# THE EFFECT OF MERGERS ON THE PSYCHOLOGICAL- AS WELL AS EMPLOYMENT CONTRACTS IN FREE STATE FET COLLEGES

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## REMARKS

The reader is reminded of the following:

In this dissertation, the references and editorial style used have been prescribed by the Publication Manual (4th edition) of the American Psychological Association (APA). This practice is in line with policy requirements of the Industrial Sociology Programme at the North-West University.

This dissertation is submitted in the format of **research articles**.

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*"I long to accomplish a great and noble task, but it is my chief duty to accomplish small tasks as if they were great and noble… The world is moved along, not only by the mighty shoves of its heroes, but also by the aggregate of the tiny pushes of each honest worker."*

HELEN KELLER (Brink, 1998).[1]

[1] Brink, A. (1998). *A gift of joy for the workplace.* Cape Town: Lux Verbi.

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## SUMMARY

***Subject :*** The effect of mergers on the psychological- as well as employment contracts in Free State FET Colleges

***Key terms :*** mergers, change, psychological contract, violation, communication, intention to quit, job satisfaction, organisational commitment and Further Education and Training (FET)

The present era in South Africa is one that is marked by substantial change due to unparalleled advancement in the field of technology, globalisation and competitive markets. These changes have placed new demands on the education sector in South Africa, especially further education. In 2000/1 South Africa's Further Education and Training (FET) sector has been rejuvenated through a process of transformation when 152 former Technical Colleges and Colleges of Education merged to form 50 multi-campus FET Colleges. The rationale behind this merging process is to curb the serious skills shortage which is threatening economic growth in this country through offering vocational education and training; and to raise quality in the education sector. This re-engineering process in education is founded on principles of equity, human rights, democracy and sustainable development.

Change, however, is also about people and their ideas, fears, capacity and ability to stand and work together towards a more prosperous future for all. Transformation or change such as with mergers is dependent on employees' total commitment towards realising the organisation's objectives. High levels of organisational commitment tend to encourage loyalty, higher levels of productiveness and general job satisfaction.

For change initiatives to be successful though, communication across all hierarchical levels is of the utmost importance. Management is expected to provide employees with just treatment, provide acceptable working conditions, clearly communicate what is regarded as a fair day's work, and give feedback on how well the employee is doing. Employees, in return, are expected to clearly show a good attitude, follow directions and be loyal towards

the organisation. The psychological contract is utilised to investigate the scope of change in an employment relationship. The psychological contract is a contract setting out mutual expectations between employer and employee – a contract that forms the backbone of any new relationship such as with a merger. The researcher makes use of the psychological contract (by utilising the *Tilburgse Psychologisch Contract Vragenlijst* (TPC)) to explain employer obligations; violation of employer obligations; employee obligations; relational/transactional contract values; commitment; intention to leave; and change perceptions.

Should either employment party not fulfil its contractual terms in any way, the psychological contract will be breached or violated and the employee might attempt to balance the situation by reducing his or her job efforts, badmouthing the organisation, resorting to absenteeism or even petty theft. The worst case scenario in this destructive process is that the employee might leave the organisation.

The purpose of this research study is to determine the effect (if any) that the mergers might have had on the psychological- and employment contracts in the four FET Colleges that have remained in the Free State Province.

A cross-sectional survey design was used to reach the objective of this research and an English translation of the aforementioned questionnaire (TPC) was randomly distributed amongst the total population of 375 employees at the Free State FET Colleges involved in this study. A response rate of 53% (n = 200) was achieved. Results from other authors who have used the TPC Questionnaire in their research offer support for the validity and reliability of the scales used.

The statistical analysis was carried out with the SPSS program (SPSS, 2006), a program that is used to conduct statistical analysis regarding reliability and validity of the measuring instruments, descriptive statistics, *t*-tests, analysis of variance, correlation coefficients and multiple regression analysis.

In Article 1 the researcher focused on the effect of mergers with regard to the influence of communication on the psychological contract as a possible factor affecting the intention to quit.

A multiple regression analysis (with intention to quit as dependent variable; and employer obligations, employee obligations, and communication as independent variables) was performed and 22.2% of the variance in intention to quit is predicted by communication and employee obligations ($F = 28.07$, $p < 0.01$).

A practically significant correlation coefficient ($p < 0.01$) of a medium effect ($r > 0.30$) exists between communication and relational/transactional values and between communication and intention to quit.

In Article 2 the effect of mergers, workplace changes and the violation of employer obligations on the psychological contract were evaluated, with special reference to job satisfaction and organisational commitment.

In the above article a practically significant correlation coefficient ($p < 0.01$) of a medium effect ($r > 0.30$) was found between

- change and job satisfaction;
- job satisfaction and : commitment, employer obligations, employer violations;
- commitment and : employer obligations, employer violations; and
- employee obligations and : employer obligations, employer violations.

A multiple regression analysis (with job satisfaction as dependent variable; and employer violation, organisational commitment, and change as independent variables) was performed and 29.9% of the variance in job satisfaction is predicted by employer violations, change and commitment ($F = 27.668$, $p < 0.01$).

Recommendations for the organisation as well as for future research were made.

## OPSOMMING


***Onderwerp :*** Die effek van samesmeltings op die psigologiese- en indiensnemings-kontrakte in Vrystaatse VOO Kolleges

***Sleutelterme :*** samesmeltings, verandering, psigologiese kontrak, skending, kommunikasie, beoogde diensbeëindiging, werkstevredenheid, toewyding aan die organisasie en Verdere Onderwys en Opleiding (VOO)

Die huidige tydvak in Suid-Afrika word gekenmerk deur aansienlike veranderinge wat toegeskryf kan word aan ongekende vooruitgang op tegnologiese gebied, globalisering en toenemend kompeterende markte. Hierdie veranderinge het nuwe eise aan die onderwyssektor in Suid-Afrika gestel, veral verdere onderwys. In 2000/1 het Suid-Afrika se Verdere Onderwys en Opleiding (VOO) sektor 'n verjongingskuur ondergaan deur 'n transformasieproses toe 152 voormalige tegniese kolleges en onderwyskolleges saamgesmelt het om 50 multi-kampus VOO Kolleges te vorm. Die dryfveer agter die hele samesmeltingsproses is om die ernstige vaardigheidstekort wat ekonomiese groei in hierdie land bedreig, teë te werk deur beroepsgerigte onderwys en opleiding aan te bied; asook om die algemene kwaliteitstandaard in die onderwyssektor te verhoog. Hierdie herstruktureringsproses in die onderwys is gegrond op beginsels van gelykheid, menseregte, demokrasie en volhoubare ontwikkeling.

Verandering gaan ook oor mense en hul idees, vrese, kapasiteit en vermoë om saam te staan en saam te werk ten opsigte van 'n meer voorspoedige toekoms vir almal. Transformasie of verandering soos tydens samesmeltings, is afhanklik van die algehele toewyding van die werknemers om sodoende die organisasie se doelwitte te kan bereik. Hoë vlakke van toewyding in die organisasie blyk die volgende aan te moedig: lojaliteit, hoër vlakke van produktiwiteit en algemene werkstevredenheid.

Inisiatiewe ten opsigte van verandering kan slegs suksesvol wees as die belangrikheid van kommunikasie op alle hiërargiese vlakke besef word. Van bestuur word verwag om

werknemers regverdig te behandel, aanvaarbare werksomstandighede te voorsien, en duidelik te kommunikeer wat beskou word as 'n regverdige dag se werk. Daar word ook van bestuur verwag om terugvoer te gee oor werknemers se vordering. Van werknemers daarenteen, word verwag om 'n goeie ingesteldheid te openbaar, opdragte uit te voer en lojaal teenoor die organisasie te wees.

Die omvang van verandering in 'n indiensnemingsverhouding word deur die psigologiese kontrak bepaal. Die psigologiese kontrak dui wedersydse verpligtinge tussen werkgewer en werknemer aan – 'n kontrak wat die ruggraat vorm van enige nuwe verhouding soos in die geval van 'n samesmelting. Die navorser maak gebruik van die psigologiese kontrak (deur die *Tilburgse Psychologisch Contract Vragenlijst* (TPC)) om werkgewerverpligtinge; skending van werkgewerverpligtinge; werknemerverpligtinge; relasionele/transaksionele kontrakwaardes; toewyding; beoogde diensverlating; en persepsies oor verandering te verduidelik.

Sou enige van die partye nie hul kontraktuele verpligtinge in enige opsig nakom nie, dan sal psigologiese kontrakbreuk of -skending plaasvind en dan mag die werknemer poog om die situasie te balanseer deur sy of haar insette te verminder, sleg van die organisasie te praat, afwesig te wees of selfs kleinighede te steel. Die ergste wat in hierdie destruktiewe proses kan gebeur, is dat die werknemer sy/haar dienste aan die organisasie kan beëindig.

Die doel van hierdie studie is om die effek (indien enige) wat samesmeltings op die psigologiese- en indiensnemingskontrakte van werknemers in die vier VOO Kolleges wat ná die samesmeltingsproses in die Vrystaat oorgebly het mag hê, te bestudeer.

'n Dwarssneeopnameontwerp is gebruik om die navorsing se doelstelling te bereik. 'n Engelse vertaling van die voorafgenoemde vraelys (TPC) is na willekeur onder die studiebevolking van 375 werknemers van VOO Kolleges in die Vrystaat betrokke by hierdie studie, versprei. 53% Terugvoer (n = 200) is ontvang. Resultate van ander navorsers wat dieselfde TPC-vraelys gebruik het, verleen steun aan die geldigheid en betroubaarheid van die skale wat in hierdie navorsing gebruik word.

Die statistiese ontleding is met behulp van die SPSS-program (SPSS, 2006) uitgevoer. Hierdie program word gebruik om statistiese ontledings met betrekking tot die geldigheid en betroubaarheid van die meetinstrumente uit te voer, asook beskrywende statistiek, *t*-toetse, variansie ontledings, korrelasiekoëffisiënte en meervoudige regressie ontledings te verskaf.

In Artikel 1 is gefokus op die effek van samesmeltings met betrekking tot die invloed van kommunikasie op die psigologiese kontrak, as 'n moontlike faktor wat beoogde diensbeëindiging kan beïnvloed.

'n Meervoudige regressie ontleding (met beoogde diensbeëindiging as afhanklike veranderlike; en werkgewerverpligtinge, werknemerverpligtinge en kommunikasie as onafhanklike veranderlikes) is uitgeoefen en 22.2% van die variansie in beoogde diensbeëindiging is deur kommunikasie en werknemerverpligtinge ($F = 28.07$, $p < 0.01$) voorspel.

'n Prakties beduidende korrelasiekoëffisiënt ($p < 0.01$)($r > 0.30$) bestaan tussen kommunikasie en relasionele/transaksionele waardes en tussen kommunikasie en beoogde beëindiging van diens.

In Artikel 2 is die effek van samesmeltings, veranderinge in die werksplek asook die skending van werkgewerverpligtinge op die psigologiese kontrak geëvalueer, met spesiale verwysing na werkstevredenheid en toewyding aan die organisasie.

'n Prakties beduidende korrelasiekoëffisiënt ($p < .01$)($r > 0.30$) is gevind tussen

- verandering en werkstevredenheid;
- werkstevredenheid en : toewyding, werkgewerverpligtinge;
- toewyding en : werkgewerverpligtinge, skending van werkgewerverpligtinge; en
- werknemerverpligtinge en : werkgewerverpligtinge, skending van werkgewerverpligtinge.

'n Meervoudige regressie ontleding is uitgevoer (met werkstevredenheid as afhanklike veranderlike; en skending van werkgewerverpligtinge, toewyding aan die organisasie en verandering as onafhanklike veranderlikes) en 29.9% van die variansie in werkstevredenheid is deur skending van werkgewerverpligtinge, verandering en toewyding ($F = 27.668$, $p<0.01$) voorspel.

Aanbevelings is vir die organisasie asook vir toekomstige navorsing gemaak.

# CHAPTER 1

## INTRODUCTION

This study covers the effect that mergers have on the psychological- as well as employment contracts of employees at Further Education and Training (FET) Colleges in the Free State Province.

Chapter 1 commences with a problem statement, providing a literature review of the identified research questions relating to the possible effect mergers might have on employment relations; the psychological contract (including a distinction between relational and transactional contracts); communication; change and the violation of employer obligations; job satisfaction; organisational commitment; and the intention to leave the organisation. A discussion of the research methods follows the literature review where after an explanation of the research design will be afforded. The chapter concludes with an overview of the chapters comprising this study.

## 1.1 PROBLEM STATEMENT

The present era is one that is marked by enormous change brought about by technological inventions and globalisation; as well as increasingly competitive markets (Robbins, Odendaal & Roodt, 2003). Change, however, is also about people – their ideas and fears and their capacity and ability to stand and work together towards a different, more prosperous future (National Research Foundation, 2007). The changes characterising this era have made new demands on the education sector in South Africa, especially further education. Therefore, South Africa's Further Education and Training (FET) sector has been invigorated through a process of merging Technical Colleges and Colleges of Education, a process that started in 2000/1, and which is currently still underway in an effort to curb the serious skills shortage which is threatening economic growth in South Africa on the one hand, and to raise quality in the education sector on the other hand (Department of Education, 2001).

Furthermore, the restructuring process of the education system is based on principles of equity, human rights, democracy and sustainable development (National Research Foundation, 2007).

The Constitution of the Republic of South Africa, Act 108 of 1996, Section 29 (1) acclaimed this new phase in the structure and processes of the country's education system when it clearly states that "everyone has the right to a basic education, including adult basic education, and further education, which the state, through reasonable measures, must make progressively available and accessible".

In following this right to education, and in fulfilling government's obligations under the Constitution to make further education progressively available; one of the chief objectives of the new framework for Further Education and Training is to remove past forms of discrimination within this sector. In South Africa 152 former Technical Colleges merged into 50 Further Education and Training Colleges (FET Act, No. 98 of 1998). In the Free State Province, only four FET Colleges have ultimately remained after the merging process (Department of Education, 2001).

When one hears the word "merge", the words "change" and "transformation" are immediately brought to mind and the researcher uses these terms almost synonymously in this study. The rationale behind this can be explained as follows. In mathematical terms "transformation" is a process by which something is converted into another of similar value and in Chapter 2 the term "merge" is also used to describe the combination or conversion of companies into one (Concise Oxford English Dictionary, 2004). "Change", according to the same dictionary, is "the act of making or becoming different; move from one system or situation to another; remove and replace it with another of the same kind; a new experience" and in Chapter 3 the effects of this new experience on employees will be examined. Thus, irrespective of whether an organisation merges or transforms, in both transformation and merging there is a change process present.

