent variable, namely turnover intention. In model 5 this latent variable was measured by three observed variables, instead of the two as in model

1. The last model, model 6 was also measured by six latent variables namely balanced PC (measured by ten observed variables), relational PC (measured by seven observed variables), transactional PC (measured by four observed variables), employability PC (measured by four observed variables), job satisfaction (measured by four observed variables), and the sixth latent variable, turnover intention, but now being measured by four latent variables.

Fit statistics for the test of the various measurement models are presented in Table 3.

Table 3

*Fit Statistics of Measurement Models*

Model	$\chi^2$	<i>df</i>	TLI	CFI	RMSEA	SRMR	AIC	BIC
Model 1	931.39	419	0.89	0.90	0.07	0.06	20857.00	21237.33
Model 2	1681.27	432	0.73	0.75	0.11	0.12	21580.90	21915.44
Model 3	1945.08	435	0.68	0.70	0.12	0.13	21838.71	22162.68
Model 4	5448.32	465	0.88	0.89	0.07	0.06	20882.02	21234.16
Model 5	888.25	418	0.90	0.91	0.07	0.06	20815.88	21199.72
Model 6	851.28	417	0.90	0.91	0.07	0.05	20780.91	21168.27

A  $\chi^2$  value of 931.39 (*df* = 419) for the hypothesised measurement model was obtained. The fit statistics on the four fit indices were acceptable: TLI = 0.89, CFI = 0.90, RMSEA = 0.07 and SRMR = 0.06. The hypothesised model had an acceptable fit with the data on four of the fit indices.

Two fit statistics, namely the Akaike Information Criterion (AIC) and Bayes Information Criterion (BIC) in addition to other fit indices were utilized in this study to compare alternative measurement models. The AIC, a comparative measure of fit, is meaningful when one estimates different models. The lowest AIC value is the best fitting model. BIC illustrates an indication of model parsimony (Kline, 2010). Comparisons of fit indices indicate that model 1 fitted the data best (AIC = 20857.00 and BIC = 21237.33).

Analyses continued in exploratory mode to improve the fit of the selected model. One could improve the model fit by correlating the errors of the items. Correlated errors could be representative of respondent characteristics that reflect bias, social desirability as well as a high degree of overlap in item content (Byrne, 2010). The revised model illustrating fit statistics (Model 5) showed that model fit improved tremendously when errors were allowed to correlate with items.

Items that measured turnover intention were added: ('This company helps me achieve better quality levels at work; this company supports me to attain a higher performance level'). The model was respecified with these items. This resulted in an improved fit ( $\chi^2 = 888.25$ ,  $df = 418$ , TLI = 0.90, CFI = 0.91, RMSEA = 0.07, SRMR = 0.06, AIC = 20815.88 and BIC = 21199.72). In order to improve the fit even more, another correlated item was added that measured turnover intention: ('This company offers me a stable salary' with 'this company guarantees the stability of my job'). The model was respecified with this item. This resulted in an even more improved fit ( $\chi^2 = 851.28$ ,  $df = 417$ , TLI = 0.90, CFI = 0.91, RMSEA = 0.07, SRMR = 0.05, AIC = 20780.91 and BIC = 21168.27).

The results showed that the relationship between each observed variable and its respective construct was statistically significant ( $p < 0.01$ ). This established the posited relationships between indicators and constructs (see Hair, Anderson, Mehta, & Babin, 2010).

### **Results of Frequencies**

The PC loaded onto four factors, namely balanced PC, relational PC, transactional PC and employability PC. The following items loaded onto the balanced PC: B12, B13, B14, B15, B16, B17, B18, B19, B20 and B22. Almost 50% of the total sample felt that the company provided them with developmental opportunities (B12).

'The company allowed advancement within the firm' - 36.7% of the total sample stated this, compared to 57.4% that stated that this obligation was being fulfilled (B13). Of the total sample size, 36.3% felt that the company supports them in meeting higher goals; whilst 22.7% stated the opposite which was that the company has been fulfilling this need less than what it is obligated to. This depicts a difference of 13.6% between the two variation factors (B14). A total of 41.8% stated that the company has helped them achieve more demanding goals (B19) which correlates with B20 of which 34.7% stated that 'the company gives me tasks that enrich my curriculum vitae'.

The following items loaded on the relational PC: B28, B29, B30, B31, B32, B35, and B38. Almost 40% stated that 'this company is concerned with my personal welfare' (B38) and 46.2% felt that 'this company offers me an appropriate salary and other benefits' (B29). 'This company is concerned with my long term well-being' (B32) - 35.5% of the total sample concurred with this, and 37% agreed that 'this company makes an effort for me to remain in the company' (B35).

The following items loaded on the transactional PC: B33, B34, B36 and B40. Of the total sample size, 50% concurred that 'this company provides me with job security' (B33); and 52% stated that 'the company offers me a stable salary' (B34). Furthermore, nearly 46% stated that 'this company

provides me a secure job for a certain period of time' (B36). This correlates with 43% that stated 'this company guarantees the stability of my job'.

The following items loaded on the employability PC: B21, B23, B24 and B25. Almost 28% of the total sample size stated that 'this company allows me contracts that create employment opportunities elsewhere' (B21) which intercepts with 'this company promotes the visibility of my work externally' (B23), confirmed by 25%. This clearly depicts the accuracy of the correlation between B21 and B23.

Reliabilities ( $\rho$ ) of scales measured by items rated on a continuous scale were computed using a formula based on the sum of squares of standardized loadings and the sum of standardized variance of error terms (Wang & Wang, 2012). This was done as an alternative for Cronbach's alpha, which does not provide a dependable estimate of scale reliability when latent variable modelling is used. All the variables used in Table 4 below were found to be reliable, ranging from 0.75 (job satisfaction) to 0.93 (balanced PC). Reliabilities and correlations of the scales are provided in Table 4 that follows.

Table 4

*Reliabilities and Correlation of the Scales*

	$\rho$	1	2	3	4	5
1. Balanced PC	0.93	-	-	-	-	-
2. Relational PC	0.89	0.82*	-	-	-	-
3. Transactional PC	0.85	0.58*	0.72*	-	-	-
4. Employability PC	0.89	0.76*	0.68*	0.46*	-	-
5. Job Satisfaction	0.75	0.69*	0.60*	0.40*	0.49*	-
6. Turnover Intention	0.80	-0.57*	-0.54*	-0.37*	-0.39*	-0.76*

\*  $p < 0.01$

### Testing the Structural Model

The structural model was tested based on the measurement model. The hypothesised relationships were tested using latent variable modelling according to Mplus (Muthén & Muthén, 2012). One structural model was tested with paths from the four PCs to job satisfaction and turnover intention. The results showed a good fit of the hypothesised model to the data:  $\chi^2(417, N = 251) = 851.28, p < 0.001$ ; CFI = 0.91; TLI = 0.90; RMSEA = 0.07 (90% CI 0.06-0.07); SRMR = 0.05; AIC = 20780.91 and BIC = 21168.27.

Figure 1 and Table 5 show the standardised path coefficients estimated by Mplus for the hypothesised

model. The relationships of the best fitting and most parsimonious structural model obtained with reference to this study will now be discussed.

Table 5  
*Standardised Regression Coefficients of the Variables*

Variable	Estimate	SE	Est/SE	<i>P</i>
<b>Job Satisfaction</b>				
Balanced PC	0.67	0.13	5.16	0.000**
Relational PC	0.17	0.14	1.17	0.241
Transactional PC	-0.06	0.09	-0.66	0.507
Employability PC	-0.12	0.10	-1.14	0.253
<b>Turnover Intention</b>				
Balanced PC	-0.01	0.15	-0.08	0.940
Relational PC	-0.15	0.14	-1.09	0.275
Transactional PC	-0.00	0.09	-0.05	0.962
Employability PC	0.06	0.10	0.58	0.562
Job Satisfaction	-0.69	0.09	-8.08	0.000**

SE, standard error ; Est/SE, estimate divided by standard error ; *p*, obtained significance value. \*,  $p < 0.05$ ; \*\*,  $p < 0.01$

For the purpose of this study, non-fulfilment of the PC was seen as PC breach. Reversing scored items of PC fulfilment was also done in studies by Robinson and Morrison (2000), Tekleab and Taylor (2003), and a more recent study done in South Africa by Theron and Dodd (2011).

### **Hypotheses 1 and 2**

For the portion of the model predicting job satisfaction, Table 5 shows that the path coefficient of balanced PC ( $\beta = 0.67$ ,  $p = < .01$ ) was statistically significant and had the expected sign. Fulfilment of only the balanced PC had a positive relationship with job satisfaction. The ML-estimated equation accounted for relatively half the variance in job satisfaction ( $R^2 = 0.48$ ). H1 and H2 are accepted.

### **Hypotheses 3 and 4**

For the portion of the model predicting turnover intention, Table 5 shows that the path coefficient of job satisfaction ( $\beta = -0.69$ ,  $p = < .01$ ) was statistically significant and had the expected sign. Job satisfaction had a direct and negative relationship with turnover intention (H4); whereas the PC did not have a statistically significant direct relationship with turnover intention (H3). The ML-estimated equation accounted for a large proportion of the variance in turnover intention ( $R^2 = 0.59$ ). H3 is

partially accepted, while H4 is accepted.