Whether this transformation process within the FET sector has been successful thus far, remains to be seen. Transformation, however, depends on the shared values, attitudes and behaviour of people within the merging institutions (Nahavandi & Malekzadeh, 1999, Balestracci, 2003, Alas & Vadi, 2004 as cited in Dayaram, 2005). Based on the perception of these authors, the researcher wishes to add that for **transformation** to succeed, those involved in the merging process have to be committed to making the new, transformed FET dispensation work by finding **principles of behaviour (values)** they can all share and relate to, thus, focusing on similarities in perceptions and **attitudes** and accommodating **diverse behaviours**, personalities, cultures and beliefs of all those involved. This interdependence of transformation concepts is illustrated in *Figure 1*.

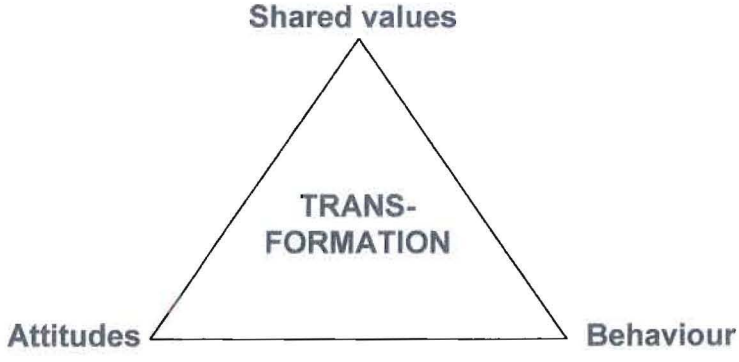



*Figure 1:* The interdependence of transformation concepts
Source: Researcher

In a new climate of change one of the most important issues is how organisations can gain commitment from their employees. Robbins *et al.* (2003) define **organisational commitment** as a state where the employee associates with a specific organisation and its goals and wishes to remain a member of the organisation. According to Rousseau (1997), high levels of organisational commitment tend to encourage loyalty; a willingness to 'go the extra mile' in reaching the organisation's objectives; lower levels of absenteeism and turnover; and higher levels of productivity and general job satisfaction. Robbins *et al.* (2003), on the other hand, debate that an individual's level

of organisational commitment is a better indicator of turnover than the job satisfaction predictor, due to the fact that organisational commitment is a more global and broadminded response to the organisation as a whole than is job satisfaction.

Grobler, Wärnich, Carrell, Elbert and Hatfield (2002) define **job satisfaction** as the difference between the amount of some outcome an employee receives and the amount of that outcome the employee thinks he or she should receive. The effect (if any) of mergers on employees' organisational commitment and job satisfaction will be researched in Chapter 3 (Article 2).

According to Schalk, Campbell and Freese (1998), a fundamental issue in preparing for action is how to motivate employee commitment to organisational **change** such as with a merger. The two related tasks that require attention will be creating readiness for change; and overcoming resistance to change. Three major processes are of principal importance when dealing with resistance to change, namely communication; employee support; and employee participation (Cummings & Worley, 1993 as cited in Schalk *et al.*, 1998).

In Chapter 2 (Article 1) the researcher will do a more in-depth study on the importance of the perception of employees regarding effective communication when an organisation undergoes change. Should this be violated in any way, dissatisfaction will spread to the organisation itself, and the intention to quit and/or actual resignations may sadly become a general occurrence (Garrow, 2003). In order to assist organisations to gain commitment from their employees, one has to find out what employees want by taking into account their psychological contracts. The researcher is of the opinion, however, that before the psychological contract can be perused, it is appropriate at this stage to define the initial contract that forms the basis of any employment relationship, namely the employment contract and in so doing distinguish it from the other type of employment contract, namely the psychological contract.

According to Grogan (2003), an **employment contract** is an agreement between two legal parties, employer and employee, where the employee avails his services to the employer for an indefinite or fixed period in return for a fixed or predetermined specific wage. According to common law, the employer has the right to define the employee's duties and to exert control over the way in which the employee performs these duties.

Apart from the written, legal contract mentioned above, there is an unwritten agreement that exists between employees and their employer which sets the dynamics for the relationship and defines the detailed practicality of the work to be done. This **psychological contract** (according to Robbins *et al.*, 2003) sets out mutual expectations, namely what management expects from workers and vice versa. These authors further explain that the psychological contract, in effect, defines the behavioural expectations that are associated with the every day role of the employee. Management is expected to provide employees with just treatment, provide acceptable working conditions, clearly communicate what is regarded as a fair day's work, and give feedback on how well the employee is doing. Employees, in return, are expected to clearly show a good attitude, follow directions and be loyal towards the organisation.

Newell and Dopson (1996) state that the psychological contract is an individual's beliefs regarding obligations that bind both parties. These two parties refer to the employer and the employee and have traditionally been based upon loyalty and commitment to the organisation in exchange for employment security and career development; linked to self-actualisation incentives such as increases in status and rewards. Thus, the psychological contract allows one to interpret change against the background of whether both employer and employee have failed to honour their sides of the agreement in any way and in so doing breached the trust which forms the foundation of any employment relationship.

Each employee's psychological contract is unique as each employee has his or her own innate set of expectations, yet it is possible to divide these contracts into two

broad categories, namely **relational** and **transactional contracts.** Relational contracts are based on trust and loyalty, while transactional contracts are based on financial gain and an expectation of a short term advantage in return (Garrow, 2003).

With a merger a new deal is negotiated during which new principles, beliefs and expectations are established for the new relationship. The psychological contract will contain these new expectations and beliefs. However, establishing a new relationship is not an easy task as a result of the uniqueness of people. People within institutions demonstrate different behaviours which ultimately influence the change process (Dackert, Paul, Sten-Olof & Curt, 2003). According to Skodvin (1999), the dynamics of the merger process focus on factors such as risk, uncertainty, conflict and negotiation associated with change.

Evidence from merger proposals in Swedish educational institutions indicate that despite mergers being voluntary, experiences associated with stress, fear and tension were present. Also, staff viewed mergers within the Australian Higher Education sector as intimidating unique institutional strengths and traditions (Harman, 2000 as cited in Dayaram, 2005). Balestracci (2003 as cited in Dayaram, 2005) states that despite efforts to improve the conflict and uncertainty - factors associated with transformation - it has often been noted that people undergoing the change process reveal familiar/known responses that have originated from conventional principles or standards of behaviour.

Does the employee experience the psychological contract mentally only, or is it a contract that exists due to a combination of employer and employee beliefs? There might be differences of opinion on this, but whoever employees perceive the other party to be has a major impact in terms of levels of trust and loyalty that facilitate change (Rousseau & Tijoriwala, 1998). Communication strategies should therefore be seen as an opportunity to reduce uncertainty and scepticism about management messages (Bryson, 2003). Robbins *et al.* (2003) state that the psychological contract should be recognised as a "powerful determinant of behaviour in organisations"

(p.180). It points out the importance of accurately communicating role expectations in the new relationship.

**Communication** has always been recognised as important in a merger. Garrow (2003) states that while an acquiring organisation should guard against over keenly welcoming and reassuring its new employees, it has to be aware of the influence those early, first meetings have on the process of forming the new psychological contracts. Unkept promises lay the basis for a potential breach of contract or **contract violation**. The **breach** and **violation** of the psychological contract is defined by Rousseau (1995) as a failure to comply with the contractual terms. The nature of the psychological contract is subjective and whether or not a violation is experienced depends on what the individual's interpretation of the circumstances of this failure is.

The researcher agrees with Garrow (2003) when she argues that to take the road of least resistance by saying that an organisation cannot make any promises will not prevent future conflict, as it is a known fact that post-merger workload inevitably increases and if employees are not "rewarded" by the employer in some way or another, the deal will soon become tainted. When organisations breach the contract, employees often attempt to balance the situation by reducing their job efforts, badmouthing the organisation, taking sick days or even resorting to petty theft. In more extreme cases, they may even **leave the organisation**. If people are not getting what they are promised, they mentally start readjusting their contributions – it's their way of getting even.

Based on the problem statement, the following research questions are identified:

- How are employment relations and the psychological contract and the relationship between these constructs conceptualised in literature?
- What effect do mergers have on the psychological contract with special reference to the role communication plays in employees' intention to quit?

- Does a relational contract or a transactional contract exist after a merger?
- How do mergers, workplace change and the violation of employer- and employee obligations impact on employee job satisfaction and organisational commitment?

## 1.2 RESEARCH OBJECTIVES

Arising from the introduction and problem statement described above, the following general and specific objectives are set for this research.

### 1.2.1 General objective

Through this study the researcher will endeavour to determine the effect of mergers on the psychological- as well as employment contracts in Free State FET Colleges.

### 1.2.2 Specific objectives

The specific research objectives are to:

- conceptualise employment relations and the psychological contract and the relationship between these constructs from literature;
- investigate the effect of mergers with regard to the influence of communication on an employee's psychological contract as a possible factor affecting the intention to quit;
- determine whether a relational psychological contract becomes a more transactional contract after a merger; and
- evaluate the effect of mergers, subsequent workplace changes and the violation of employer obligations on the psychological contract referring to job satisfaction and organisational commitment.

## 1.3 RESEARCH METHOD

The research method consists of two phases, namely a literature review and an empirical investigation. This study will be presented in the format of articles.

### 1.3.1 Literature review

The literature review focuses on previous research (including the measuring thereof) done on employer- and employee obligations; relational/transactional relationship; violation of employer obligations and the effect thereof on organisational commitment and job satisfaction; perceptions on change; and the role of communication on the intention to leave the organisation. Information from literature that was used to conceptualise these constructs, was obtained from books, articles, journals, newspapers and various websites from the electronic media.

### 1.3.2 Empirical research

#### 1.3.2.1 Research design

The purpose of research design is to plan and structure a research project in such a way that it enhances the ultimate validity of the research findings (Mouton & Marais, 1992; Bailey, 1987). A survey design will be used to support the research objectives since the researcher will use questionnaires as a data collection method. This method was decided upon by the researcher, because it has 'relevance' to the purpose of the research (Bailey, 1987), that is (1) relevance of the study's goals; (2) relevance of questions to the goals of the study; and (3) relevance of the questions to the individual respondent.

A cross-sectional survey design will be used to reach the objective of the research, by means of which a sample is randomly drawn from the FET population. According to Burns and Grové (1993), this design is ideal when the aim of the study is predictive

and descriptive by nature. Random selection is important according to Spector (2000), especially as the purpose is to draw accurate conclusions about the entire group of interest. Use will also be made of a correlation design in order to assess interrelationships among variables at one point in time, without any planned intervention. Shaughnessy, Zechmeister and Zechmeister (2003) regard this as a perfect design when the aim of the study is predictive and descriptive by nature.

The questionnaires used in this research were delivered by hand to enable respondents to complete the questionnaires in their own time. The sample contained elements that are representative of the Free State FET population.

#### 1.3.2.2 Study population

The total population of n=375 employees at FET Colleges in the Free State Province was involved. A response rate of 53% (n=200) was achieved. The participants that took part in this study represent management, educators and administration staff on different post levels within the four Free State FET Colleges. Due to confidentiality issues, no individual responses for the four Colleges will be reported. The participants are representative of the population due to the fact that they are in positions that warrant knowledge into issues such as mergers, change management and the employment contract.

### 1.3.3 Measuring instrument

The research measuring instrument is a standardised measuring instrument as the researcher used a set questionnaire which specifically addresses employees' knowledge/understanding of the employment contract between themselves and their employer. The questionnaire used is an English translation of the *Tilburgse Psychologisch Contract Vragenlijst (TPC)*. TPC contains questions regarding specific employer- and employee obligations, violations of specific employer obligations,

features of the relationship with the organisation, commitment and intention to leave the organisation.

Support for the validity and reliability of the scales used is provided by previous studies that have used this questionnaire entirely or partially (Freese & Schalk, 1996; Schalk, Campbell & Freese, 1998; Schalk & Freese, 2000; Schalk, Heinen & Freese, 2001; Linde & Schalk, 2006; De Vos, Buyens & Schalk, 2001; and Jooste, 2004). Cronbach alpha coefficients are taken from these studies. A description of the scales used in the questionnaire, follows:

- Employer obligations: Forty one items were used to collect information about employer obligations. The extent to which the employer meets employee expectations is assessed, for example "Doing multi-skilled (interchangeable) work"; "To make progress"; "A positive atmosphere at work"; "Easy access to information you require"; "(Financial) rewards for exceptional performance or better benefits and extras". Scores are given on a 5-point scale varying from 1 = not acceptable at all to 5 = more than acceptable. A higher score is indicative of a better fulfilment of employer obligations. Cronbach's alpha coefficients taken from the different studies mentioned above range from 0.66 – 0.97.

- Violation of employer obligations (41 items): These questions provide respondents with the opportunity to indicate the acceptability of the extent to which the organisation fulfils its obligations. Scores are given on a dichotomous scale: a higher score indicates more violations. KR-20 is 0.92.

- Employee obligations (21 items): The extent to which the employee feels obliged to fulfil specific obligations is assessed by these questions, such as "Ensure a good image of the organisation"; "Follow the values and norms of the organisation"; "Only neglecting to do work if you are extremely ill". Scores are given on a 5-point scale varying from 1 = I do not feel obligated in any way to

5 = I feel entirely obligated. A higher score indicates a higher degree of obligation. Cronbach's alphas range from 0.66 - 0.85. Jooste (2004) reported a Cronbach alpha of 0.95 in his study, while the Cronbach alpha coefficients for these items reported by Linde *et al.* (2006) ranged from 0.70 – 0.79 (including the following factors: performance; extra-role behaviour; and ethics).

- Relational/transactional relationship (6 items): Three characteristics of transactional- and relational relationships are assessed on a 5-point scale varying from 1 = fully disagree to 5 = fully agree. The three characteristics that are assessed are size, stability and tangibility (MacNeil (1985) cited in Schalk *et al.*, 2001), for example "My work comprises a small part of my life" (size); "My job duties and responsibilities are stable and seldom change" (stability); and "The organisation's responsibilities regarding me are clear and specific" (tangibility). A higher score indicates a more transactional relationship. Cronbach's alpha coefficient is 0.69.

- Affective commitment (43 items): These items are mainly derived from the "Organisational Commitment Scale" (Mowday, Steers & Porter, 1979) and are scored on a 5-point scale with responses ranging from totally disagree (1), disagree (2), unsure (3), agree (4) and totally agree (5). Examples include "I feel remotely bonded with this organisation". Higher affective commitment is indicated by a higher score. In studies by Mowday, Porter and Steers (1982), Cronbach's alphas range from 0.82 – 0.93 with a median of 0.90.

- Intention to leave the organisation (12 items): A higher score indicates a greater intention to leave and includes items such as "I am actively looking for other employment". Scores are on a 5-point scale varying from 1 = totally disagree to 5 = totally agree. Cronbach's alphas range from 0.87 - 0.92.

- Changes and change perception in the organisation (22 items): These questions deal with changes brought about in the organisation by the merger

and include items pertaining to areas in which change was more rife: participants' involvement in the change process; communication during the period of change; organisational support rendered to employees; and the necessity for change.