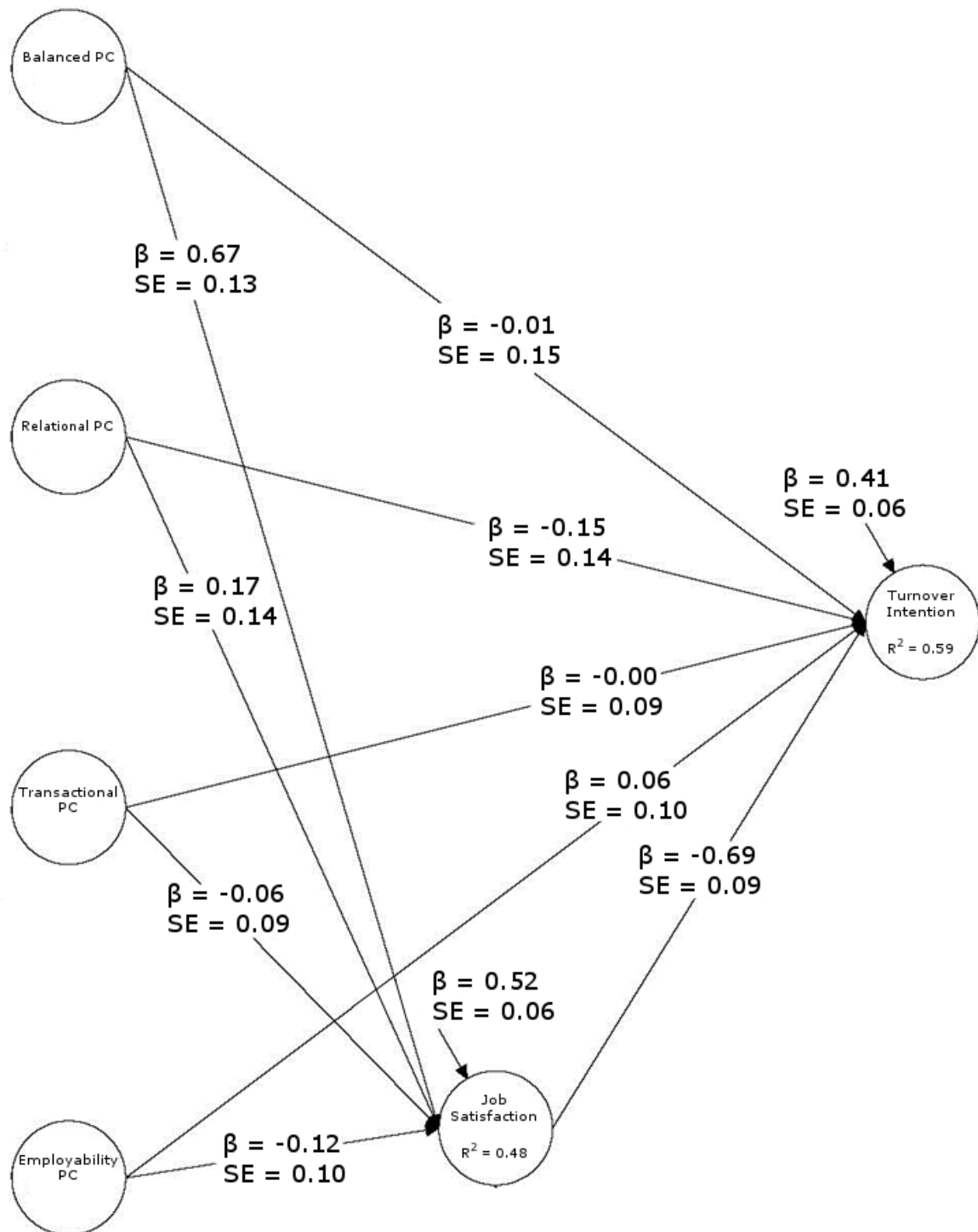


Figure 1. The structural model

To determine whether psychological contract fulfilment indirectly affects turnover intention (H5), the procedure explained by Hayes (2009) was used. That is, a two-sided bias-corrected 95% confidence interval was constructed with the use of bootstrapping, to measure the indirect effects. Table 6 provides the indirect effects.

Table 6

*Indirect Effects of Psychological Contract Fulfilment on Turnover Intention via Job Satisfaction*

Variable	Estimate	SE	95% BC CI
Balanced PC	-0.46	0.14	[-0.73, -0.20]
Relational PC	-0.12	0.12	[-0.34, 0.10]
Transactional PC	0.04	0.07	[-0.10, 0.17]
Employability PC	0.08	0.08	[-0.07, 0.23]

SE, standard error; BC CI, bias-corrected confidence interval

Table 6 reports lower and upper CIs. With regard to the indirect effects of PC fulfilment on turnover intent, the 95% CIs of the balanced PC did not include zero. Therefore, only balanced PC fulfilment had an indirect effect on turnover intention via job satisfaction. Hypothesis 5 is accepted with regard to the indirect effects of psychological contract fulfilment on turnover intent via job satisfaction.

In summary, the fit indices suggest that the relationships posited in the model account for a substantial amount of the covariation in the data. The model accounts for 48% of the variance in job satisfaction and 59% of the variance in turnover intention. This further empirically supports model fit.

Based on the literature review and the empirical analyses, a summary of the results of the hypotheses testing in this study are reported in Table 7.

Table 7

*Summary of Results of Hypotheses Testing*

HYPOTHESIS	FINDING
1	Accepted. PC fulfilment is positively associated with job satisfaction. One dimension of PC fulfilment, namely the balanced contract, statistically significantly predicted job satisfaction (explaining 48% of the variance).
2	Accepted. PC breach is negatively associated with job satisfaction. The opposite of PC fulfilment is PC breach; therefore, the inverse of H1 is also accepted.
3	Partially accepted. PC breach did not have a statistically significant direct impact on turnover intention; but an indirect effect via job satisfaction.
4	Accepted. Job satisfaction had a statistically significant negative effect on turnover intention.
5	Accepted. One dimension of PC fulfilment, namely the balanced contract, statistically significantly and indirectly predicted turnover intention via job satisfaction (59% of the variance explained).

## DISCUSSION

The aim of this study was to investigate the relationship between PC breach (i.e. non-fulfilment of the PC) and job satisfaction and turnover intention. The findings can be summarised as follows: Balanced PC fulfilment had a positive relationship with job satisfaction; whereas balanced PC breach had a negative relationship with job satisfaction. Job satisfaction had a direct negative impact on turnover intention; and balanced PC fulfilment had an indirect, negative impact on turnover intention via job satisfaction.

As previously mentioned, non-fulfilment of the PC was viewed as PC breach in this study, which implies that the inverse is also true, for example, fulfilment of the PC impacts job satisfaction positively; whereas PC breach impacts job satisfaction negatively. According to literature, it is expected that PC fulfilment should relate positively with job satisfaction and PC breach would have an adverse effect, because job satisfaction is made up of many predetermined factors stemming from the PC. A recent study by Rodwell and Gulyas (2013) supports the findings that PC fulfilment/breach impacts job satisfaction.

Of the four types of PC in this study, the balanced PC had a strong positive effect on job satisfaction. A balanced PC which is a hybrid of the relational, transactional and employability PCs and consists of opportunities for career development and advancement has a significant impact on the performance standards of employees, directly impacting the degree to which an employee experiences job satisfaction. In another South African study done in the information technology industry, Diedericks (2012) also found that fulfilment of the balanced PC statistically significantly predicted job satisfaction (explaining 30% of the variance). The importance of the exchange agreement between employer and employee in terms of perceived balance is emphasised by De Cuyper, Rigotti, De Witte, and Mohr (2008), and De Jong, Schalk, and De Cuyper (2009). The 'new' PC substantiates the importance of a more balanced PC, as the new deal rests on an offer, by the employer, of opportunities to enhance employee employability, to create the resources and environment to achieve this, to provide fair pay and fair treatment, opportunities for assessment and development, and to take care of the employee (Torrington et al., 2008).

The fact that fulfilment/breach of the relational PC did not have a significant effect on job satisfaction as the balanced PC, relates with the 'new' PC that puts less emphasis on loyalty and stability, but focuses more on remuneration and personal development (Torrington et al., 2008). The new PC relates more to the X and Y generations in the labour market, and interesting in this study is that these generations (20 – 40 years) comprised the largest percentage (60%) of the population. Job satisfaction was found to be more predictive of propensity towards turnover among younger workers (Medina,



2012). A study done by Pitts, Marvel, and Fernandez (2011) found a responsive link between age, employability and turnover intent. For the older generation, a lack of career advancement would not be a determinant of turnover intention. These individuals have a different view of the PC compared to younger generations (Torrington et al., 2008).