Previous authors who have used the TPC Questionnaire have not indicated a Cronbach alpha for these items on change, possibly due to the fact that they have either excluded this item from the TPC in their research, or that if these items have been included, they are not measured on the same Likert scale, for example some items request a yes/no response, while others require a response varying from 1 – 3 (1 = time consuming to 3 = very fast; 1 = too little to 3 = too much; 1 = too early to 3 = too late; 1 = improved to 3 = deteriorated; 1 = yes, I have a clear idea to 3 = no, I have no idea what the future holds); 1 – 4 (1 = nature of work varying to 4 = confidence in occupation and salary; 1 = no to 4 = yes, completely); and 1 – 5 (1 = very limited to 5 = very great; 1 = I regard change as highly positive to 5 = I regard change as highly negative).

### 1.3.4 Statistical analysis

The statistical analysis is carried out with the SPSS program (SPSS, 2006) which is a data management and analysis product that was originally earmarked for the Social Sciences. This program includes:

- descriptive statistics: cross tabulation, frequencies, descriptives;
- bivariate statistics: means, *t*-test, ANOVA, correlation;
- prediction for numerical outcomes: linear regression; and
- prediction for identifying groups: factor analysis, cluster analysis (two-step, K-means, hierarchical), discriminant.

When items, such as with the TPC, are used to form a scale, internal consistency is imperative. In other words, the items should all measure the same thing, so they

should be correlated with one another. A useful coefficient for assessing internal consistency is Cronbach's alpha. Thus, Cronbach alpha assesses reliability with regard to the consistency of scores obtained when the same people are re-examined with the same test on various occasions, or when equivalent items have been tested under other variable conditions. Validity, on the other hand, depends on what a test is supposed to measure and how well it measures it (Anastasi & Rhodes, 2000).

The relationship between variables will be specified by means of Pearson product moment correlation coefficients. The level of statistical significance = $p<0.05$ and effect sizes will be computed to assess the practical significance of relationships in this study. A cut-off point of 0.30 represents a medium effect and a cut-off point of 0.50 represents a large effect with regard to the practical significance of correlation coefficients (Cohen, 1988).

Steyn (2002) is not entirely in favour of the sole use of statistical significance testing. However, he recommends that effect sizes be established to determine the importance of a statistically significant relationship. The percentage of variance in the dependent variable that is predicted by the independent variables will be established by carrying out multiple regression analyses. According to Cohen (1988), a correlation can be better understood through determining $R^2$, as the proportion of variance in any two variables (which is predicted by variance in the other) is indicated by the square of the correlation coefficient.

The *t*-test assesses whether the means of two groups are statistically different from each other. Whenever the means of two groups are to be compared, this analysis is most appropriate (Trochim, 2006).

The significance of differences between biographic groups will be established by means of MANOVA and ANOVA. MANOVA is useful in experimental situations where at least some of the independent variables are manipulated (French & Poulsen, 2002).

ANOVA, on the other hand, is an analysis of the variation present in an experiment. It is a general technique that can be used to test hypotheses that the means among two or more groups are equal, assuming that the sampled populations are normally distributed (Engineering Statistics Handbook, 2007).

Graphic presentations will be used to promote a comprehensive understanding of essential features of frequency distributions.

### 1.3.5 Research procedure

The researcher first sought written permission from the Free State Department of Education (DoE) to conduct the research within the four FET Colleges in the Free State Province and upon approval, then approached the principals of the different Colleges in order to explain the purpose of the research. Ethical considerations (including confidentiality, anonymity and voluntary participation) were discussed with the participants.

The permission letter from the DoE was submitted to the principals and thereafter the researcher ensured that questionnaires were handed out to employees (management, educators and administrative staff) via the offices of the Campus Managers on the respective campuses of each College. A maximum time span of seven days was allowed for participants to complete the questionnaires.

## 1.4 OVERVIEW OF CHAPTERS

Chapter 1 focuses on the introduction, problem statement and objectives of the study. Chapter 2 deals with the effect of mergers with regard to the influence of communication on the psychological contract as a possible factor affecting the intention to quit of those employees currently ernployed at Free State FET Colleges.

Chapter 3 evaluates the effect of mergers, workplace changes and the violation of employer obligations on the psychological contract, with special reference to job satisfaction and organisational commitment.

Chapter 4 provides conclusions regarding research objectives; discusses the limitations of this research; and makes recommendations to the Department of Education and the FET Colleges; as well as recommendations for future research.

The constructs that will be dealt with in every chapter can be illustrated as follows:

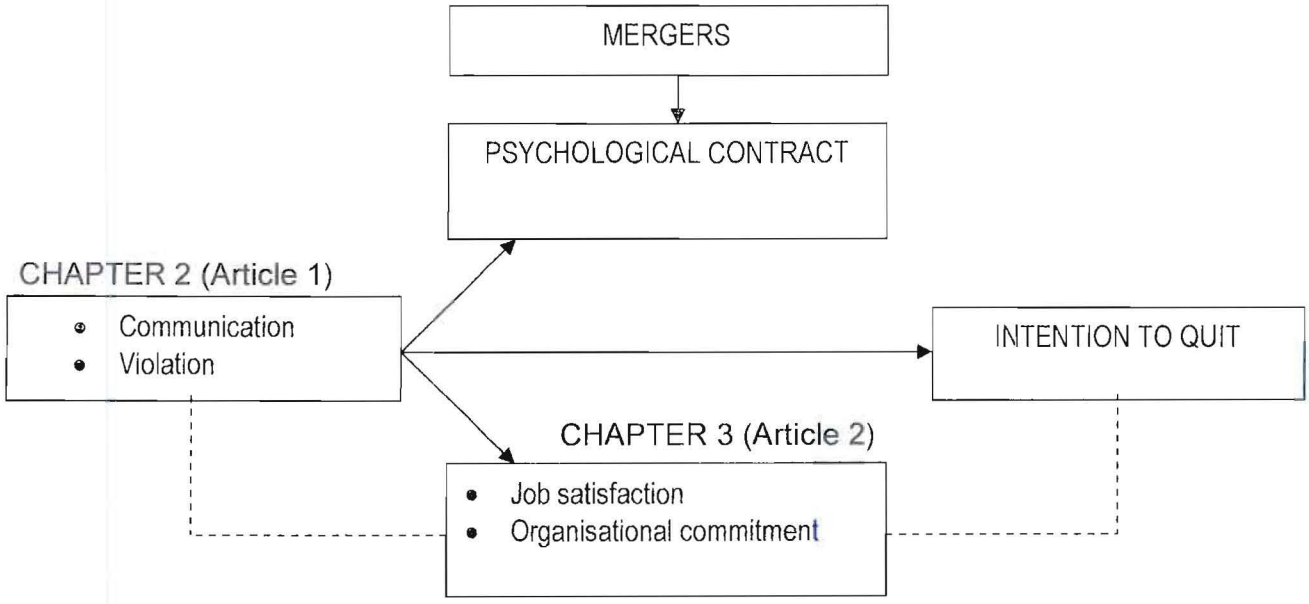



*Figure 2:* Layout of chapters
Source: Researcher

## 1.5 CHAPTER SUMMARY

Chapter 1 provided a discussion of the problem statement and various research objectives. An explanation regarding the measuring instruments and research method was given, followed by a brief overview of the chapters to follow.

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# CHAPTER 2

## RESEARCH ARTICLE 1

# THE EFFECT OF MERGER COMMUNICATION ON THE PSYCHOLOGICAL CONTRACT AND INTENTION TO QUIT IN FREE STATE FET COLLEGES

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## ABSTRACT

The primary purpose of this research is to investigate the effect of mergers on the psychological contract as a possible factor affecting the intention to quit, due to contract breach or violation caused by a lack of communication. The measuring instrument that was used is an English translation of the *Tilburgse Psychologisch Contract Vragenlijst* (TPC). A cross-sectional survey design was conducted among 375 employees at Further Education and Training (FET) Colleges in the Free State Province. A response rate of 200 completed questionnaires was obtained. Results demonstrated a practically significant relationship between merger communication and its effect on employees' intention to quit; as well as between gender and type of employment on the relational/transactional contract.

## OPSOMMING

Die hoofdoelstelling van hierdie navorsing is om die effek van samesmeltings op die psigologiese kontrak as 'n moontlike faktor wat 'n invloed op die werknemer se beoogde beëindiging van sy dienste het, te bestudeer. 'n Gebrek aan kommunikasie kan aanleiding gee tot kontrakbreuk wat bedankings kan bespoedig. Die meetinstrument wat gebruik is, is die Engelse vertaling van die *Tilburgse Psychologisch Contract Vragenlijst* (TPC). 'n Dwarssneeopnameontwerp is gebruik. Deelnemers aan die navorsing sluit 375 werknemers in wat in diens van Verdere Onderwys en Opleiding (VOO) Kolleges in die Vrystaat staan. Terugvoer van 200 vraelyste is ontvang. Resultate dui op 'n prakties beduidende verband tussen kommunikasie tydens die samesmeltingsproses en die effek daarvan op werknemers se beoogde beëindiging van hul dienste; asook op die verband tussen geslag en die tipe werkgewer op die relasionele- of transaksionele kontrak.

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## INTRODUCTION

South Africa's Further Education and Training (FET) sector (FET Act, No. 98 of 1998) has been revived through a process of merging former technical colleges and colleges of education, a process that started in 2000/1, and which is currently still underway in an effort to curb the serious skills shortage which is threatening economic growth in South Africa on the one hand, and to raise quality in the education sector on the other hand. In the process 152 technical colleges have been restructured through mergers to create 50 multi-campus colleges with the ultimate aim of offering vocationally oriented training that is closely linked to industry requirements and to meet the demands made by the world of work (Department of Education, 2001).

The government has committed R2 billion towards this entire process *(The Guide to South African Higher Education,* 2007) in its effort to adhere to the Constitution of the Republic of South Africa, Act 108 of 1996, Section 29 (1) where it is proclaimed that "everyone in this country has the right to further education", which the state promises to make progressively available and accessible.

According to Mr Keith Loynes (2003), Chief Planner of technical colleges at the Department of Education in the Western Cape, "it is not a process to reduce the system, but to increase efficiency" (WCED, 2007). Loynes continues by saying that it is a two-part process to transform technical colleges into FET institutions. *"It is much more than merging, which is a formality. It is transformation, which is more demanding. Transformation involves the design of new training programmes on an ongoing basis, which will mean that the colleges will be responsive, not supply-driven institutions, and will be placed at an internationally competitive level".*

Loynes furthermore refers to the abnormally high unemployment rate in South Africa, yet in certain sectors there is underemployment. Therefore, the aim of the mergers is to improve employment and increase employability, "so that when the economy picks up, the people are there to be employed productively", according to Loynes.

But what will the effect of these mergers be on the employees at these newly formed FET Colleges – the "drivers" responsible for ensuring quality education and training of the "...people to be employed productively when the economy picks up"?, the researcher wishes to ask. What about the unwritten psychological contract and the human element that need to be reckoned with during transformation? (Linde & Schalk, 2006). Are these being taken adequate care of by those at the frontier of the transformation process? How much importance is attached to communication? (Garrow, 2003; Kanter, Stein & Jick, 1992; Buono & Bowditch, 1989).

The researcher will endeavour to address these issues of concern during the course of this article when emphasis will be placed on the importance of honouring employer obligations and the psychological contract through constant communication; and the negative consequences when these are breached or violated in any way; one of these (perhaps the most crucial) being the employee's intention to quit and/or actual resignation.

**Mergers**

The researcher is of the opinion that the seemingly magical process of transformation, as in the case of a merger or an acquisition, can be explained by equating one plus one and getting three. Although mergers and acquisitions are most commonly referred to as though they were synonymous, there is a difference between them. The term "merger" refers to a combination of two firms into a single firm according to Chambers and Lacey (1994). Gitman (1991) sees merging as the process where two firms are combined with the newly formed firm maintaining the identity of one of the firms, usually the larger one.

According to the Concise Oxford English Dictionary (2004), the verb "merge" means "to combine or be combined to form a single entity; to blend or cause to blend gradually into something else" (p894). "Merger", according to the same dictionary, is an "act of merging two things, especially companies, into one" (p894). The verb

"acquire" from which the noun "acquisition" is derived, means "come to possess (in addition)" (p11) (Concise Oxford English Dictionary, 2004). Acquisition then is defined by the researcher as a company (usually the larger one) that takes possession of, or acquires, another company.

In the light of the above definitions and in the context of FET Colleges, a "merger" has taken place, because as has already been mentioned, 152 former technical colleges (including former colleges of education in some areas) have combined or blended into forming 50 other single FET entities in the entire country (in terms of the FET Act, No. 98 of 1998). In the Free State Province only four FET Colleges have remained (Department of Education, 2001). The research for this article has been done on the effect mergers have had on the psychological- as well as employment contracts in these Colleges.

According to a document issued by the Rai University (2007), mergers can be categorised in various ways, such as *friendly versus hostile mergers;* and *strategic versus financial mergers*. *Friendly* mergers take place when there is agreement or consensus between all the stakeholders. Synergism exists whenever the value of the combined entity is greater than the sum of the values of its parts.

In a *hostile* merger management may not agree to the anticipated combination and a bone of contention might be control of each other. If those supposed to lead the merging process do not "buy in", it would be a hostile merger.

Mergers can also be categorised as being *financial*, that is when the goal is to improve the financial viability and to unleash and optimise human capital and talent. *Strategic* on the other hand, is when a merger has been undertaken to achieve economies of scale. Which merging category, one may ask, typifies the new FET landscape? The researcher is of the opinion that mergers in the Free State Province contain elements of all four the above-mentioned categories.

Apart from possibly possessing qualities of a friendly- and hostile merger, FET Colleges are most definitely financial- and strategic mergers. These considerations form the rationale behind this transformation process, namely to make Further Education and Training financially more viable for the education sector in general and for the learner; as well as to alleviate unemployment and poverty in South Africa through unlocking the hidden values of FET and to achieve synergy and economies of scale. Other strategic reasons could be to achieve a competitive advantage (Botha, 2001), and to be able to supply appropriately skilled workers to combat the skills shortage in this country (Loynes, 2003).

**Psychological contract**

When any organisation restructures, such as with a merger, an altered employment relationship develops in which the psychological contract plays an essential role (Hilltrop, 1995). The psychological contract should not be a rigid unwritten set of expectations, but should be flexible enough to accommodate the new changes in the organisation (Rousseau, 2004).

But what is meant by the "psychological contract"? According to Smithson and Lewis (2000), the term "psychological contract" was first coined by Argyris in 1960 to refer to employer and employee expectations of the employment relationship. From the 1990s onwards the term was used more frequently and today it depicts a united understanding of informal agreements between the employer and employee (Thomas, Zuber & Hammond, 2002). Coining a workable definition from the above definitions, the researcher defines "psychological contract" as referring to an unwritten contract between two parties, employer and employee, in which both parties have very specific perceptions of reciprocal obligations. In layman's terms, both parties would implicitly want to know from each other "what's in it for me?"

The psychological contract thus governs the employment relationship, as each party has definite beliefs about what it is obligated to give and entitled to receive, in

exchange for the other party's contribution (Niehoff & Paul, 2001). Rousseau (2004) says an enduring model of the employment relationship is created by the psychological contract, thus providing a steady understanding of what to expect in future. According to CIPD (2006), the following examples listed in Table 1 are characteristic of commitments employers and employees may make:

Table 1

*Employer- and employee obligations*

| Employers promise to provide | Employees promise to |
|---|---|
| Remuneration according to performance | Work hard |
| Opportunities for training and development | Uphold company reputation |
| Opportunities for promotion | Maintain high levels of attendance and punctuality |
| Recognition for innovative, new ideas | Show loyalty to the organisation |
| Feedback on performance | Work extra hours when required |
| Interesting tasks | Develop new skills and update old ones |
| An attractive benefits package | Be flexible, e.g. by multi-tasking |
| Respectful treatment | Be courteous to clients and colleagues |
| Reasonable job security | Be honest |
| A pleasant and safe work environment | Come up with new ideas |

Source: Adapted from CIPD (2006)

The relationship of "exchange" or "compensation" (phrases coined by Kotter, 1973) between the two parties (refer to employers' and employees' promises in Table 1 above) has been presented by Sims (1991) in the following figure (as cited in Van der Walt, 1996):

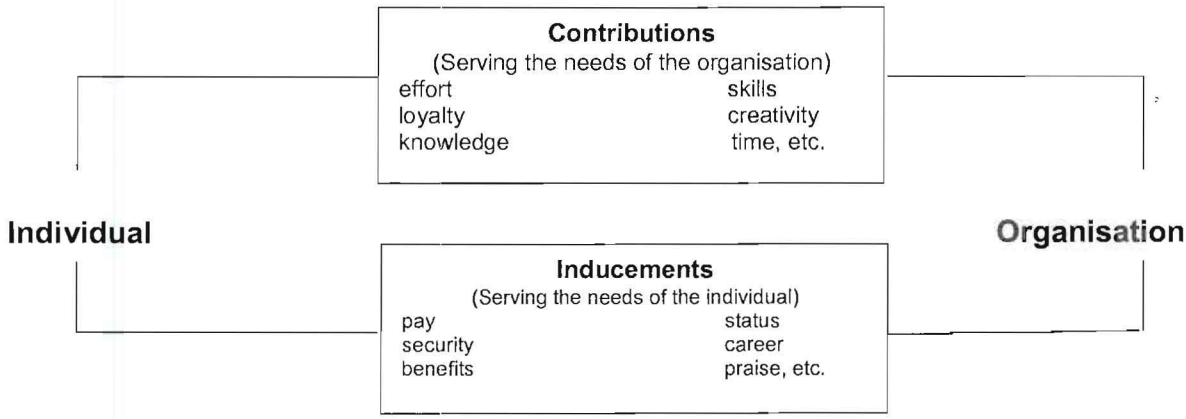



*Figure 1:* The relationship between contributions and inducements in a psychological contract

Source: Sims (1991) (as cited in Van der Walt, 1996)

From *Figure 1* it can be deduced that each party brings along a set of expectations when entering into the pre-employment negotiation phase, in other words, in "exchange" for certain contributions, the party expects "compensation" /inducements.

With exchange and compensation as key ingredients of all psychological contracts, Robinson and Rousseau (1994) furthermore distinguish four other fundamental components of most employment contracts, namely transactional and relational contracts, as well as transitional and balanced psychological contracts.

According to these authors, the **transactional** contract is more short-term and performance related, but also involves set economic exchanges. Rousseau (1995) states that workers with transactional contracts tend to seek employment elsewhere when conditions change or when employers do not honour their agreement.

Transactional obligations, according to Lee and Faller (2005), are relatively impersonal obligations with emphasis on specific tasks, time frames and financial gain. Very little emphasis is placed on extended relationships between the parties. To restore even a degree of trust between employer and employee, a practical transactional contract is required.

**Relational** contracts are more long-term and are based on emotional involvement as well as financial reward. Relational contracts are characterised by attributes such as commitment and trust. Although employees with relational contracts will be particularly upset when their contract has been violated in some way, they will not go to the extreme of quitting, but will rather seek remedies that will maintain the relationship with the employer (Rousseau & McLean Parks, 1993).

In Table 2 a clear distinction between elements in transactional and relational contracts is offered by Rousseau (2000).

Table 2

*Elements contained in the two types of psychological contracts*

| Relational | Transactional |
|---|---|
| Open-ended relationship | Short term economic exchanges |
| Investment by employees in company skills, career development; and training offered by employers | Specific economic conditions as major incentive |
| Mutual interdependence and barriers to exit | Limited personal involvement in job |
| Emotional involvement as well as economic exchange | Specified time-frame |
| Holistic relations | Commitments limited to well-specified conditions |
| Dynamic and subject to change | Limited flexibility |
| Pervasive conditions | Use of existing skills |
| Subjective and explicitly understood | Clear, unambiguous terms |

Source: Rousseau (2000)

The researcher is of the opinion that psychological contracts in the FET sector are both relational and transactional – the employer/employee gives the other party his/her loyalty and trust (relational), but each party expects a return on investment – quality service for the employer and financial benefits for the employee (transactional).

The **transitional** contract is usually present when elements in an organisation have changed, for example during a merger or acquisition, causing uncertainty, distrust and instability as well as the possibility of high turnover. A **balanced** contract is a combination of the relational and transactional contracts where shared values and commitments go hand in hand with the need to attain specific goals (Robinson *et al.*, 1994).

Guzzo and Noonan (1994) postulate that although these above-mentioned distinctions can be made, all psychological contracts are characterised by both transactional and relational elements. With specific reference to the Free State FET Colleges in this research, the researcher agrees with these authors and on the basis of research done by them, and in the face of the changes brought about by a merger in general; the researcher is of the opinion that initial relational contracts might become more

transactional after the merging process. Other authors also suggest that due to organisational change, the contract can become more transactional (Wiesenfeld & Brockner, 1993 as cited in Schalk, Heinen & Freese, 2001).

Graphically the psychological contract of an employee (or more specifically designated groups of employees) before a merger and thereafter may be illustrated as follows in *Figure 2*:

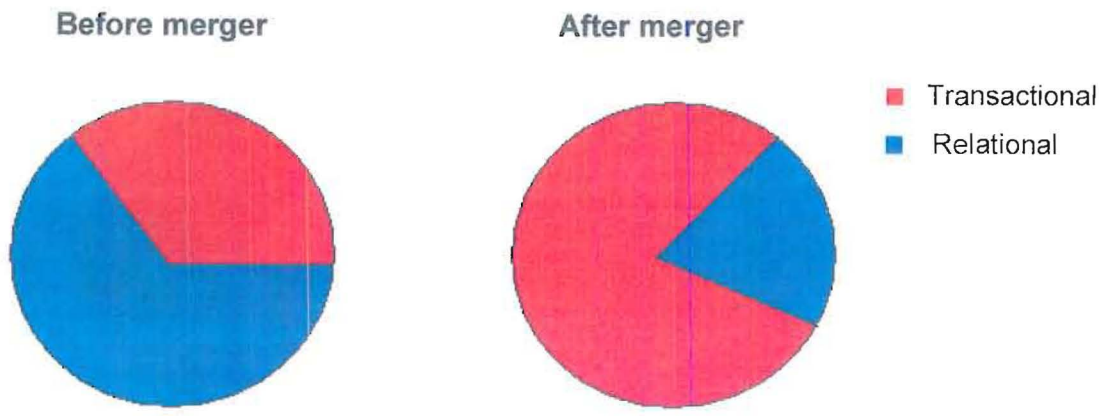



*Figure 2:* The transactional/relational relationship of psychological contracts before and after a merger

Source: Researcher (adapted from Guzzo *et al.*, 1994)

As is evident from Figure 2, contracts within the FET sector contain relational and transactional elements, although the researcher is of the opinion that it might take time after changes brought about by the merger have been implemented before contracts would be as balanced as would be ideally expected.

Sims (1994) state that in order to ensure harmonious relationships between employer and employee, psychological contracts have to be balanced and this balance depends on two conditions, namely:

- The match between what the employee is prepared to contribute towards the organisation and what the employee expects in return from the organisation; and what the organisation will give and expects to receive from the employee.
- The nature of what is to be exchanged and here the researcher wishes to focus the reader's attention on Table 1 (p27) in this article where a comparison of employer and employee obligations has been tabulated.

No merger, however, will work unless the employees want it to be successful and are totally committed to the change process. Moran and Panasian (2005) use a metaphor to stress the importance of people in merger synergy. They say that one can think of the merger process by comparing it to the functioning of an electrical engine. They explain this comparison as follows:
*"It is well known from physics that part of the energy feeding the engine (expected energy) is lost in friction and heat (employee resistance, for example), and that only a portion of the initial energy is actually transformed in motion (realised synergies). The ratio of realised synergies over expected synergies is what we understand as the efficiency of the merger process"* (p3). Efficiency in an organisation is thus lost due to frictions.

Linde and Schalk (2006) also emphasise the importance of the human factor in their research done on employment relations after a merger. Classe (2004 as cited in Linde *et al.*, 2006) states that the proper management of the human aspect of change is very often overlooked in mergers, namely keeping the employees happy. Mergers often create significant trauma for the employees and Price (1999) states that executives involved in mergers and acquisitions ignore the people issues at their own risk, meaning that in the long run such ignorance could prove to be hazardous to the organisation. Galpin (1996) states that although the organisational energy spent on getting a grip on change through technical, economic and operational means is important, it is critical that attention be focused on the human element involved.

Botha (2001) cites many other authors who have also indicated the importance of managing employee issues, for example O'Flaherty and Conway (1990); MacNeil (1985); Morrison and Robinson (1997); and Veldsman (1997). Some of the words that have already been used in these studies to describe the impact of mergers on staff include disruptive, distressing, depression, anxiety, painful, anger, lack of trust and commitment, disillusionment, traumatised, uncertainty, disbelief, betrayal, confusion, increase in absenteeism, low morale and lack of communication.

Frommer (2001) cites studies by various authors in order to emphasise the destabilising effect and emotional disequilibrium relating to symptoms and reactions experienced throughout the organisation after a merger, namely shock, disbelief, resentment, denial, wishful thinking, loss of commitment, a sense of betrayal, grief, nostalgia, obsession with self survival, and even a negative impact on family life (Cartwright & Cooper, 1993; Marks & Mirvis, 1992; Tessler, 1989; and Shrivastava, 1986). These authors are all in agreement that a comprehensive employee strategy that is to be well-managed before, during and after a merger is of the utmost importance.

**Communication**

Garrow (2003) emphasises the role of communication as being imperative in a merger, but she cautions the merged organisation not to be over keen in welcoming its new employees by making promises during these early meetings that cannot be fulfilled. These early meetings have a profound effect on the formation of the new psychological contract and unfulfilled promises lay the ground for a potential breach of contract.

Kanter, Stein and Jick (1992) state that communication is the key tool within any change process. A lack of communication causes insecurities amongst employees with regard to their future and will lead them to seek other ways to alleviate this uncertainty, such as relying on rumours spread via the grapevine - a totally unreliable

means of communication that will only increase their anxiety levels since they believe "half truths" which cause them to exaggerate and overemphasise negative information that is often devoid of any truth.

Buono and Bowditch (1989) agree with the previous authors when they claim that during mergers and acquisitions *"rumour mills and the grapevine works overtime, leading to more anxiety and, in many cases, counterproductive behaviour. Often based on fears rather than reality, these rumours can significantly exacerbate employee anxiety, tension and stress"*. The researcher is of the opinion that the problem with this anxiety and uncertainty is that they usually lead to dysfunctional outcomes, such as lack of organisational commitment and job satisfaction which can ultimately cause the employee to quit his/her job.

Appelbaum, Gandell, Yortis, Proper and Francois (2000) (as cited in Naidoo, 2006) define communication as *"the use of verbal and non-verbal signs and symbols to create understanding"* (p7). Communication is regarded by these authors as the most important variable throughout all phases of the merger process. They refer to "merger syndrome" – the root cause of a total breakdown in communication. Increased centralisation and decreased communication from top to bottom, that is management to employees, result in rumours and pre-occupation with self-interests such as income, careers and distrust. These authors also link with what had earlier been discussed (on page 32) regarding keeping promises as to maintain credibility. They recommend honesty at all times and addressing uncertainties as quickly as possible in a truthful, open yet sympathetic manner.

In the study titled *"Between expectations and experience – an analysis of post-merger integration in two mergers"* (2001), Ranja Frommer highlights the effects of mergers on the communicational dimension of organisations as being the following:

- failure by the employee to understand what is happening to him-/herself and the rest of the organisation;

- decreased communication;
- spread of rumours (due to the unpredictability of the situation);
- stereotyping of the "other side"; and
- 'we-they division'.

How then can employers get their employees on board and ensure transparency throughout the merging process? According to Appelbaum *et al.* (2000), executives fail to understand the relationship between communication and media effectiveness. Communication forms have different effects and media can include e-mail, notice boards, memos, posters, videos and face-to-face contact, such as small- and larger group meetings. These authors state that moving from memos to face-to-face contact is moving from lean to richer forms of communication. They do caution, however, that timing of the communication is of the utmost importance and suggest that a good communication plan/strategy should be developed before finalisation of a merger (as cited in Naidoo, 2006).

Valerie Garrow (2006), principal researcher at Roffey Park Institute, reports on new research done by the Institute that provides *"a new angle on formulating a communication strategy"* during a merger or acquisition. This communication strategy will include the following:

- *Preparing for change:* Employees often fail to see the "bigger picture" such as the long-term advantages of a merger, due to the fact that the initial shock is so great for they often only hear of the deal at the time of the public announcement. Employees should be involved and informed when a merger is still only being anticipated in order for them to absorb detail other than the immediate impact the merger will have on them personally.
- *First meetings:* The importance of these meetings cannot be stressed enough as the foundation for a new psychological contract is then laid. Promises or reassurances that might give rise to a possible breach of the psychological contract at a later stage must be avoided. To promise "more of everything" at

this stage might result in "less of everything" at a later stage with reference to diminished effort, creativity, organisational citizenship, lack of trust and loyalty.

- *Listening:* Communication tends to be vertical after a merger, from top to bottom - management to employees - regarding information about restructuring, new staff organigram and other functional changes. One should bear in mind, however, that the psychological contract is a **mutual** arrangement and organisations should put in an effort to ensure that communication also takes place from bottom to top - employees to management - regarding obligations and expectations. Media channels which have already been discussed in a previous paragraph (p34) can be utilised effectively.
- *Communicating changes to the deal:* Should circumstances change during or after the merger and the initial merger plan has to be redirected, it is of the utmost importance that the psychological contract still be honoured, by fulfilling obligations or communicating the need for change honestly. Only then will the relationship be built on trust.