The skills loss currently being experienced by the utility industry can be a result of the generations' different perceptions of the PC. Furthermore, the inability of the education system to produce significant numbers of young graduates in technical fields such as science, engineering and accountancy has also served to exacerbate the problem (Temkin, 2008). The emigration of skilled employees who are able to compete for jobs globally and who are highly employable have resulted in South Africa having the highest brain drain in the world, according to Productivity SA and the 2007 IMD World Competitiveness Yearbook (Biztech, 2008). In view of the 'new' contract, this then confirms the statistically significant effect of the balanced PC as the hybrid encompassing all the other types of PCs.

Job satisfaction had a strong inverse relationship with turnover intention. An increase in job satisfaction will result in a decrease towards turnover propensity and vice versa. This is consistent with the findings of Kazi et al., (2012), and Mbah and Ikemefuna (2012). According to Morrel, Loan-Clark, and Wilkinson (2004), and Abdullah, Bilau, Enegbuma, Ajagbe, Ali, and Bustani (2012), employees' decisions to leave their organisations are based on factors of perceived mobility and desired mobility. Perceived mobility refers to the level of options available in the labour market and desired mobility is driven by job satisfaction; meaning that if job satisfaction is low, intention to leave automatically increases.

Although fulfilment of the balanced PC did not have a statistically significant direct impact on turnover intention, compared to the statistically significant impact that job satisfaction had on turnover intention, fulfilment of the balanced PC indirectly had a statistically significant impact on turnover intention via job satisfaction. These results are in line with the findings of De Deyn (2013); Hemdi and Rahim (2011); and Xiaopeng and Yun (2012). This underlines the importance of employees experiencing job satisfaction; thus, also emphasising the importance of a healthy PC in the employment relationship. Numerous studies (Gakovic & Tetrick, 2003; Suazo, 2009; Zhao et al., 2007) found that in the event of PC breach, there is an increased likelihood that employees will feel less valued, resulting in less job satisfaction, impeding their performance. According to Medina (2012), job satisfaction is inversely related to turnover intent, and lower turnover intent generates better productivity and performance.

Skills loss, through turnover, implies that the organisation has to constantly adapt to a changing

workforce by re-training individuals to meet the competence levels of the original workforce. This implication does not only dent the organisation financially, but also forces it to reach deeper into its pockets, spending more money that it does not necessarily have to reach the initial level of optimal operational functioning.

In summary, this study confirms that balanced PC fulfilment is an important determinant of job satisfaction. Furthermore, the study shows that job satisfaction is the primary factor affecting turnover intent. Thus, even though PC breach does not affect turnover intention directly, it does show that it remains an important precursor to turnover intention and that job satisfaction is the ultimate factor in linking the PC with turnover intent.

The major limitation of this study was that causality could not be determined, because of the cross-sectional nature of the study. Secondly, the sample size was relatively small. Despite the limited sample size, however, there were significant relationships between the studied variables. Thirdly, this study relied largely on the distribution of questionnaires to measure variables. This method relies on participants' voluntary willingness to convey information, which might have been contaminated by common method variance (Spector & Jex, 1991). Lastly, to be true to the principle of reciprocity in the social exchange theory, a bilateral approach including both parties in the employment relationship might perhaps expose different dynamics.

## **RECOMMENDATIONS**

Based on the findings of this study, it is recommended that the state of the psychological contract in the utility industry should be improved and maintained. Employers need to understand employees' expectations and vice versa, because this will make it easier for the parties to uphold their promises.

There is an idiom that states: "The naked truth is better than a well-dressed lie", which ultimately relates to the fact that unrealistic promises should be avoided. Furthermore, Rodwell and Gulyas (2013) confirm that "[k]eeping promises made to employees is more important than making [unrealistic] promises" (p. 9).

A practical intervention to assist organisations in ensuring a healthy PC could begin with the organisation understanding an employee's expectations. This could be done as early as the employee's interview process, whereby organisational objectives can be outlined and matched to the employee's expectations. In addition, because the PC regularly undergoes change due to organisational transformation, the PC should be reviewed more often to ensure that employer and

employee expectations are still in sync in order for both parties to honour promises made. With the new generation entering the labour market, there is no longer room for a one-size-fits-all approach in the workplace. Managers need to be sensitised towards creating need-supportive work environments (May, Gilson, & Harter, 2004). Such an environment is conducive to encouraging employee initiatives and participation, listening to their ideas and promoting self-efficacy.

There should also be non-formal interventions of addressing problems in the employment relationship; this may take the form of an open-door policy, breakaways and team building sessions, and other forms of interaction, such as monthly individual progress meetings, encouraging training and further education, allocating a 'buddy' to assist new employees, and incentives for milestones achieved, e.g., profit-sharing (Blomme, van Rheede, & Tromp, 2010); which could further aid the finding of solutions in maintaining a healthy PC.

In order to promote job satisfaction, a sense of direction, autonomy, respect, and creating a work environment where employees can have fun are imperative. There is an indisputable link between a positive psychological contract and employee work-life balance (CIPD, 2002). A healthy PC, built on trust, forms the foundation for a positive employment relationship; PC breach being a reliable predictor of job dissatisfaction and turnover intention.

Future research may examine the effects of PC breach on individual and organisational outcomes in a longitudinal design. Future studies should include larger sample sizes, especially from the X and Y generations across gender and cultural groups in South Africa. Such experimental studies could provide much needed insight into the new PC and new workplace dynamics; inferring causality of relationships. Future studies could also explore the relationship between the new PC and its impact on individual and organisational outcomes in other industries.

## REFERENCES

- Abdullah, A., Bilau, A. A., Enegbuma, W. I., Ajagbe, A. M., Ali, K. N., & Bustani, S. A. (2012). Small and medium sized construction firms' job satisfaction and evaluation in Nigeria. *International Journal of Social Science and Humanity*, 2, 35–40.
- Adams, J. S. (1963). Towards an understanding of inequity. *Journal of Abnormal and Social Psychology*, 67, 422–436.
- Adkins, C. L., Werbel, J. D., & Farh, J. L. (2001). A field study of job insecurity during a financial crisis. *Group & Organization Management*, 26, 463–483.
- Agarwal, R., Ferrat, T. W., & De, P. (2007). An experimental investigation of turnover intentions among new entrants in IT. *The Data Base for Advances in Information Systems*, 38, 8–28.
- Alam, M. M., & Mohammad, J. F. (2009). Level of job satisfaction and intent to leave among Malaysian nurses. *Business Intelligence Journal*, 3, 123–137.
- Arain, G. A., Hameed, I., & Farooq, O. (2012). Integrating workplace affect with psychological contract breach and employees attitudes. *Global Business and Organizational Excellence*, 31, 50–62.
- Argyris, C. (1960). *Understanding organizational behavior*. Homewood, IL: Parsey Press.
- Bakker, A. B., & Schaufeli, W. B. (2008). Positive organizational behavior: Engaged employees in flourishing organizations. *Journal of Organizational Behavior*, 29, 147–154.
- Bal, M. (2009). Age and psychological contract breach in relation to work outcomes. (Doctoral thesis, Vrije Universiteit, Amsterdam). Retrieved from <http://dare.uvu.vu.nl/bitstream/handle/1871/13262/8790.pdf;jsessionid=023C6DC685710C9F70CAAE4B4E2CC38E?sequence=5>.
- Bal, P. M., Chiaburu, D. S., & Jansen, G. W. (2010). Psychological contract breach and work performance: Is social exchange a buffer or an intensifier? *Journal of Managerial Psychology*, 25, 252–273.
- Bal, P. M., De Lange, A. H., Jansen, P. G. W., & Van der Velde, M. E. G. (2008). Psychological contract breach and job attitudes: A meta-analysis of age as a moderator. *Journal of Vocational Behavior*, 72, 143–158.
- Bala, I. (2013). The psychological contract: The changing nature of employee-employer expectations, *International Journal of Management & Information Technology*, 3, 62–70.
- Barnard, M., Stoll, N., & Centre for Understanding Behaviour Change (University of Bristol) (2010). *Organisational change management: A rapid literature review*. [Short Policy Report]. Retrieved from <http://www.bris.ac.uk/cubec/portal/pr1.pdf>.
- Bellou, V. (2008). Exploring civic virtue and turnover intention during organisational changes. *Journal of Business Research*, 61, 778–789.