The researcher has endeavoured to lead the reader to an understanding of the full impact that honouring the psychological contract and more specifically honest and timeous communication have on the success of a merger. What will happen if these are not honoured?

**Contract violation**

In a published interview that was conducted with Professor Denise Rousseau (2006) on *The psychological contract and remote working,* Professor Rousseau is of the distinct opinion that even though employer and employee might have the best intentions possible, relationships can still break down, resulting in a violation of the psychological contract. She describes violation of the contract as a perceived failure to comply with its terms and conditions and warns that this can be potentially

damaging to all parties involved. Robinson and Rousseau (1994) state that psychological contract violation can take many forms:

- **Inadvertent** violation is when both parties are most obliged to honour their obligations, but their conflicting interpretations lead the one party to act in such a way that it is in conflict with the understanding of the other party.
- **Disruption** occurs when both parties are equally prepared to honour their commitments, but are unfortunately prevented from doing so by unforeseen circumstances.
- **Breach of contract** refers to one party that is in the position of honouring its commitments, but refuses to do so and so intentionally creates a violation.

Herriot, Manning and Kidd (1997) say that employees, who understand or interpret their psychological contracts differently, respond differently to the violation. Sarkar (2007) argues that many employees, at some time or another, feel that their psychological contracts have been violated in some way.

The researcher is of the opinion that a perception of contract violation can easily occur due to the constant changes experienced in the workplace, especially during and after a merger. Contracts are continually in the process of being created and sustained, therefore organisations and employees often accommodate inadvertent violations (Robinson *et al.*, 1994). With violations of this nature, misunderstandings might be overlooked or be resolved through rationalisation, but when a breach of promise and trust is experienced, violation is much more serious and this can lead to feelings of betrayal.

According to Rousseau (2000), an individual who has (or perceived to have) experienced some form of violation, may respond by taking one of these courses of action that can be divided into active-passive; and constructive-destructive dimensions:

- **Exit** refers to a voluntary termination of the violated relationship. Workers can quit the service of an untrustworthy employer and employers can terminate the services of workers whose performance is not up to par. Passive and destructive exit should be avoided at all costs.
- **Voice** in contract violation is aimed at reducing turnover and restoring trust by discussing controversial issues with someone in a superior position. This type of action is active and constructive as it endeavours to address and change the obstacles in the work relationship.
- **Silence** as a passive, constructive response reflects a willingness to tolerate unpleasant circumstances in the hope that they may disappear. Thus, the existing relationship is continued indefinitely.
- **Destruction/neglect** refers to passive negligence or active destruction and is most widely used where there is an existing history of conflict or where voice channels are non-existent. This is when employees start neglecting their work to the detriment of the organisation or alternatively resort to negative response behaviours such as vandalism, theft, work slowdowns etc.

Rousseau (2000) says that the choice of which of the above courses of action is to be implemented can be influenced by personal characteristics as well as situational factors. Schalk, Heinen and Freese (2001) state that violation will only occur when the limits of the current psychological contract have been exceeded. If the current contract can no longer be honoured, the contract will either have to be revised or a new, balanced psychological contract will have to be created. If not, the current contract will be terminated, explicitly or implicitly. An employee can resign, or remain and work without any commitment or may even foil the organisation. The researcher will now discuss the intention to quit as a reaction to contract violation.

**Intention to quit**

According to Freese and Schalk (1996), employees might have a clear idea of how much work they are expected to do and how much they will be paid to do that work,

but expectations on the other hand, such as the manner in which an employee expects to be treated, might be vaguer. Expectations of this nature are often only revealed when they are not met. Negative reactions such as anger, resentment and aggression might occur if psychological contracts are violated (Rousseau, 1990 as cited in Freese *et al.*, 1996). These negative reactions often result in an employee's intention to quit.

The phenomenon of intending to quit or actually quitting is not strange where mergers or acquisitions are concerned. Garrow (2003) reports that one recruitment consultancy lost around 80 per cent of its employees within a year of being acquired by a city firm. The majority said that they were leaving because the organisation had failed to live up to promises it had made during the takeover. In their study on employment relations after a merger, Linde *et al.* (2006) cite merger statistics by Galpin and Herndon (2000) when they state that 47 per cent of executives leave acquired companies within the first year, whilst not less than 75 per cent leave the employ within the first three years. They also refer to many other studies where this trend has also been observed.

When mergers take place change is inevitable, in more ways than one. The question one may ask at this stage is why do mergers trigger negative reactions in employees resulting in their quitting their jobs? Moran *et al.* (2005) identify the following two sources:

- Mergers are synonymous with change in an organisation and change, in any shape or form, is likely to be a source of stress for the employees as it demands more from them. Excessive stress increases job dissatisfaction which in turn causes dysfunctional outcomes such as amongst others, increased turnover.
- The main source of stress in a merger is the uncertainty with regard to organisational and personnel changes that follow them. More often these

uncertainties are more detrimental to the employees' well-being than the actual changes themselves.

In their study to measure empirically if mergers and acquisitions do lead to uncertainty and to assess the dysfunctional outcomes associated with mergers and acquisitions such as the intention to quit, Schweiger and Denisi (1991) used subsequent ANOVA tests and found a significant indication of uncertainty, as well as a significant decline in intentions to remain with the organisation. Their findings suggest that mergers have a negative impact on employees, and the way in which the employer communicates with employees has a direct effect on how employees cope with the changing organisational environment.

In another study by Newell and Dopson (1996), their research on organisational restructuring in British Telecom revealed that changes following the restructuring were experienced by middle management as a breach of the psychological contract and one interviewee summed up the extent to which a breach of the psychological contract had affected him and his work as follows:
*"In order to manage my career, I really have to leave. I want to take control of my work experience ... I went home drained and unhappy at BT because I gave people what they wanted..."* (p16).

According to Mowday, Porter and Steers (1982), the influence of an employee's intent to leave on turnover is twofold. Firstly, turnover may be caused fairly directly, that is when some people quit their jobs even though they do not have alternative employment. Secondly, actual turnover may be influenced indirectly by an employee's intent to leave when the employee *"initiates search behaviour for preferable alternative jobs"*. Even in as far back as the fifties, the research done by March and Simon (1958) (as cited in Mowday *et al.,* 1982) established a direct link between job satisfaction and intent to leave, as less satisfied people are more likely to be sensitive to job market changes than are more satisfied people.

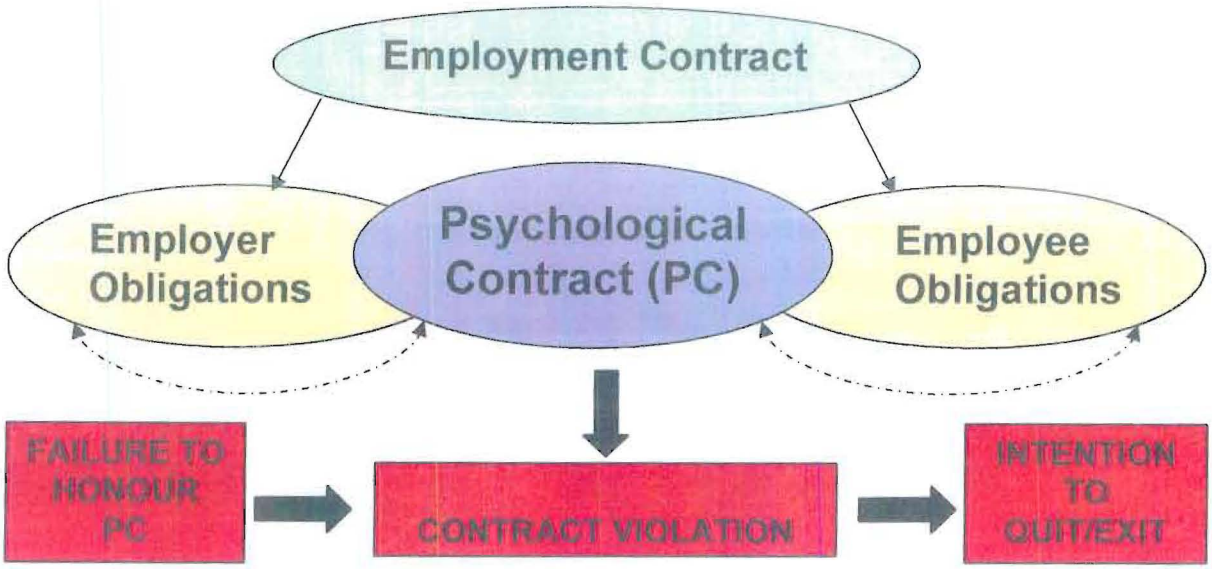



*Figure 3:* The consequence of contract violation
Source: Researcher

As illustrated above, the chief objective of the discussion thus far has been to emphasise the importance of communication, a key ingredient of a psychological contract, correctly in a merger. The experience of a violation or breach of the psychological contract is critical to organisations as it can influence organisational success or failure after the merging process. Merged organisations can most definitely not afford dysfunctional turnover, that is losing people they do not want to lose. When turnover is excessive, or when it involves valuable performers quitting their jobs, it will become a disruptive factor that will definitely hamper the organisation's effectiveness (Robbins, Odendaal & Roodt, 2003).

Based on the problem statement, the following specific research objectives for this study are to:

- conceptualise employment relations and the psychological contract and the relationship between these constructs from literature;

- investigate the effect of mergers with regard to the influence of communication on an employee's psychological contract as a possible factor affecting the intention to quit;
- determine whether relational psychological contracts become more transactional after a merger.

## AIM OF THE STUDY

The general objective of the study is to determine the effect of merger communication on the psychological contract as well as employment relations in Free State FET Colleges, as a possible factor affecting the intention to quit.

## METHOD

### Research design

The research objectives were met by utilising a cross-sectional survey design. This design is useful in assessing various expectations and behavioural aspects amongst employees at FET Colleges in the Free State Province.

The survey design will more specifically research the role of communication in the "psychological contract" and the effect the possible violation thereof will have on employees' intention to quit.

### Participants

The total population of n=375 employees at FET Colleges in the Free State Province was involved. A response rate of 53% (n=200) was achieved. The participants that took part in this study represent management, educators and administration staff on different post levels within the four Free State FET Colleges.

The biographical characteristics of the study population are presented in Table 3. Of the employees in the sample, 47% were lecturers, while 29.5% of the study population consisted of employees in supervisory/managerial positions. The other component totaling 22.5% of the entire sample represented administration staff.

Those employees who were involved in the merging process when it started in 2000/1, total 58% of the study population and a majority of 66.0% is employed by the Department of Education as opposed to the 34% employed by the College Councils. Females comprise the majority of the study population, namely 59.0% and more employees are married (65.5%) and/or have dependents (67.0%).

Table 3

*Compilation of the study population (n=200)*

| Item | Category | Frequency | Percentage |
|---|---|---|---|
| **Position held** | Lecturer (1) | 94 | 47.0 |
| | Senior Lecturer/Senior Education Specialist (2) | 25 | 12.5 |
| | HOD (3) | 13 | 6.5 |
| | Vice-Principal (4) | 2 | 1.0 |
| | Principal (5) | 1 | 0.5 |
| | Campus Manager (6) | 6 | 3.0 |
| | Portfolio Manager (7) | 12 | 6.0 |
| | Other (8) | 45 | 22.5 |
| | **Total** | **198** | **99.0** |
| **Tenure** | Less than 5 years | 78 | 39.0 |
| | 6 – 10 years | 45 | 22.5 |
| | 11 – 15 years | 23 | 11.5 |
| | 16 – 20 years | 31 | 15.5 |
| | More than 20 years | 17 | 8.5 |
| | **Total** | **194** | **97.0** |
| **Employed in current position** | Less than 5 years | 115 | 57.5 |
| | 6 – 10 years | 38 | 19.0 |
| | 11 – 15 years | 25 | 12.5 |
| | 16 – 20 years | 13 | 6.5 |
| | More than 20 years | 2 | 1.0 |
| | **Total** | **193** | **96.5** |
| **Lecturing contact hours** | Yes (1) | 119 | 59.5 |
| | No (2) | 72 | 36.0 |
| | **Total** | **191** | **95.5** |
| **Employer** | Department of Education | 132 | 66.0 |
| | College Council | 65 | 32.5 |
| | **Total** | **197** | **98.5** |
| **Highest qualification** | College | 64 | 32.0 |
| | University of Technology/Technikon | 34 | 17.0 |
| | University | 93 | 46.5 |
| | **Total** | **191** | **95.5** |
| **Gender** | Male | 78 | 39.0 |
| | Female | 118 | 59.0 |
| | **Total** | **196** | **98.0** |
| **Age** | 24 years and younger | 11 | 5.5 |
| | 25 – 35 years | 60 | 30.0 |
| | 36 – 45 years | 53 | 26.5 |
| | 46 – 55 years | 50 | 25.0 |
| | 56 years and older | 21 | 10.5 |
| | **Total** | **195** | **97.5** |
| **Marital status** | Married | 131 | 65.5 |
| | Single | 66 | 33.0 |
| | **Total** | **197** | **98.5** |
| **Dependents** | Yes | 134 | 67.0 |
| | No | 64 | 32.0 |
| | **Total** | **198** | **99.0** |

### Statistical analysis

The statistical analysis is carried out with the SPSS program (SPSS, 2006) which is a data management and analysis product that was originally earmarked for the Social Sciences. This program includes:

- descriptive statistics: cross tabulation, frequencies, descriptives;
- bivariate statistics: means, *t*-test, ANOVA, correlation;
- prediction for numerical outcomes: linear regression; and
- prediction for identifying groups: factor analysis, cluster analysis (two-step, K-means, hierarchical), discriminant.

When items, such as with the TPC, are used to form a scale; internal consistency is imperative. In other words, the items should all measure the same thing, so they should be correlated with one another. A useful coefficient for assessing internal consistency is Cronbach's alpha. Thus, Cronbach alpha assesses reliability with regard to the consistency of scores obtained when the same people are re-examined with the same test on various occasions, or when equivalent items have been tested under other variable conditions. Validity, on the other hand, depends on what a test is supposed to measure and how well it measures it (Anastasi & Rhodes, 2000).

The relationship between variables will be specified by means of Pearson product moment correlation coefficients. The level of statistical significance = $p<0.05$ and effect sizes will be computed to assess the practical significance of relationships in this study. A cut-off point of 0.30 represents a medium effect and a cut-off point of 0.50 represents a large effect with regard to the practical significance of correlation coefficients (Cohen, 1988).

Steyn (2002) is not entirely in favour of the sole use of statistical significance testing. However, he recommends that effect sizes be established to determine the importance of a statistically significant relationship. The percentage of variance in the

dependent variable that is predicted by the independent variables will be established by carrying out multiple regression analyses. According to Cohen (1988), a correlation can be better understood through determining $R^2$, as the proportion of variance in any two variables (which is predicted by variance in the other) is indicated by the square of the correlation coefficient.