- Bester, F. (2012). A model of work identity in multicultural work settings (Doctoral thesis, University of Johannesburg, Republic of South Africa).
- Biztech Training. (2008). *South Africa has the world's worst brain drain*. Retrieved from [www.biztech.co.za/media14.asp](http://www.biztech.co.za/media14.asp).
- Bjørnebekk, G. (2008). Positive affect and negative affect as modulators of cognition and motivation: The rediscovery of affect in achievement goal theory. *Scandinavian Journal of Educational Research*, 52,153–170.
- Blau, P. M. (1964). *Exchange and power in social life*. New York, NY: John Wiley.
- Blomme, R., van Rheede, A., & Tromp, D. (2010). The use of the psychological contract to explain turnover intentions in the hospitality industry: A research study on the impact of gender on the turnover intentions of highly educated employees. *The International Journal of Human Resource Management*, 21,144–162.
- Boston Consulting Group & World Federation of People Management Associations (2012). *Creating People Advantage 2012: Mastering HR Challenges in a Two-Speed World* [Report] Retrieved from [http://www.ohe.hu/wp-content/uploads/2013/04/BCG\\_Creating\\_People\\_Advantage\\_Oct\\_2012.pdf](http://www.ohe.hu/wp-content/uploads/2013/04/BCG_Creating_People_Advantage_Oct_2012.pdf).
- Bothma, F. C. (2011). The consequences of employees' work-based identity. (Doctoral thesis, University of Johannesburg, Republic of South Africa). Retrieved from: <https://ujdigispace.uj.ac.za/handle/10210/4999>.
- Bothma, C. F. C., & Roodt, G. (2013). The validation of the turnover intention scale. *SA Journal of Human Resource Management*, 11. Retrieved from <http://dx.doi.org/10.4102/sajhrm.v11i1.507>.
- Brinkmann, R., & Stapf, K. (2005). *Innere Kündigung. Wenn der Job zur Fassade wird*. München, Germany: C.H. Beck Verlag.
- Byrne, B. M. (2010). *Structural equation modeling with AMOS: Basic concepts, applications, and programming*. New York, NY: Routledge.
- Cantisano, G. T., Dominguez, J. F. M., & Depolo, M. (2008). Psychological contract breach and outcomes: Combining meta-analysis and structural equation models. *Psicothema*, 20,487–496.
- Casselmann, B., & Walker, M. (2013). Can 'Generation Next' find any jobs? The 2008 crash proves hard on younger adults. *The Wall Street Journal*. Retrieved from: <http://online.wsj.com/news/articles/SB10001424127887323893004579057063223739696>.
- [Chartered Institute of Personnel and Development \(CIPD\). \(2002\). \*Sustaining success in difficult times\*. Retrieved from http://www.cipd.co.uk/onlineinfodocuments/atozresources.htm](http://www.cipd.co.uk/onlineinfodocuments/atozresources.htm).
- Chaudhary, N., & Sharma, B. (2012). Impact of employee motivation on performance (productivity) in private organizations. *International Journal of Business Trends and Technology*, 2,29–35.
- Chen, G., Ployhart, R. E., Thomas, H. C., Anderson, N., & Bliese, P. D. (2011). The power of momentum: A new model of dynamic relationships between job satisfaction, change and turnover intentions. *Academy of Management Journal*, 54,159–181.

- Chin, P-L., & Hung, M-L. (2013). Psychological contract breach and turnover intention: The moderating roles of adversity quotient and gender. *Social Behavior and Personality, 41*, 843–859.
- Conway, N., & Briner, R. B. (2005). *Understanding psychological contracts at work: A critical evaluation of theory and research*. New York, NY: Oxford University Press.
- Coomber, B., & Barriball, K. L. (2007). Impact of job satisfaction components on intent to leave and turnover for hospital-based nurses: A review of the research literature. *International Journal of Nursing Studies, 44*, 297–314.
- Coyle-Shapiro, J., & Conway, N. (2005). Exchange relationships: Examining psychological contracts and perceived organizational support. *Journal of Applied Psychology, 90*, 774–781.
- Coyle-Shapiro, J., & Kessler, I. (2000). Consequences of the psychological contract for the employment relationship. A large scale survey. *Journal of Organisational Behaviour, 14*, 595–606.
- De Cuyper, N., Rigotti, T., De Witte, H., & Mohr, G. (2008). Balancing psychological contracts: Validation of a typology. *International Journal of Human Resource Management, 19*, 543–561.
- De Deyn, M. (2013). The mediating role of job satisfaction in the relationship between reward satisfaction, turnover intention and work effort across occupational status. (Unpublished master's dissertation, Vrije Universiteit Brussel, Kingdom of Belgium). Retrieved from: <http://www.s-d.be/assets/Talent-Award-2013/Theses-2013/VUB.pdf>.
- De Gieter, S., Hofmans, J., & Pepermans, R. (2011). Revisiting the impact of job satisfaction and organizational commitment on nurse turnover intention: An individual differences analysis. *International Journal of Nurses Studies, 48*, 1562–1569.
- De Jong, J., Schalk, R., & De Cuyper, N. (2009). Balanced versus unbalanced psychological contracts in temporary and permanent employment: Associations with employee attitudes. *Management and Organization Review, 5*, 329–351.
- De Lange, A. H., Bal, P. M., Van der Heijden, B. I. J. M., De Jong, N., & Schaufeli, W. B. (2011). When I'm 64: Psychological contract breach, work motivation and the moderating roles of future time perspective and regulatory focus. *Work & Stress: An International Journal of Work, Health & Organisations, 25*, 338–354.
- Delobelle, P., Rawlinson, J. L., Ntuli, S., Malatsi, I., Decock, R., & Depoorter, A. M. (2010). Job satisfaction and turnover intent of primary healthcare nurses in rural South Africa: A questionnaire survey. *Journal of Advanced Nursing, 67*, 371–383.
- De Vos, H. S., Strydom, C. B., Fouchè, C. B., & Delpont, C. S. L. (2011). *Research at grass roots* (3rd ed.). Pretoria, South Africa: Van Schaik Publishers.
- Dickey, H., Watson, V., & Zangelidis, A. (2011). Job satisfaction and quit intentions of offshore workers in the UK North Sea oil and gas industry. *Scottish Journal of Political Economy, 58*, 607-633.

- Diedericks, E. (2012). Flourishing of employees in the information technology industry in South Africa. (Doctoral thesis, North-West University, Republic of South Africa).
- Fiske, S. T., & Taylor, S. E. (1984). *Social cognition*. New York, NY: Random House.
- Freese, C. & Schalk, R. (2008) How to measure the psychological contract? A critical criteria-based review of measures. *South African Journal of Psychology*, 38, 269–286.
- Gabriel, J. M. O., & Jonathan, E. (2012). Psychological contract in Nigeria: A conceptual explication and mutuality debate, *British Journal of Economics, Finance and Management Sciences*, 5, 43–49.
- Gakovic, A., & Tetrick, L. E. (2003). Psychological contract breach as a source of strain for employees. *Journal of Business and Psychology*, 18, 235–246.
- Gersick, C. J. (1991). Revolutionary change theories: A multilevel exploration of the punctuated equilibrium paradigm. *Academy of Management Review*, 16, 10–36.
- Gharbi, H., & Ayed, T. L. (2012). The trust as a necessary condition but not sufficient for the psychological contract. *Journal of Human Resources Management Research*. Retrieved from <http://www.ibimapublishing.com/journals/JHRMR/jhrmr.html> DOI: 10.5171/2012.951574.
- Guest, D. E. (2004) Flexible employment contracts, the psychological contract and employee outcomes: An analysis and review of the evidence. *International Journal of Management Review*, 5, 1–19.
- Guest, D. E., Isaksson, K., & De Witte, H. (2010). *Employment contracts, psychological contracts, and worker well-being: An international study*. Oxford, United Kingdom: Oxford University Press
- Hair, J. F., Anderson, R. E., Mehta, R. & Babin, B. J. (2010). *Sales management: Building customer relationships and partnerships* (1st ed.). Nashville, TN: South-Western.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate data analysis: A global perspective* (7th ed.). Upper Saddle River, NJ: Pearson Education.
- Hayes, A. F. (2009). *Introduction to mediation, moderation and conditional process analysis: A regression-based approach*. New York, NY: Guilford Publications.
- Hecht, D. H., & Boies, K. (2009). Structure and correlates of spillover from nonwork to work: An examination of nonwork activities, well-being, and work outcomes. *Journal of Organizational Health Psychology*, 14, 414–426.
- Hemdi, M. A., & Rahim, A. R. A. (2011). The effect of psychological contract and affective commitment on turnover intentions of hotel managers. *International Journal of Business and Social Science*, 2, 76–88.
- Holthausen, J. (2010). Scientific review of the social exchange theory and its contribution to solving purchasers' decision making issues. (Unpublished thesis, University of Twente, The Netherlands). Retrieved from <http://www.utwente.nl/mb/ba/education/ba-thesis-2013/sm/holthausen.pdf>.

- Isaksson, K. (2006). Psychological contracts across employment situations (PSYCONES). (Report). Retrieved from [http://www.uni-leipzig.de/~apsycho/rigotti/Psycones\\_finalreport.pdf](http://www.uni-leipzig.de/~apsycho/rigotti/Psycones_finalreport.pdf).
- Ivancevich, J., & Matteson, M. (2002). *Organizational behaviour and management* (6th ed.). New York, NY: McGraw-Hill.
- Jensen, J., Opland, R., & Ryan, A. (2010). Psychological contracts and counterproductive work behaviors: Employee responses to transactional and relational breach. *Journal of Business & Psychology, 25*, 555–568.
- Johnson, J. L. & O'Leary-Kelly, A. M. (2003). The effects of psychological contract breach and organizational cynicism: Not all social exchange violations are created equal. *Journal of Organizational Behavior, 24*, 627–647.
- Kabar, A. A., & Barrett, B. (2010). The impact of psychological contract violation on job satisfaction, OCB and intent to leave in a continuing care retirement community. *International CHRIE Conference-Refereed Track. Paper 2.* Retrieved from [http://scholarworks.umass.edu/refereed/CHRIE\\_2010/Wednesday/2/](http://scholarworks.umass.edu/refereed/CHRIE_2010/Wednesday/2/)
- Kazi, G. M., Aziz, S. A., & Zadeh, Z. F. (2012). The contribution of organizational variables and its impact on job turnover and job satisfaction of employee's. *Interdisciplinary Journal of Contemporary Research in Business, 3*, 1067–1073.
- Kline, R. B. (2010). *Principles and practice of structural equation modelling* (3rd ed.). New York, NY: Guilford Press.
- Knights, J. A., & Kennedy, B. J. (2005). Psychological contract violation: Impacts on job satisfaction and organizational commitment among Australian senior public servants. *Applied H.R.M. Research, 10*, 57–72.
- Lester, S., Turnley, W., Bloodgood, J., & Bolino, M. (2002). Not seeing eye-to-eye: Differences in supervisor and subordinate perceptions of and attributions for psychological contract breach. *Journal of Organizational Behavior, 23*, 39–56.
- Linde, B. J., & Schalk, M. J. D. (2005). *The influence of prior employment relations on the experience of the psychological contract: A South African case study*. Paper presented at the 2005 HR Conference on Prior Relationship and the Psychological Contract, Enschede.
- Lumley, E. J., Coetzee, M., Tladinyane, R., & Ferreira, N. (2011). Exploring the job satisfaction and organisational commitment of employees in the information technology environment. *Southern African Business Review, 15*, 100–118.
- Marks, A., (2001). Developing multiple foci conceptualisation of psychological contract. *Employee Relations, 23*, 454–469.
- Martin, A., & Roodt, G. (2008). Perceptions of organisational commitment, job satisfaction and turnover intentions in a post-merger South African tertiary institution. *A Journal of Industrial Psychology; 34*, 23–31.



- May, D. R., Gilson, R. L., & Harter, L. M. (2004). The psychological conditions of meaningfulness, safety and availability and the engagement of the human spirit at work. *Journal of Occupational & Organizational Psychology*, 77, 11–37.
- Mbah, S. E., & Ikemefuna, C. O. (2012). Job satisfaction and employees' turnover intentions in total Nigeria plc. in Lagos State. *International Journal of Humanities and Social Science*, 2, 275–287.
- Medina, E. (2012). Job satisfaction and employee turnover intention: What does organisational culture have to do with it? (Master's thesis). Retrieved from <http://hdl.handle.net/10022/AC:P:19055>.
- Morrell, K., Loan-Clarke, J., & Wilkinson, H. (2004). Organizational change and employee turnover. *Personnel Review*, 33, 161–173.
- Muthén, L. K., & Muthén, B. O. (2012). *Mplus users' guide* (7th ed.). Los Angeles, CA: Muthén & Muthén.
- Parry, J. (2008). Intention to leave the profession: Antecedents and role in nurse turnover. *Journal of Advanced Nursing*, 64, 157–167.
- Petriglieri, J. L. (2011). Under threat: Responses to and the consequences of threats to individuals' identities. *The Academy of Management Review*, 36, 641–662.
- Peirce, G. L., Desselle, S. P., Draugalis, J. R., Spies, A. R., Davis, T. S., & Bolino, M. (2012). Identifying psychological contract breaches to guide improvements in faculty recruitment, retention, and development. *American Journal of Pharmaceutical Education*, 76, 1–6.
- Pitts, D., Marvel, J., & Fernandez, S. (2011). So hard to say goodbye? Turnover intention among U.S. federal employees. *Public Administration Review*, 71, 751–760.
- Purcell, J. (2012). *ACAS Policy Discussion Papers: Building employee engagement*. Retrieved from [http://www.acas.org.uk/media/pdf/s/1/Building\\_employee\\_engagement-accessible-version-Jun-2012.pdf](http://www.acas.org.uk/media/pdf/s/1/Building_employee_engagement-accessible-version-Jun-2012.pdf).
- Raineri, N., Paillé, P., & Morin, D. (2012). Organizational citizenship behavior: An intergenerational study. *Revue Internationale de Psychologie Sociale*, 25, 147–177.
- Raja, U., Johns, G., & Ntalianis, F. (2004). The impact of personality on psychological contracts. *Academy of Management Journal*, 47, 350–367.
- Randmann, L. (2012). Differences in psychological contracts in Estonia: The role of individual and contextual factor. (Doctoral thesis, Estonian Business School, Republic of Estonia).
- Restuborg, S. L., Bordia, P., & Tang, R. L. (2006). Effects of psychological contract breach on performance of IT employees: The mediating role of affective commitment. *Journal of Occupational & Organizational Psychology*, 79, 299–306.
- Robbins, S. (1993). *Organizational behaviour: Concepts, controversies, and applications* (6th ed.). Upper Saddle River, NJ: Prentice Hall.
- Robinson, S. L., & Morrison, E. W. (2000). The development of psychological contract breach and violation: A longitudinal study. *Journal of Organizational Behaviour*, 21, 525–546.

- Rodwell J., & Gulyas A. (2013). The impact of the psychological contract, justice and individual differences: Nurses take it personally when employers break promises. *Journal of Advanced Nursing*. DOI: 10.1111/jan.12160
- Roehling, M. V., Cavanaugh, M. A., Moynihan, L. M. & Boswell, W. R. (2000). The nature of the new employment relationship: A content analysis of the practitioner and academic literatures. *Human Resource Management, 39*, 305–320.
- Rothmann, S. (2010). *The reliability and validity of measuring instruments of happiness in the Southern African context*. North-West University, Vanderbijlpark, Republic of South Africa.
- Rousseau, D. M. (1995). *Psychological contracts in organizations: Understanding written and unwritten agreements*. Thousand Oaks, CA: Sage.
- Rousseau, D. M. (2000). Psychological contracts in the United States: Diversity, individualism, and associability in the marketplace. In D. M. Rousseau, & R. Schalk (Eds.), *Psychological contracts in employment: Cross-national perspectives* (pp. 250–282). Thousand Oaks, CA: Sage.
- Rousseau, D. M. (2004). Psychological contracts in the workplace: Understanding the ties that motivate. *Academy of Management Executive, 18*, 120–127.
- Schaufeli, W. B., & Salanova, M. (2007). Work engagement. An emerging psychological concept and its implications for organizations. In S. W. Gilliland, D. D. Steiner, & D. P. Skarlicki (Eds.), *Research in social issues in management: Vol. 5. Managing social and ethical issues in organizations* (pp. 135–177). Greenwich, CT: Information Age Publishers.
- Schreiber, J. B. (2008). Core reporting practices in structural equation modelling. *Research in Social and Administrative Pharmacy, 4*, 83–97.
- Shore, L. M., Coyle-Shapiro, J. A-M., Chen, X-P., & Tetrick, L. E. (2009). Social exchange in work settings: Content, process, and mixed models. *Management and Organization Review, 5*, 289–302.
- Shore, L. M., & Tetrick, L. E. (1994). The psychological contract as an explanatory framework in the employment relationship. In C. Cooper, & D. M. Rousseau (Eds), *Trends in Organisational Behaviour*. New York, NY: Wiley.
- Sing, P., & Loncar, N., (2010). Pay satisfaction, job satisfaction and turnover intent. *Industrial Relations, 65*, 470–490.
- Sjöberg, A., & Sverke, M. (2000). The interactive effect of job involvement and organizational commitment revisited: A note on the mediating role of turnover intention. *Scandinavian Journal of Psychology, 41*, 247–25.
- Spector, P. E. (1997). *Job satisfaction: Application, assessment, causes, and consequences*. Thousand Oaks, CA: SAGE Publications.
- Spector, P. E., & Jex, S. M. (1991). Relations of job characteristics from multiple data sources with employee affect, absence, turnover intentions, and health. *Journal of Applied Psychology, 76*, 46–53.