The *t*-test assesses whether the means of two groups are statistically different from each other. Whenever the means of two groups are to be compared, this analysis is most appropriate (Trochim, 2006).

The significance of differences between biographic groups will be established by means of MANOVA and ANOVA. MANOVA is useful in experimental situations where at least some of the independent variables are manipulated (French & Poulsen, 2002).

ANOVA, on the other hand, is an analysis of the variation present in an experiment. It is a general technique that can be used to test hypotheses that the means among two or more groups are equal, assuming that the sampled populations are normally distributed (Engineering Statistics Handbook, 2007).

Graphic presentations will be used to promote a comprehensive understanding of essential features of frequency distributions.

In this article, the references and editorial style used have been prescribed by the Publication Manual (4th edition) of the American Psychological Association (APA). This practice is in line with policy requirements of the Industrial Sociology Programme at the North-West University.

## RESULTS

In this study the researcher first used a principal component analysis; and thereafter a Varimax rotation.

*"Varimax, Quartimax and Equamax are orthogonal rotations, meaning the resulting factors (or components) are uncorrelated. The Direct Oblimin and Promax rotations are oblique rotations, meaning the resulting factors are correlated with one another"* (SPSS, 1997). Orthogonal refers to components that load perpendicularly. One would typically prefer to identify **independent** components with a factor analysis (in other words uncorrelated). Should such a factor analysis not yield satisfactory components though, in other words with a variable that measures high on two components and one cannot actually see to which component it belongs; the oblique rotations are utilised in order to try and find factors even though they might not be independent. In this research Varimax was utilised as it worked quite well at extracting independent factors; therefore there was no need to resort to a Direct Oblimin rotation.

A principal component analysis that was carried out on the 41 items of employer obligations, showed three factors which explained 56.3% of the total variance. Eight factors with eigenvalues larger than one were obtained. However, the scree plot showed a sharp break after the third factor and it was decided to extract three factors. A principle component analysis with a Varimax rotation was then performed on the 41 items.

The results of the factor analysis are presented in Table 4 that is to follow. Loadings of variables on factors, communalities and percentage of variance explained are also shown in the table. Loadings under 0.40 were replaced by zeros. Labels are suggested for each factor in a footnote.

Table 4

*Component analysis for employer obligations*

| | $F_1$ | $F_2$ | $F_3$ | $h^2$ |
|---|---|---|---|---|
| 12.19 Supported by colleagues | **0.782** | 0.000 | 0.000 | 0.649 |
| 12.20 Supported by management | **0.745** | 0.469 | 0.000 | 0.781 |
| 12.21 Appreciated by colleagues | **0.728** | 0.170 | 0.000 | 0.565 |
| 12.16 A positive atmosphere at work | **0.716** | 0.000 | 0.000 | 0.623 |
| 12.22 Appreciated by management | **0.709** | 0.486 | 0.000 | 0.742 |
| 12.17 Good working relationships | **0.698** | 0.000 | 0.000 | 0.615 |
| 12.18 Opportunity to get to know others in the organisatiom | **0.698** | 0.000 | 0.000 | 0.556 |
| 12.23 Opportunity to give your opinion in any matter | **0.697** | 0.000 | 0.000 | 0.646 |
| 12.27 Provide leadership | **0.652** | 0.000 | 0.000 | 0.620 |
| 12.24 Your influence on the processes in your dept. | **0.652** | 0.000 | 0.000 | 0.529 |
| 12.26 Feedback on results of your work | **0.622** | 0.000 | 0.000 | 0.598 |
| 12.13 Make progress | **0.601** | 0.000 | 0.437 | 0.626 |
| 12.28 Clarity and justification re. organisational rules | **0.600** | 0.000 | 0.000 | 0.629 |
| 12.14 Opportunities for in-service training | **0.541** | 0.000 | 0.000 | 0.504 |
| 12.29 Flexibility in the application of rules & procedures | **0.495** | 0.490 | 0.000 | 0.601 |
| !2.15 Work with employees of your choice | **0.433** | 0.000 | 0.000 | 0.227 |
| 12.25 Steer away from (bureaucratic) organisational rules | **0.423** | 0.000 | 0.000 | 0.212 |
| 12.38 Confidence in occupation and salary | 0.000 | **0.828** | 0.000 | 0.759 |
| 12.40 Good secondary employment benefits | 0.000 | **0.802** | 0.000 | 0.670 |
| 12.39 (Financial) rewards for exceptional performance | 0.000 | **0.794** | 0.000 | 0.671 |
| 12.37 Available budget for training, travel, seminars | 0.000 | **0.788** | 0.000 | 0.668 |
| 12.36 Market-related salary | 0.000 | **0.783** | 0.000 | 0.666 |
| 12.41 Trust in management | 0.000 | **0.759** | 0.000 | 0.713 |
| 12.32 Efficiency of the organisation | 0.475 | **0.676** | 0.000 | 0.691 |
| 12.34 Optimal personnel policies (EE, career dev.) | 0.492 | **0.631** | 0.000 | 0.653 |
| 12.35 Flexibility in balance between work and priv. life | 0.000 | **0.621** | 0.000 | 0.527 |
| 12.30 Communication channels are open, clear and direct | 0.579 | **0.611** | 0.000 | 0.721 |
| 12.31 Easy access to information you require | 0.445 | **0.580** | 0.000 | 0.569 |
| 12.33 Optimal working conditions (efficient lighting) | 0.545 | **0.573** | 0.000 | 0.631 |
| 12.4 Deliver quality work | 0.000 | 0.000 | **0.778** | 0.606 |
| 12.6 Meet requirements of clients | 0.000 | 0.000 | **0.774** | 0.605 |
| 12.10 Conduct challenging and stimulating work | 0.000 | 0.000 | **0.763** | 0.698 |
| 12.5 Carry responsibility | 0.000 | 0.000 | **0.746** | 0.559 |
| 12.9 Able to lead | 0.456 | 0.000 | **0.665** | 0.662 |
| 12.8 Opportunity to display knowledge or experience | 0.426 | 0.000 | **0.603** | 0.572 |
| 12.12 Establish development in own area of knowledge | 0.507 | 0.000 | **0.585** | 0.630 |
| 12.11 Use own initiative | 0.000 | 0.000 | **0.537** | 0.410 |
| 12.1 Doing multi-skilled (interchangeable) work | 0.000 | 0.000 | **0.475** | 0.239 |
| 12.2 Work without interference | 0.000 | 0.000 | **0.448** | 0.236 |
| 12.7 Work pressure | 0.000 | 0.000 | **0.314** | 0.106 |
| 12.3 Work according to your own preference | 0.000 | 0.000 | **0.254** | 0.112 |
| Percentage variance explained | 41.57% | 9.82% | 4.94% | 56.33% |

$F^1$ = social atmosphere $F^2$ = financial rewards $F^3$ = job content
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a Rotation converged in 6 iterations.

A principal component analysis that was carried out on the 22 items of employee obligations, showed three factors which explained 55.8% of the total variance. Four factors with eigenvalues larger than one were obtained. However, the scree plot showed a sharp break after the third factor and it was decided to extract three factors. A principle component analysis with a Varimax rotation was then performed on the 22 items. The results of the factor analysis are presented in the table below. Loadings of variables on factors, communalities and percentage of variance explained are also shown in the table. Loadings under 0.40 were replaced by zeros. Labels are suggested for each factor in a footnote.

Table 5

*Component analysis for employee obligations*

| | Component | | | |
|---|---|---|---|---|
| | F1 | F2 | F3 | $h^2$ |
| 13.12 Working overtime to complete work | **0.781** | 0.000 | 0.000 | 0.622 |
| 13.13 Developing new competencies that will contribute | **0.757** | 0.000 | 0.000 | 0.631 |
| 13.11 Voluntary performing non-obligation tasks | **0.738** | 0.000 | 0.000 | 0.653 |
| 13.10 Positively relating to organisation | **0.675** | 0.000 | 0.000 | 0.579 |
| 13.2 Ensure good mage of organisation | **0.571** | 0.000 | 0.000 | 0.567 |
| 13.4 Honest relationship with the organisation | **0.477** | 0.000 | 0.409 | 0.511 |
| 13.6 Provide effective service to clients and colleagues | 0.000 | **0.701** | 0.000 | 0.654 |
| 13.8 Acting and dressing professionally | 0.000 | **0.698** | 0.000 | 0.627 |
| 13.18 High performance – qualitatively and quantitatively | 0.000 | **0.687** | 0.000 | 0.627 |
| 13.20 Only perform organisational functions (no private calls) | 0.000 | **0.674** | 0.000 | 0.535 |
| 13.9 Keep confidential information | 0.000 | **0.656** | 0.000 | 0.612 |
| 13.19 Only neglecting to do work if you are extremely ill | 0.000 | **0.623** | 0.000 | 0.396 |
| 13.22 To what degree did you oblige to your duties? | 0.000 | **0.598** | 0.000 | 0.502 |
| 13.17 Carefully engaging with organisation's property | 0.509 | **0.591** | 0.000 | 0.618 |
| 13.7 Assist others with their work | 0.487 | **0.529** | 0.000 | 0.535 |
| 13.1 Good participation | 0.000 | **0.501** | 0.000 | 0.535 |
| 13.14 Accepting another position in organisation | 0.000 | 0.000 | **0.775** | 0.618 |
| 13.5 Prior notice to management that you are open for new occupational opportunities | 0.000 | 0.000 | **0.580** | 0.449 |
| 13.15 Supporting existing procedures in organisation | 0.558 | 0.000 | **0.564** | 0.734 |
| 13.16 Follow values and norms of organisation | 0.455 | 0.000 | **0.560** | 0.601 |
| 13.3 Require a transfer to another area if necessary | 0.000 | 0.000 | **0.492** | 0.343 |
| 13.21 Participation in social events of organisation | 0.000 | 0.000 | **0.462** | 0.326 |
| Percentage variance explained | 41.71% | 8.74% | 5.33% | 0.184 |

$F^1$ = Flexibility $F^2$ = Ethics $F^3$ = Loyalty
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a Rotation converged in 5 iterations.

A principal component analysis that was carried out on the 12 items of intention to quit showed three factors which explained 48.9% of the total variance. Nine factors with eigenvalues larger than one were obtained. However, the scree plot showed a sharp break after the second factor and it was decided to extract two factors. A principle component analysis with a Varimax rotation was then performed on the 12 items.

The results of the factor analysis are presented in the table below. Loadings of variables on factors, communalities and percentage of variance explained are also shown in the table. Loadings under 0.40 were replaced by zeros. Labels are suggested for each factor in a footnote.

Table 6

*Principle component analysis of intention to quit for employees at FET Colleges in the Free State*

| | Component | | |
|---|---|---|---|
| | 1 | 2 | $h^2$ |
| 14.15 There is a possibility that I could leave the org. at this moment | **0.761** | 0.000 | 0.605 |
| 14.16 If it were up to me, I would have a career at a different organisation | **0.750** | 0.000 | 0.656 |
| 14.13 I am actively looking for other employment | **0.717** | 0.000 | 0.586 |
| 14.1 I don't want to continue with my career at this org. | **0.700** | 0.000 | 0.506 |
| 14 .6 It will be hard for me to leave this org. even if I want to (R) | **0.699** | 0.000 | 0.495 |
| 14.24 Leaving this org. will be an enormous sacrifice | **-0.587** | 0.000 | 0.413 |
| 14.19 Any negative incident occurring in the near future will initiate my leaving this organisation | **0.579** | 0.000 | 0.399 |
| 14.22 If the opportunity arises, I would like to work for another FET College | -0.492 | **0.708** | 0.743 |
| 14.4 I hardly think about quitting my job (R) | 0.000 | **0.580** | 0.403 |
| 14.10 If another org. offers me the same career opportunity as this org., I'll take it | 0.472 | **0.549** | 0.524 |
| 14.3 I would not worry to end my services at this org. even though I don't have another job | 0.000 | **0.402** | 0.318 |
| 14.12 I think I'll easily find a new job if I were to leave my current job | 0.000 | **0.389** | 0.219 |
| Percentage variance explained | 38.89% | 10.00% | 48.89% |

1 = voluntary intention to quit
2 = chances to find an acceptable job
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a Rotation converged in 3 iterations.

Descriptive statistics, Cronbach alpha coefficients and inter-item correlation coefficients of employer obligations, employee obligations, relational/transactional values for employees working at FET Colleges in the Free State are reported in Table 7 below.

Table 7

*Descriptive statistics, Cronbach alpha coefficients and inter-item correlation coefficients of the measuring instruments*

| | Mean | SD | Skewness | Kurtosis | α |
|---|---|---|---|---|---|
| Employer obligations | 3.579 | 0.654 | -0.352 | -0.260 | 0.952 |
| Employee obligations | 3.773 | 0.633 | -0.639 | 0.423 | 0.917 |
| Relational/transactional | 3.111 | 0.708 | -0.393 | -0.344 | 0.711 |
| Job satisfaction | 3.457 | 0.646 | -0.381 | 0.391 | 0.740 |
| Commitment | 3.463 | 0.361 | -0.541 | 0.326 | 0.802 |
| Communication | 2.336 | 0.557 | 1.010 | 3.781 | 0.659 |
| Intention to quit | 2.823 | 0.623 | -0.233 | -0.543 | 0.737 |
| Organisational support | 2.691 | 0.525 | 0.300 | 0.957 | 0.666 |

The Cronbach alpha values obtained for employer obligations, employee obligations, relational/transactional values, job satisfaction, commitment and intention to quit were all higher than the guideline $\alpha > 0.70$.

Communication and organisational support have values just below 0.70 (0.659 and 0.666), which are still acceptable. According to Gülseni (2005), values near to 0.70 can be accepted as they will not affect internal consistency. It therefore appears that all the measuring instruments in this study have acceptable levels of internal consistency.

The information reflected in Table 7 above indicates that the scores on all the variables have a normal distribution, with the exception of communication. The variable communication is the only variable with skewness and kurtosis values of larger than one.

In the following table, the correlation coefficients between communication, relational/transactional values and intention to quit are presented.

Table 8

*Correlation coefficients between communication, relational/transactional values and intention to quit*

| | 1 | 2 | 3 |
|---|---|---|---|
| Communication | 1 | | |
| Relational/ transactional values | 0.385** | 1 | |
| Intention to quit | -0.448** | -0.244** | 1 |

** Correlation is significant at the 0.01 level (2-tailed).

Table 8 shows a practically significant correlation coefficient ($p < 0.01$) of a medium effect ($r > 0.30$) between communication and relational/transactional values and between communication and intention to quit.

A stepwise multiple regression analysis (with *intention to quit* as dependent variable and *employer obligations, employee obligations* and *communication* as independent variables) was performed. Table 9 below shows that 22.2% of the variance in *intention to quit* is predicted by *communication* and *employee obligations* ($F = 28.07$, $p< 0.01$).