- Springvloet, W. (2012). Values and the employment relationship: A study of the influence of individual values on the relationship between psychological contract fulfilment and engagement. (Unpublished master's dissertation, Tilburg University, The Netherlands).
- SPSS Inc. (2013). *SPSS21.0 for Windows*. Chigaco, IL: SPSS Inc.
- Struwig, F. W., & Stead, G. B. (2001). *Planning, designing and reporting research*. Cape Town, South Africa: Pearson Education.
- Suazo, M. M. (2009). The mediating role of psychological contract violation on relations between psychological contract breach and work-related attitudes and behaviors. *Journal of Managerial Psychology*, *24*, 136–160.
- Sulu, S., Ceylan, A., & Kaynak, R. (2010). Work alienation as a mediator of the relationship between organisational injustice and organisational commitment: Implications for healthcare professionals. *International Journal of Business and Management*, *5*, 27–38.
- Sumner, M., & Niederman, F. (2003). The impact of gender differences on job satisfaction, job turnover, and career experiences of information systems professionals. *Journal of Computer Information Systems*, *44*, 29–39.
- Sverdrup, T. E. (2012). The strength of reciprocity: Exploring horizontal psychological contracts in work groups. (Doctoral thesis, Norwegian School of Economics (NHH), Kingdom of Norway). Retrieved from <http://blogg.nhh.no/focus/wp-content/uploads/2012/12/Sverdrup-avhandling-20121.pdf>.
- Tekleab, A., Bartol, K., & Liu, W. (2005). Is it pay levels or pay raises that matter to fairness and turnover? *Journal of Organizational Behavior*, *26*, 899–921.
- Tekleab, A. G., & Taylor, M. S. (2003). Aren't there two parties in an employment relationship? Antecedents and consequences of organization-employee agreement on contract obligations and violations. *Journal of Organizational Behavior*, *24*, 585–608.
- Temkin, S. (2008). Quarter of senior manager jobs held by blacks, *Business Day*. Retrieved from <http://bis.hosted.inet.co.za/news>.
- Teng-Calleja, M. (2013). Impact of psychological contract breach on employee behaviour. *Business Inquirer*. Retrieved from <http://business.inquirer.net/141205/impact-of-psychological-contract-breach-on-employee-behavior>.
- Tett, R. P., & Meyer, J. P. (1993). Job satisfaction, organizational commitment, turnover intention, and turnover: Path analyses based on meta-analytic findings. *Personnel Psychology*, *46*, 259–293.
- Theron, A., & Dodd, N. M. (2011). Organisational commitment in a post-merger situation. *SAJEMS*, *14*, 333–345.
- Torrington, D., Hall, L., & Taylor, S. (2008). *Human Resource Management*. Harlow, United Kingdom: Pearson Education.

- Trevor, C. O. (2001). Interaction among actual ease of movement determinants and job satisfaction in the prediction of voluntary turnover. *Academy of Management Journal*, *44*, 621–638.
- Tsai, Y., & Wu, S. (2010). The relationships between organizational citizenship behavior, job satisfaction and turnover intention. *Journal of Clinical Nursing*, *19*, 3564–3574.
- Turnley, W., & Feldman, D. C. (2000). Re-examine the effects of psychological contract violations: Unmet expectations and job dissatisfaction as mediators. *Journal of Organisational Behaviour*, *21*, 25–42.
- Tyagi, A., & Agrawal, R. K. (2010). Emerging employment relationships: Issues and concerns in psychological contract. *Indian Journal of Industrial Relations*, *45*, 381–395.
- Valentine, S., Godkin, L., Fleischman, G. M., & Kidwell, R. (2011). Corporate ethical values, group creativity, job satisfaction and turnover intention: The impact of work context on work response. *Journal of Business Ethics*, *98*, 353–372.
- Wang, J., & Wang, X. (2012). *Structural equation modelling: Applications using Mplus*. Chichester, United Kingdom: Wiley.
- Xiaopeng, J., & Yun, F. (2012). *What they want and how they react: Effect of formal contract on psychological contract in China*. Seventh Annual Meeting of Chinese Management Best Paper-ZR61, China School of Management, Tianjin.
- Zhao, H., Wayne, S. J., Glibkowski, B. C., & Bravo, J. (2007). The impact of psychological contract breach on work-related outcomes: A meta-analysis. *Personnel Psychology*, *60*, 647–680.

## CHAPTER 4

### CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

The purpose of this chapter is to draw conclusions from the two articles which made up the study. Conclusions are drawn according to the research objectives. This study will also discuss the limitations and recommendations for the organisation in question. Further research opportunities stem from this study and are presented as follows.

#### 4.1 CONCLUSIONS

Conclusions from the research are drawn next.

##### *The role of monetary rewards in retaining talent in the utility industry*

The first objective of this study was to investigate the role of monetary rewards in retaining key talent in the utility industry. In view of the severe skills loss this industry has been experiencing the past year, this is a very important research objective. In this study, 60% of the participants alluded to the importance money plays in their day to day functioning. According to theorists, money has a direct effect on job satisfaction as people expect to be rewarded in accordance with the level of effort they exert in the work environment (Luthans, 2005). Thus, not only is money important, but the distribution thereof also contributes to the value people attach to money. The fair allocation of money can prevent organisational disruptions such as strikes and various other incidents of labour unrest.

Remuneration has varying degrees of importance from organisation to organisation. Therefore, highly skilled employees place more value on their efforts and expect to be remunerated justly, and because of their highly skilled nature, these employees know their self-worth and use it to their advantage to continuously pursue better employment opportunities (Ng & Feldman, 2010). Because skills are cost related, remuneration serves as an important attraction and retention mechanism. Remuneration affects employee behaviour to a large extent, be it favourable or non-favourable. It also serves as an indication of the level of job satisfaction that the employee is experiencing. Favourable behaviour will result in desired outcomes, whilst non-favourable behaviour will yield opposite results (Vroom, 1964). Money will determine the level of skills in the organisation, and it is clear that an organisation has to pay for productivity, which emphasises the importance money has on turnover intent; these two cannot be divorced.

Money is the proverbial straw that can make or break the camel's back; what is meant by this is that if employees are remunerated unsatisfactorily, they will not perform, thus, creating an organisational culture of non-performance and a whirlpool of disaster. On the other hand, if remuneration is awarded satisfactorily, the business can soar to new heights with its human capital (Faulk II, 2002).

Employees take cognisance of the fact that their behaviour and progress are important to the organisation, therefore they should be remunerated accordingly and view the process of reward distribution as fair. If the process which governs the distribution of money is fair and transparent, it will lead to decreased turnover rate (Hassan, 2002). Turnover is seen as a symptom from the employee's side towards the organisation with widely distributed, harmful effects as a repercussion (Robbins, 2005). A study by Panwar and Gupta (2012) support, justify and substantiate the importance of money in today's world of work, both locally and internationally.

Therefore, organisations need to devise an effective remuneration strategy that will motivate and retain skilled workers (Weinberger, 2010). The importance of money is evident in the severe and rapid skills loss organisations (such as the utility industry) have been experiencing (Brink, 2012). Skills loss leaves a gaping wound in organisational structures, causing the business to bleed, as costs of replacing lost skills not only rise (Hemdi & Nasurdin, 2006), but organisations also cannot sustain their competitive edge in the global arena (Blum & Tremarco, 2008; O'Connell & Kung, 2007).

From the themes established in the qualitative study (Chapter 2), it became evident that, besides the importance of money, other themes are also important in curbing the serious skills loss in the utility industry. One such a theme is leadership which can also be considered to be an attraction and retention tool. Good leadership is fundamental for progress and prosperity in the utility industry as it contributes to a winning team where employees will automatically increase their outputs and innovation levels in their quest to outshine the rest (Chaudhary & Sharma, 2012). This extra effort has a locomotive effect, as it will encourage other team members to give nothing less than their best, and in so doing, eliminate social loafing (Forsyth, 2014). Poor leadership ultimately derails this locomotive; with poor leadership, employees will not be driven to perform and reach their potential, resulting in no productivity (Chaudhary, & Sharma, 2012) which would bring organisational performance to a sudden halt. Because of this stagnation, employees will slowly but surely start leaving the organisation to put their skills to better use elsewhere (De Cuyper & De Witte, 2008).

In the utility industry, there could easily have been a breakdown in the quality of leadership due to the large exit of highly skilled labour. This ultimately serves as a blow, not only to the organisation, but also to those employees remaining behind as there is no continuance in routine guidance and

direction. As the Latin expression goes –*consilium artificium omnium* – leadership is everybody’s business.

Leadership also encompasses other components that were identified as themes from the content analysis, such as the importance of employee job satisfaction, clear and effective communication in the workplace, the importance of reciprocity regarding expectations and obligations in the employment relationship, the importance of mentoring and coaching etc. The findings in the qualitative study emphasise the importance of money as money forms the nucleus of all these other organisational and management tools. It is agreed that without money the utility industry will not be able to retain good leadership, for dynamic leaders will always be headhunted by rival companies, but, alas, there is a limitation to the power of money. Therefore, the other themes identified in this study should not be negated as they are just as important in establishing and maintaining a healthy employment relationship which could counteract turnover propensity, thus curbing skills loss.

The themes identified in the qualitative study (Chapter 2) were used as a guideline in establishing which measuring instruments to utilise towards investigating the research objectives in Chapter 3. All the themes related to the content of the psychological contract as encompassed in the four different types of PCs (refer to Chapter 3), and the components included in the job satisfaction and turnover intention models.

#### *The effect of psychological contract breach on employees’ job satisfaction*

The second objective of this study was to investigate the effect of psychological contract breach on job satisfaction. The results provided support for a model in which balanced PC fulfilment positively impacted job satisfaction. The opposite of PC fulfilment is PC breach; therefore, the inverse of the aforementioned is also accepted, namely balanced PC breach had a negative impact on job satisfaction. The findings of other studies by Rodwell and Gulvas (2013), and Diedericks (2012), substantiate the findings of the impact of PC breach on job satisfaction. In the latter study it explained 30% of the variance.