Table 9

*Regression analysis between intention to quit, employer obligations, employee obligations and communication*

| Model | | Unstandardised Coefficients | | Standardised Coefficients | t | p | F | R | $R^2$ | $\Delta R^2$ |
|---|---|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | | | | | |
| 1 | (Constant) | 3.993 | 0.170 | | 23.421 | .000 | 49.77 | 0.448 | 0.201 | 0.201 |
| | Communication | -0.501 | 0.071 | -0.448 | -7.055 | .000 | | | | |
| 2 | (Constant) | 4.399 | 0.244 | | 18.002 | .000 | 28.07 | 0.471 | 0.222 | 0.021 |
| | Communication | -0.415 | 0.080 | -0.371 | -5.202 | .000 | | | | |
| | Employee obligat | -0.161 | 0.070 | -0.164 | -2.300 | .023 | | | | |

a Dependent variable: Intention to quit

From the regression coefficients (which are both negative) it can be seen that the relationship between *communication* and *intention to quit* is negative, meaning that the better the communication, the less the respondent will intend to quit. Similarly, the relationship between *employee obligations* and *intention to quit* is negative, meaning that the more an employee is aware of his obligations, the less his intention to quit.

Analyses of variance were performed on various variables with different demographic groups and the significant ANOVAs are given below with their interpretations.

Table 10

*Analysis of variance between intention to quit and gender with dependents*

| | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| Intention to quit | Between Groups | 2.456 | 1 | 2.456 | 6.533 | 0.011 |
| | Within Groups | 73.672 | 196 | 0.376 | | |
| | Total | 76.128 | 197 | | | |

Table 10 above shows that there is a practically significant effect of gender with dependents on the intention to quit ($F = 6.533$, $p < 0.05$). The mean plot below shows that respondents with dependents have a significant higher intention to quit than those without dependents.

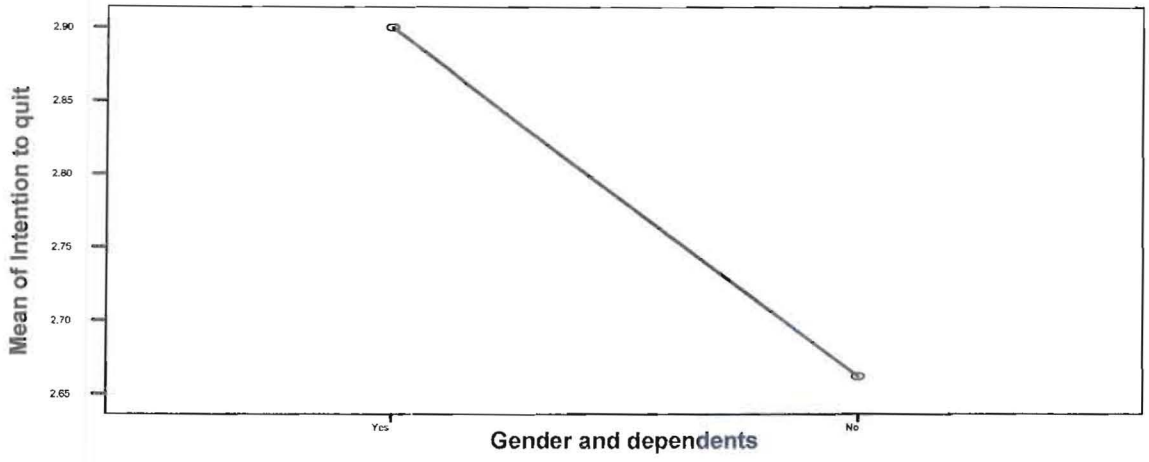



*Figure 4:* Intention to quit of employees with/without dependents

Table 11 shows a practically and statistically significant medium effect between employer violation and intention to quit ($P<0.01$ and $r> 0.30$). Thus, the higher the employer violation, the greater the intention to quit; whereas the less communication, the higher the employer violation ($r = -0.650$).

Table 11

*Correlation coefficients between employer violation, intention to quit, communication and relational/transactional values*

| | 1 | 2 | 3 | 4 |
|---|---|---|---|---|
| Employer violation | 1 | | | |
| Intention to quit | 0.303(**) | 1 | | |
| Communication | -0.650(**) | -0.448(**) | 1 | |
| Relational/transactional | -0.396(**) | -0.244(**) | 0.385(**) | 1 |

** Correlation is significant at the 0.01 level (2-tailed)

Table 12 below shows that there is a practically significant effect of gender on the relational/transactional value ($F = 4.768$, $p < 0.05$).

Table 12

*Analysis of variance of gender and relational/transactional values*

| | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| Relational/transactional | Between Groups | 2.356 | 1 | 2.356 | 4.768 | 0.030 |
| | Within Groups | 95.885 | 194 | 0.494 | | |
| | Total | 98.241 | 195 | | | |

In Table 13 below it is evident that there is a practically significant effect of how people are employed on the relational/transactional value ($F = 3.979$, $p < 0.05$).

Table 13

*Analysis of variance of employer type and relational/transactional values*

| | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| Relational/transactional | Between Groups | 1.966 | 1 | 1.966 | 3.979 | 0.047 |
| | Within Groups | 96.354 | 195 | 0.494 | | |
| | Total | 98.320 | 196 | | | |

In *Figure 5* the mean plot shows that respondents employed by the DoE have a significant lower relational/transactional value than those employed by the College Council.

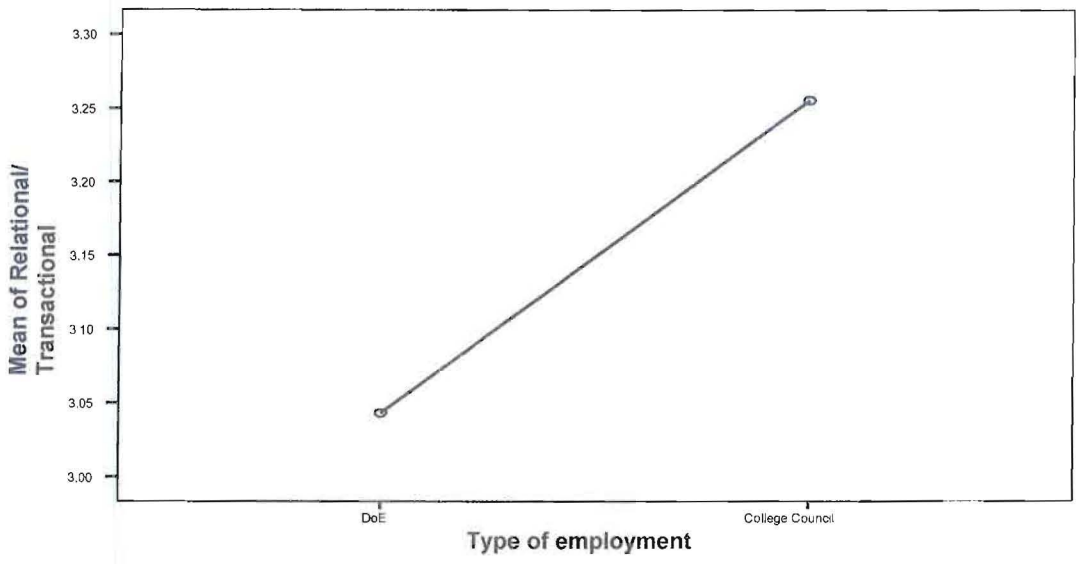



*Figure 5:* Employment with DoE and College Council

Table 14

*Analysis of variance of tenure and employee obligations*

| | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| Employee obligations | Between Groups | 5.096 | 4 | 1.274 | 3.318 | 0.012 |
| | Within Groups | 72.175 | 188 | 0.384 | | |
| | Total | 77.271 | 192 | | | |

The table above shows that there is a practically significant effect of number of years employed in the current position on employee obligations ($F = 3.318$, $p < 0.05$).

The mean plot in *Figure 6* that is to follow shows that respondents who have been employed for 20 years or longer have significant lower employee obligations than the rest of the respondents.

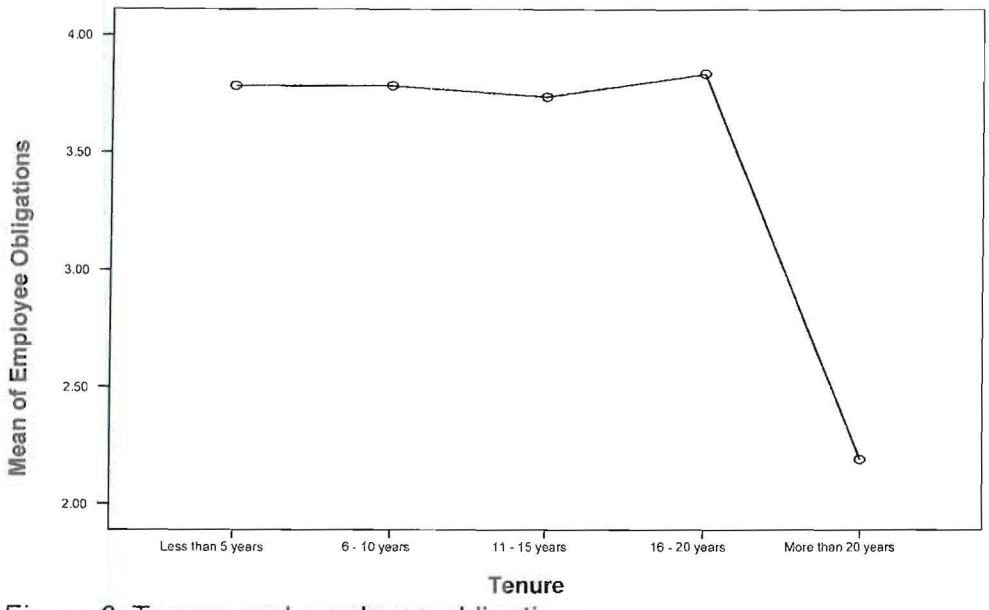



*Figure 6:* Tenure and employee obligations

Table 15

*Analysis of variance of relational/transactional values for gender and dependents*

| | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| Relational / transactional | Between Groups | 4.901 | 3 | 1.634 | 3.360 | 0.020 |
| | Within Groups | 93.340 | 192 | 0.486 | | |
| | Total | 98.241 | 195 | | | |

Table 15 shows that there is a practically significant effect of gender and dependents on the relational/transactional value ($F = 3.360$, $p < 0.05$). Females with dependents have significant lower relational values than the rest of the respondents.

As is evident from the above tables and figures, the researcher is in agreement with Linde *et al.*, (2006) who state that individual characteristics of employees (such as for example gender, tenure, qualification, age, dependents etc.) can have a very definite influence on the way in which changing employment relationships are experienced during a merger.

## DISCUSSION

The objective of this study was to investigate the effect of mergers with regard to the role of communication on the psychological contract (including relational- and transactional values) as a possible factor affecting the intention to quit of those employees employed at Free State FET Colleges.

Factor analyses were performed on the various items using principle component analysis and Varimax rotation. Two factors were extracted from intention to quit, namely voluntary intention to quit; and chances to find an acceptable job.

As has already been discussed in the theoretical part of this article, the importance of excellent communication and its subsequent influence on relations within the workplace cannot be overemphasised. The analysis of Pearson correlations has shown that a practically significant correlation coefficient ($p < 0.01$) of a medium effect ($r > 0.30$) exists between communication and intention to quit.

In an analysis of employee responses to questions on how the anticipated change brought about by the merger was communicated to them (questions 25; 26; 27; and 28.2), the following feedback was received from the majority (63.8%) of the participants via the questionnaires:

- The amount of information received was either too little or too much.
- Communications regarding change were not concrete and clear enough.
- The time frame when they were being informed about the changes was either too early or too late.
- Communication did not equip employees with adequate knowledge on how to cope with the changes.

However, responses regarding the availability of communication channels and information required were acceptable (questions 12.30 and 12.31).

From the regression analysis, it is quite evident that communication plays a very important role in an employee's career and that dissatisfactory communication can have a direct influence on his/her intention to leave. Thus, the better the communication, the slighter the chance that the employee will quit. Communication also extends to employer and employee obligations. In other words, if an employee knows what the employer expects from him/her and the employer honours its commitments made to the employee, the chances that the employee will become so disillusioned with the employment relationship will be minimised and so also his/her intention to quit.

The Cronbach alpha values obtained for *Employer obligations, Employee obligations, Relational/Transactional values* and *Intention to quit* in this research, were all higher than the guideline $\alpha > 0.70$. Communication had a value just below 0.70 (0.659) which is still acceptable. As has already been mentioned (p50), Gülseni (2005) postulates that values near to 0.70 can be accepted as they will not affect internal consistency. It therefore appears that all the measuring instruments have acceptable levels of internal consistency, in other words they correlate with one another.

The analysis of Pearson correlations has shown that a practically significant correlation coefficient ($p < 0.01$) of a medium effect ($r > 0.30$) exists between communication and relational/transactional values. With regard to whether the psychological contract is more relational or transactional, the distinction is not very clear. Gender ($F=4.768$, $p<0.05$) and employees who have employment contracts with the Department of Education ($F=3.979$, $p<0.05$) have the most significant effect on these values towards a more transactional contract.

One may ponder on a possible explanation for the difference in a more relational or transactional psychological contract between employees employed by the Department of Education (DoE) and the College Council. Could it be that employees employed by the College Council on a contractual basis are more loyal (relational); less outspoken and assertive; and therefore more easily satisfied than their colleagues with more job

permanency and job security employed by the DoE? Could those employed by the DoE feel that they have given the employer enough opportunities to fulfil its relational obligations towards them, but to no avail? Could this perhaps explain why employees with more than 20 years' service experience the lowest employee obligations of all the respondents? In research done by Isaksson *et al.* (2003), it was found that the trust levels of employees who are permanently employed are mostly much lower.

In general, however, there was no clear increase in the intention to leave the organisation and no shift towards a more transactional relationship (apart from the above-mentioned two groups). This was also the finding in the study of a merger of two home care organisations in the Netherlands conducted by Schalk, Heinen and Freese (2001). In contrast with the results in this research, these authors reported no finding of significant value, however, regarding female employees' (specifically those with dependents) increased intention to quit as a result of their psychological contract becoming more transactional.

What could a possible explanation for this tendency in the FET sector be? The researcher suggests that it is worthwhile considering the possibility that married female employees (with dependents) might 'change' their own psychological contract from one containing predominantly relational values to one that is more transactional in order to 'survive' the changes (and subsequent 'insecurities') brought about by the merger. Having a transactional contract might make them feel more in charge as a transactional psychological contract is less subjective and more measurable than a relational one.

In European research studies (De Witte, 1999), the author argues that research on the consequences of job insecurity in which gender effects are analysed is scarce, but it was found that married women with children in general experience possible unemployment in a less negative way than men, possibly because of differences in role theory, meaning that to married females it is not their core duty to provide. An

alternative role such as taking care of the household and children can make unemployment less distressing.