The remaining three types of PC were not significant predictors of job satisfaction. Thus, balanced PC breach and job satisfaction form a distinct relationship. The reason for this could be ascribed to the ‘new’ PC, mostly adopted by the new generations entering the workforce. Loyalty and respect, and remuneration according to status as propagated by the ‘old’ PC have now been replaced by values such as personal development, employability, rewards according to outputs, keeping up with constant change, flexibility and expecting immediate results, to name but a few (Torrington, Hall, & Taylor, 2008). The balanced contract which is the fusion of the values contained in the other three types of PC

plays an important role in the employment relationship, especially with reference to the exchange agreement (De Cuyper, Rigotti, De Witte, & Mohr, 2008; De Jong, Schalk, & De Cuyper, 2009). In view of the fact that 60% of the population in this study belonged to the age group 20-40 years, it should send out a very important message to the leadership in the utility industry not to underestimate the power of the 'new' PC, especially when one considers the fact that the majority of the population (60.2%) had the shortest number of years' service at this organisation (0-8 years).

There are many reasons that could contribute towards the skills loss currently being experienced by the utility industry. A major one could be the different perspectives held by generations on what their PC should look like. An unfulfilled PC could motivate talented and highly employable employees to seek their salvation elsewhere. Furthermore, employment equity and affirmative action targets in South Africa also contribute towards the exodus of highly skilled employees. Skilled employees in the technical fields such as science, engineering and accounting, who leave South Africa for greener pastures, only aggravate the problem by leaving a capacity gap. The number of graduates from these fields who have to enter the labour market is dwindling, and together with the experts leaving the country, this intensifies the prospects relating to growth and sustainability.

It is clear from this study that PC breach impacted job satisfaction, and to understand this relationship the equity theory, which is grounded in the social exchange theory, is very relevant. Employees who experience that their PCs have been fulfilled, will increase their contributions in return, thus showing their satisfaction due to the activating and motivational potential brought about by being rewarded. However, when their PCs have been breached, they will be dissatisfied and there will be no activating and motivational potential. It is then that employees attempt to balance the inequity in the exchange relationship, causing a rapid decline in their job satisfaction (Bjørnebekk, 2008), and ultimately resulting in counterproductive behaviour. Research has unequivocally shown that increased job satisfaction levels diminish the chances of turnover intent (Martin & Roodt, 2008). In this study job satisfaction had a direct and negative influence on turnover intention.

#### *The effects of psychological contract breach on turnover intent in the utility industry*

The last objective of this study was to investigate the effects of psychological contract breach on turnover intent.

PC breach occurs when employee expectations are not met (Rousseau, 2004). These unmet expectations can also be seen as drivers behind PC breach. Studies have shown that PC breach is related positively to turnover intention (Haq, Jam, Azeem, Ali, & Fatima, 2011).



The balanced, relational, transactional, and employability PCs had no direct effect on turnover intention in this study. PC breach did not directly impact turnover intention, but impacted turnover intention indirectly via job satisfaction. This is an important finding as it exposes not only the importance of having employees who are satisfied with their jobs, but also the importance of a healthy PC in the employment relationship. Employees who perceive that their PCs have been breached, will feel less appreciated which will lead to lower job satisfaction which will hamper their performance (Gakovic & Tetrick, 2003; Suazo, 2009; Zhao, Wayne, Glibkowski, & Bravo, 2007). There is an inverse relationship between job satisfaction and turnover intent; lower turnover intent engenders increased productivity and performance (Medina, 2012). PC breach, job satisfaction and turnover intention all link to the principles of the spillover theory. When an employee experiences a positive feeling in the work environment (such as PC fulfilment), this positive feeling will spill over into another positive feeling (job satisfaction), which will then spill over into retaining the employee (a positive outcome); whereas negative feelings will just have the inverse effect: PC breach, job dissatisfaction, turnover intent (a negative outcome) (Hecht & Bois, 2009).

Turnover does not only imply extra financial cost implications for an organisation as a result of lost skills; the organisation's reputation, branding and service delivery are also at stake (Bothma & Roodt, 2013). Losing core and critical skills through turnover implies hiring and training new staff (Sulu, Ceylan, & Kaynak, 2010), replacing knowledge and experience, and building new workforce morale. The indirect costs as a result of turnover are often more exacerbating than the direct, financial implications. Furthermore, high turnover places a huge load of responsibility on human resource and line managers.

In South Africa's labour relations system, the bipartite relationship is characterised by the employer and employee parties that constitute the primary employment relationship. Many external and internal factors impact this relationship; external factors such as the labour market, the country's economic situation, technological advancement, and the socio-political environment; internal factors such as psychological contract fulfilment or breach and its impact on other individual and organisational outcomes.

Ragins and Dutton (2007) described a positive employment relationship as one characterised by relatedness and mutuality; mutual giving and receiving, and mutual caring. PC breach has a direct effect on the employment relationship which is a dynamic relationship and includes, but is not limited to, functions such as labour relations management, human resource management, organisational behaviour, change management, talent retention, coaching and mentoring and other functions relating to the business strategy. In view of the fact that the PC is a powerful construct in the employment relationship, all these sub-divisions will automatically be impacted by PC fulfilment or PC breach, as

the findings from the qualitative and quantitative studies revealed. Therefore, it is imperative for a positive employment relationship to create the resources and environment that will be conducive towards PC fulfilment, to address the individual and psychological needs of employees, to provide fair rewards and fair treatment, opportunities for personal growth, and to take care of the employee (Torrington et al., 2008).

“The glue that holds all relationships together, including the relationship between the leader and the led, is trust, and trust is based on integrity” (Tracy, 2011).

## **4.2 LIMITATIONS**

In the face-to-face recorded interviews in the qualitative study (Chapter 2), individuals were reassured of their anonymity. However, there were still restrictions in their responses to questions. Despite the objectivity that is strived for during the interviewing process, the restriction in response may, besides being recorded, be because the interviewer cannot totally exclude her own idiosyncrasies during face-to-face interviews and data gathering. This may result in unavoidable subjectivity by the interviewer which may affect the outcomes.

Regarding the quantitative study (Chapter 3), a limitation is the cross-sectional design of this study which only allows identification of relationships between variables at one point. This has a limiting effect on the interpretation of the findings. Causality between independent variables could not be determined because the findings of this study were based on data correlation.

Secondly, the sample size was relatively small, but despite the sample size, the results showed significant relationships between the variables.

Thirdly, this study relied largely on the distribution of questionnaires to measure the target variables. A questionnaire is a self-report measuring instrument that relies on participants to convey information, and may be contaminated by common method variance (Spector & Jex, 1991).

Fourthly, the psychological contract was studied from a unilateral perspective, namely that of the employee. A bilateral approach (employer and employee) might have rendered different results.

## **4.3 RECOMMENDATIONS**

### **4.3.1 Recommendations to Solve the Research Problems**

Employee well-being in the workplace should be evaluated on a regular basis to ensure that organisational values, perceptions and expectations are still in line with those of the employee, as positive behaviours will yield positive outcomes. In addition, new employees should be inducted properly as organisational impressions and psychological contract expectations are formed from day one. Organisations and employees should engage in honest, open discussions about their mutual expectations and perceptions of promises and obligations. The more explicit the terms of the PC, the less chance of misunderstandings perceived as breach.

Interventions should improve the current work situations of employees and contribute in ways which will be beneficial to both the employee and the organisation. Interventions will only succeed if the organisation obtains buy-in from the employees, such as improved leadership, clearer communication, practical mentoring and coaching, flexibility in salary and working conditions, understanding employee expectations, and providing a work-life balance. Most of these are typical values of the 'new' PC.

The quality of leadership should be improved by refining the listening skills of management which would impact greatly on effective functioning. Management should also cascade any information not only pertaining to employees, but the business as a whole, as this will instil a feeling that the organisation values its employees by keeping them abreast of and updated about daily business developments.

Communication should be in line with business strategies across the organisation. In order to effectively communicate business developments, businesses can also use the approach of offering monthly prizes posed on questions through daily communiques. This will not only enhance communication, but will aid employees in keeping up with business changes, whilst instilling a fun element. Clearer and more defined lines of reporting should be established to decrease confusion and frustration. Less reliance should be placed on email and more personal interaction should take place to enhance interpersonal relationships, nurturing the basic psychological need for relatedness.

Mentorship and coaching programmes should be implemented to ensure that skills are transferred from one level to the next, thereby creating a surplus of skills and promoting retention of skills. These programmes should create a talent pool to enable on-the-job training which is also ultimately a cheaper option than outsourcing the training to external service providers.

In the same vein, the organisation should also ensure that job roles are rotated to encourage skills transfer. The most effective department or unit of a department of the organisation should be identified, and this unit or department should be given the opportunity to expose and share its expertise, knowledge and skills to improve the situation of another unit. Employees should be allocated there for a certain period of time and when this time period lapses, the employees who have received the service should rate the unit or department accordingly.

More flexible salary restructuring should be implemented to give employees a choice of converting medical and other benefits into more monetary value. This would be an administrative nightmare, but if done only periodically and effectively, this should provide the employee with more satisfaction and motivation. The organisation should also consider making work conditions more flexible by allowing employees to work from home or allowing them to work extra hours, including weekends, in return for leave equivalent to the extra hours worked. Generations X and Y (which have been found to constitute 60% of the population) would probably find this more appealing.

Better understanding of the expectations of the younger and older generations will enable better policy making, adequately addressing expectations. This will encourage more innovation and efficiency, particularly among the younger groups that are currently subject to the policies and protocols that suite the older generation better. This understanding of the expectations of both the employer and employee should be reviewed often enough to ensure that they remain synchronised. This will ensure that both parties perform according to their respective expectations and obligations.

The organisation should also encourage non-formal interventions by implementing an open-door policy, work stoppages, informal presentations, breakaway sessions and other similar integration strategies. The relationships between higher-level staff and line-level staff will be more integrated, allowing them to interact with one another in a more comfortable and resourceful manner. Fun also breaks down barriers, increases stimulation and ignites innovation. An employee-of-the-month initiative should perhaps include a revolving toy that goes to the employee with the most exceptional efforts. The picture of the employee is displayed prominently as a sign of acknowledgment from the organisation. This sense of light-heartedness will strengthen relationships even further.

A 'buddy' can be seen as a personal chaperone that assists employees in getting to know the business in all its forms, shapes and sizes. Each new employee should be allocated a 'buddy' to help him/her understand the scope of the business, initiatives and roll-out plans.

### **4.3.2 Recommendations for Future Research**

Further research is needed to understand the implications of psychological contract breach, not only in the utility industry, but across various industries in South Africa. All aspects which form part of the study should contribute to positive working relations that would act as a binding agent for HR management, labour relations and the organisation as a whole.

Longitudinal studies should be performed to discover underlying relationships between PC breach, job satisfaction and turnover intent, especially from the perspectives of the different generations regarding the old versus new psychological contract, and how these dynamics impact the workplace.

As a remedy to the cross-sectional limitation, longitudinal studies should be undertaken to make data more reliable and to eliminate generalisation in the population, meaning that questionnaires should be distributed more evenly across organisational levels within the organisation (e.g., distribution of questionnaires to 50% managers and 50% employees), to give a more accurate and fairer representation of the research in question.

Further qualitative studies could approach former employees in the utility industry and by interviewing them, endeavour to establish the real reasons for their turnover, because former employees cannot easily be subjected to scrutiny or victimisation.

## REFERENCES

- Bjørnebekk, G. (2008). Positive affect and negative affect as modulators of cognition and motivation: The rediscovery of affect in achievement goal theory. *Scandinavian Journal of Educational Research, 52*, 153–170.
- Blum, P. K., & Tremarco, V. O. (2008). *High potential PR professionals thrive on challenge: A study of employee turnover and retention in the public relations industry*. Gaineville, FL: Institute for Public Relations.
- Bothma, C. F. C., & Roodt, G. (2013). The validation of the turnover intention scale. *SA Journal of Human Resource Management, 11*. Retrieved from <http://dx.doi.org/10.4102/sajhrm.v11i1.507>.
- Brink, G. P. (2012). Factors contributing to the emigration of skilled South African migrants to Australia. (Magister's dissertation, University of South Africa, Republic of South Africa). Retrieved from [http://uir.unisa.ac.za/bitstream/handle/10500/5963/dissertation\\_brink\\_g.pdf?sequence=1](http://uir.unisa.ac.za/bitstream/handle/10500/5963/dissertation_brink_g.pdf?sequence=1).
- Chaudhary, N., & Sharma, B. (2012). Impact of employee motivation on performance (productivity) in private organizations. *International Journal of Business Trends and Technology, 2*, 29–35.
- De Cuyper, N., & De Witte, H. (2008). Job insecurity and employability among temporary workers: A theoretical approach based on the psychological contract. In K. Näswall, J. Hellgren, & M. Sverke (Ed.), *The individual in the changing working life* (pp. 88–107). Cambridge, United Kingdom: Cambridge University Press.
- De Cuyper, N., Rigotti, T., De Witte, H., & Mohr, G. (2008). Balancing psychological contracts: Validation of a typology. *International Journal of Human Resource Management, 19*, 543–561.
- De Jong, J., Schalk, R., & De Cuyper, N. (2009). Balanced versus unbalanced psychological contracts in temporary and permanent employment: Associations with employee attitudes. *Management and Organization Review, 5*, 329–351.
- Diedericks, E. (2012). Flourishing of employees in the information technology industry in South Africa. (Doctoral thesis, North-West University, Republic of South Africa).
- Faulk II, L. H. (2002). Pay satisfaction consequences: development and test of a theoretical model. (Doctoral dissertation, Louisiana State University, Baton Rouge, Louisiana).
- Forsyth, D. R. (2014). *Group Dynamics* (6th ed.). Wadsworth: Cengage.
- Gakovic, A. & Tetrick, L. E. (2003). Psychological contract breach as a source of strain for employees. *Journal of Business and Psychology, 18*, 235–246.
- Hassan, A. (2002). Organizational justice as a determinant of organizational commitment and intention to leave. *Asian Academy of Management Journal, 7*, 55–66.
- Haq, I. U., Jam, F. A, Azeem, M. U., Ali, M. A, & Fatima, T. (2011). Psychological contract and job outcomes: Mediating role of affective commitment. *African Journal of Business Management, 5*, 7972–7979.

- Hecht, D. H., & Boies, K. (2009). Structure and correlates of spillover from nonwork to work: An examination of nonwork activities, well-being, and work outcomes. *Journal of Organizational Health Psychology, 14*, 414–426.
- Hemdi, M. A. & Nasurdin, A. M. (2006). Investigating the role of human resource management practices and trust in organisations on turnover intentions of hotel employees. *International Journal of Business, 8*, 221–242.
- Luthans, F. (2005). *Cognitive process of organizational behaviour: Organizational behaviour*. Jurong, Republic of Singapore: McGraw-Hill.
- Martin, A., & Roodt, G. (2008). Perceptions of organisational commitment, job satisfaction and turnover intentions in a post-merger South African tertiary institution. *A Journal of Industrial Psychology; 34*, 23–31.
- Medina, E. (2012). Job satisfaction and employee turnover intention: What does organisational culture have to do with it? (Master's thesis). Retrieved from <http://hdl.handle.net/10022/AC:P:19055>.
- Ng, W. H. T., & Feldman, D. C. (2010). Organisational tenure and job performance. *Journal of Management, 36*, 1220–1250.
- O'Connell, M., & Kung, M. (2007). The cost of employee turnover. *Industrial Management, 49*, 14–19.
- Panwar, S., & Gupta, N. (2012). Money: Does it really affect hotel employees' performance as a motivational actor? *VSRD International Journal of Business and Management Research, 2*, 93–5.
- Ragins, D. R., & Dutton, J. E. (2007). Positive relationships at work: An introduction and invitation. In J. E. Dutton, & B. R. Ragins (Eds.), *Exploring positive relationships at work: Building a theoretical and research foundation*. Mahwah, NJ: Lawrence Erlbaum Associates.
- Robbins, S. (2005). What is organizational behaviour: In M. Albassmeir, J. Shelstad, & M. Yu (Eds.), *Organizational Behaviour*. San Diego, CA: Pearson Prentice Hall.
- Rodwell J., & Gulyas A. (2013). The impact of the psychological contract, justice and individual differences: Nurses take it personally when employers break promises. *Journal of Advanced Nursing, 00(0):000–000*. DOI: 10.1111/jan.12160.
- Rousseau, D. M. (2004). Psychological contracts in the workplace: Understanding the ties that motivate. *Academy of Management Executive, 18*, 120–127.
- Spector, P. E., & Jex, S. M. (1991). Relations of job characteristics from multiple data sources with employee affect, absence, turnover intentions, and health. *Journal of Applied Psychology, 76*, 46–53.
- Suazo, M. M. (2009). The mediating role of psychological contract violation on relations between psychological contract breach and work-related attitudes and behaviors. *Journal of Managerial Psychology, 24*, 136–160. DOI: 10.1108/02683940910928856

- Sulu, S., Ceylan, A., & Kaynak, R. (2010). Work alienation as a mediator of the relationship between organisational injustice and organisational commitment: Implications for healthcare professionals. *International Journal of Business and Management*, 5, 27–38.
- Torrington, D., Hall, L., & Taylor, S. (2008). *Human resource management*. Harlow, United Kingdom: Pearson Education.
- Tracy, B. (2011). *Trust and integrity*. Retrieved from [peopletekcoaching.com/trust-and-integrity.html](http://peopletekcoaching.com/trust-and-integrity.html)
- Vroom, V. A. (1964). *Work and motivation*. New York, NY: Wiley.
- Weinberger, T. E. (2010). Assessing the situational awareness of employees for pay practice adherence to compensation philosophy. *Compensation and Benefits Review*, 42, 215–221.
- Zhao, H., Wayne, S. J., Glibkowski, B. C., & Bravo, J. (2007). The impact of psychological contract breach on work-related outcomes: A meta-analysis. *Personnel Psychology*, 60, 647–680.