In another European study conducted by Smithson *et al.* (2000), the authors found that women with children view work as insecure irrespective the type of contract; with job insecurity linked to a lack of perceived employment rights as well as a lack of control over employment terms and conditions such as remuneration and hours worked.

This could be a logical explanation for the fact that female employees ($p<0.05$) with dependents show a higher intention to quit than their other colleagues in the FET fraternity.

Could another possibility for females' higher intention to quit in this research study be that they still perceive a gendered division of labour within the FET sector? Although quite substantial progress has been made to ensure gender equity with regard to managerial positions, an address by the Minister of Education, Ms Naledi Pandor, at a conference entitled "Top Women in Business and Government's 'Women Creating Wealth'" held on 11/08/2005 revealed that although 70% of employees in the public education system are women, very few of them hold management and leadership positions in education. This can be ascribed to the traditional stereotypes of female roles in education; sexist institutional cultures and inadequate organisational support.

According to the researcher it would be unfair not to acknowledge the attempts made by the FET sector thus far to secure the participation of women in the FET future, although two years after the aforementioned report has been released, there is still only one female principal in the four Free State FET Colleges; whereas from a total of seven vice principals, only three are female at present. Could this be a possible explanation for the fact that female respondents with dependents have a practically significant higher intention to quit than other groups ($p < 0.05$)? ANOVA also

indicated that females have a practically significant lower relational value than their male colleagues ($F = 4.768$, $p < 0.05$).

## LIMITATIONS AND RECOMMENDATIONS

Possibly the greatest limitation of this study is that it did not measure the respondents **before** the merger as well. The questionnaire should ideally have been distributed to the same respondents before and after the merger in order to determine empirically whether the merger can be held directly accountable for employees' intention to quit. It can, without any doubt however, be said that ineffective communication during a process of change especially, can have a detrimental effect on employees' relational psychological contract values, such as loyalty and commitment, to name only two. If communication breaks down between employer and employee, the chances that employees might quit and seek employment elsewhere are so much more glaringly obvious.

Another limitation is that the Tilburg Psychological Contract Questionnaire has not been used extensively in South African research, apart from research done by South African authors in collaboration with Dutch researchers such as for example René Schalk (refer to Linde & Schalk, 2006). The limitation lies in the fact that the researcher could not compare Cronbach alpha coefficients evident from this research with those in other South African studies on mergers; or studies that have used the TPC Questionnaire (Jooste, 2004). Cronbach alphas had to be benchmarked against foreign research.

Very limited research exists on mergers in South African education, especially in the FET sector. It would have been valuable to study perceptions regarding change and mergers of employees employed in the FET sector nationally and compare those with the findings in the Free State FET fraternity.

However, the regression analyses in this study showed several significant models that can explain the relationships between the relevant variables and it would be extremely shortsighted to ignore these. Employers can obtain valuable information from this data as to how their employees are experiencing various factors relating to their psychological contracts in the FET sector. Seeing that women comprise the majority of posts in education today, it would be an investment to try and address the insecurities experienced by female employees.

With regard to the differences in the psychological contracts of employees appointed by the Department of Education and the College Councils, this is a contentious matter that has been receiving major attention the past few months and is at present still receiving attention with all employees now having to make the choice of whether they still want to fall under the jurisdiction of the DoE as employer, or whether they choose to work under the auspices of the College Councils in future (Rademeyer, 2007).[1] The researcher is of the opinion that if this transition from DoE to the College Council is not handled with the utmost sensitivity and necessary (effective) communication, employees might lose all relational psychological contract values and the intention to quit coupled with a severe decline in job satisfaction and organisational commitment might cause Further Education and Training irreparable injury in the long run.

In conclusion, the researcher wishes to recommend that further studies in South Africa be undertaken on female employees' experience of job security and intention to quit across various organisational sectors. The rationale behind this is that a very large proportion of the South African labour force is constituted of female employees.

[1] The researcher wishes to emphasise that this research was done **before** all FET employees had to make the compulsory choice of whether they want to remain being employed by the DoE, or if they wanted their contracts to be taken over by the College Councils as from 01 January 2008 (FET Act 16 of 2006; FETC Resolution 1/2007)

In Europe females experience much better conditions of service regarding maternity leave- and unemployment insurance benefits from government than their peers in South Africa. If such benefits could be addressed in South Africa, turnover and job insecurities of female employees might be narrowed; and tacit knowledge (that is implicit knowledge inherent in a knowledgeable person acquired by practical experience) (Sarkar, 2007), will not be lost to the country.

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# CHAPTER 3

# RESEARCH ARTICLE 2

# THE EFFECT OF MERGERS, CHANGE AND PSYCHOLOGICAL CONTRACT VIOLATION ON JOB SATISFACTION AND ORGANISATIONAL COMMITMENT IN FREE STATE FET COLLEGES

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## ABSTRACT

The primary purpose of this research is to investigate the effect of mergers and change, as well as violation of employer obligations on the psychological contract referring to job satisfaction and organisational commitment. The measuring instrument that was used is an English translation of the *Tilburgse Psychologisch Contract Vragenlijst* (TPC). A cross-sectional survey design was conducted among 375 employees at Further Education and Training (FET) Colleges in the Free State Province. A response rate of 200 completed questionnaires was obtained. Results demonstrated a practically significant correlation of medium effect between change and job satisfaction; between job satisfaction and employer violations and commitment; and between commitment and employer violations.

## OPSOMMING

Die hoofdoelstelling van hierdie navorsing is om die effek van samesmeltings en verandering, asook die nie-nakoming van werkgewerverpligtinge op die psigologiese kontrak met verwysing na werkstevredenheid en toewyding aan die organisasie, te bestudeer. Die meetinstrument wat gebruik is, is die Engelse vertaling van die *Tilburgse Psychologisch Contract Vragenlijst* (TPC). 'n Dwarssneeopnameontwerp is gebruik. Deelnemers aan die navorsing sluit 375 werknemers in wat in diens van Verdere Onderwys en Opleiding (VOO) Kolleges in die Vrystaat staan. Terugvoer van 200 vraelyste is ontvang. Resultate dui op 'n prakties beduidende verband van medium-effek tussen verandering en werkstevredenheid; tussen werkstevredenheid en die skending van werkgewerverpligtinge asook toewyding; en tussen toewyding en die skending van werkgewerverpligtinge.

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## INTRODUCTION

*Having the company you work for acquired is probably the worst thing that can happen to somebody, other than the death of a family member ... Everything - your security - changes in one day.*

Jack Welsh (Naidoo, 2006).

Internationally speaking, mergers are no new phenomenon in education (Dayaram, 2005), but in South Africa mergers in education have been a very rare occurrence until the Ministry of Education announced its decision in the late nineties to restructure the Higher Education and Further Education and Training (FET) sectors (FET Act, No. 98 of 1998). 152 Former technical colleges were merged into only 50 FET institutions nationally – a process that got momentum in 2000/1 (Department of Education, 2001).

The ultimate aim of this transformation process in further education is to offer vocationally oriented training that is closely linked to industry requirements and to meet the demands made by the world of work (Loynes, 2003). This article will focus on the effect of mergers and subsequent workplace change; as well as the violation of employer obligations on the psychological contract of employees employed at Free State FET Colleges, especially referring to their job satisfaction and organisational commitment. But how, one may ask, do mergers and their effect on employees' psychological contracts fit into the realm of Industrial Sociology?

Employment relations are prescribed by legislation, with education being no exception. Education legislation is governed by the Constitution of the Republic of South Africa, Act 108 of 1996, Section 29 (1) which stipulates that "every citizen of the country has the right to a basic education, including adult basic education, and further education, which the state, through reasonable measures, must make progressively available and accessible".

Government regarded mergers within further education as the solution to address the serious skills shortages and high unemployment rate South Africa is currently

experiencing (Loynes, 2003). Mergers and the legal implications that come with them, on the other hand, are governed by the Labour Relations Act No. 66 of 1995. In amendments to Section 197 of this Act, obligations of the old and new employer are stipulated when the whole or part of a business is transferred from the old employer to the new employer (such as with a merger). Employees are protected where the whole or part of a business, trade, undertaking or service is transferred as a going concern. Sections 197 and 197(A) of the LRA provide that the new employer is automatically substituted in the place of the old one.

Therefore, as mentioned above, all employment rights and obligations automatically pass over to the new employer, unless otherwise agreed. How then, does the employee view these rights? This is where the psychological contract comes into effect.

The researcher will first define terminology such as "merger" and "change", before attention will be paid to the psychological contract and the influence of a possible violation thereof on job satisfaction and employee commitment to the organisation.

**Mergers and change**

Mergers, referring to the combination of two or more companies into one (Chambers & Lacey, 1994), are synonymous with change which is defined by Porras and Silvers (1991) as: an initiative which alters critical processes within the organisation; and which in turn influence employees' behaviours; and subsequently impact on organisational outcomes.

No matter how few changes are made, mergers have a destabilising effect that influences many people's lives. A great number of merger failures have been ascribed to employee problems (Nikandrou, Papalexandris & Bourantas, 2000). People become anxious when mention is made of change, because change requires adjustment; adaptation; the changing of old, established habits; and moving from a comfort zone into acquiring new habits. Employees often fear change and regard it as

confusing and distressing, because it might disturb their customary way of doing things (Plattner, 2004).

Bryson (2003) is of the opinion that mergers cannot realise their full potential if there is not positive employee input. The author states that the reason why employees experience insecurities and uncertainties during a merging process is because they fear that they might become redundant in the new merged organisation. Schweiger, Ivancevich and Power (1987) rate job security as the most imperative factor for employees during a merger, followed by remuneration and benefits, work autonomy and feedback on performance-related issues. Closely related to these, are perceptions of procedural fairness – a key factor in determining employee attitudes to, and experience of, merger change. The perceived fairness of redundancy procedures has a significant effect on the attitudes of those employees who remain behind in the organisation.

Plattner (2004) states that the uncertainty factor turns change into a threat. With change, monotony (as with routine tasks) actually makes people feel comfortable rather than bored. Therefore, it is absolutely essential for the employer to address the fears and uncertainties of employees subjected to change.

In a report issued by the Chartered Institute of Personnel and Development (CIPD, 2005), it is stated that employees are not necessarily antagonistic towards change, but rather towards the way in which change is managed, especially where changes in policies affect their security; training; career prospects; reward; pay or appraisal; information; communication; involvement and relationships; and in policies that affect how, when and where work is to be done.

The above-mentioned report furthermore states that the scale and pace of change also influence how it is received. Large amounts of organisational change affect employee attitudes negatively. Where changes occur frequently, employees' belief that management is competent and dependable may be weakened. However, where employees experience some measure of control over the changes, they will generally

be more positively inclined towards the change and might experience it as advantageous to themselves and the organisation.

From the discussion thus far, it has become quite clear that mergers are a source of profound change for the organisation, and change, in whatever shape or form, is likely to be a source of stress for the employees as it places special demands on them. Excessive stress decreases job satisfaction and lowers the employee's commitment to the organisation. Doubts about staff- and organisational changes are often more stressful than the actual changes themselves (Moran & Panasian, 2005).

**Psychological contract violation**

Before the researcher enters into a discussion of psychological contract violation, it is imperative to define the concept "psychological contract" first of all. The common term used for how employees feel about the nature of the exchange between themselves and the organisation is the *psychological contract* (Clutterbuck, 2005). The author states that employees ask themselves the following questions: Is it fair? Does it tally with what they view is right? Is it to their benefit or is it debasing or humiliating?

Rousseau (1989) defines the psychological contract as "... *an individual's belief regarding the terms and conditions of a reciprocal exchange agreement between that focal person and another party. Key issues here include the belief that a promise has been made and a consideration offered in exchange for it, binding the parties to some set of reciprocal obligations"* (p 123).

In both the aforementioned definitions the emphasis is on an exchange agreement between employer and employee. Baruch and Hind (1999) offer a very simplistic yet powerful definition of the psychological contract when they state that it is an unspoken promise that is absent in the small print of the employment contract of what the employer offers, and what the employee gives in return.

Each employee's psychological contract is unique as each employee has his or her own inherent set of expectations, yet it is possible to divide these contracts into two broad categories, namely **relational-** and **transactional contracts.** Relational contracts are based on trust and loyalty, while transactional contracts are based on financial gain and an expectation of a short term advantage in return (Garrow, 2003).

Bligh and Carsten (2005) are of the opinion that psychological contracts stand central to the change process, as a result of increased instability that encourages employees to continuously reassess and renegotiate their contracts. These authors continue by saying that as psychological contracts give direction (the word 'road map' is used) to employees' expectations in the organisation, change and a re-engineering process can adjust the rudiments of employees' beliefs about the treatment they expect. It is of the utmost importance, therefore, to know which contractual elements are the focus areas during times of change and which are the most prone to violation.

Sarkar (2007) argues that most employees feel that their psychological contracts have been violated in some way by their employer at some time. Violations might lead to lower job satisfaction, lower performance and a decline in motivation as the employee feels that he/she can no longer rely on the employer's promised inducements. Sarkar furthermore states that because psychological contracts are formed on the basis of trust, violation may lead to lower commitment to the organisation and less organisational citizenship behaviour (that is doing things to the advantage of the organisation which fall outside the normal responsibilities of the employee). Due to the subjective nature of the psychological contract, the employee might easily feel that a violation has occurred, but would find it more difficult to actually know if it really has.

What exactly then, is meant by psychological contract violation? Rousseau (2006) describes violation of the contract as a perceived failure to comply with its terms and conditions and warns that this can be potentially damaging to all parties involved. Robinson and Rousseau (1994) state that psychological contract violation can take many forms:

- **Inadvertent** violation is when both parties are most obliged to honour their obligations, but their incompatible interpretations lead the one party to act in such a way that it is in conflict with the understanding of the other party.
- **Disruption** occurs when both parties are equally prepared to honour their commitments, but are unfortunately prevented from doing so by unforeseen circumstances.
- **Breach of contract** refers to one party that is in the position of honouring its commitments, but refuses to do so and so intentionally creates a violation.

Change and its implications for the deterioration of the traditional relationship was a major consideration behind the renewed interest in the concept of the psychological contract and in particular with psychological contract violation and its consequences (Rousseau, 1990).

Psychological contract violation was regarded as a concept that could be useful in understanding how organisational change cascaded down to affect employee attitudes and behaviour. The simple argument was that organisational restructuring (such as with a merger) often resulted in psychological contract violation which in turn has a damaging effect on attitudes such as job satisfaction and employee commitment to the organisation; and results in withdrawal behaviours such as lack of co-operation and abandonment of the organisation. By implication, as change becomes all-encompassing, the damage to attitudes and behaviours becomes greater (Rousseau, 1990).

Herriot (2001) warns that both the employer and employee should guard against misunderstandings regarding their mutual obligations. Employees may believe the psychological contract to be much more relational than does the organisation. One party can thus believe that it is honouring its side of the bargain when the other perceives a violation. Perceived violation is not always the result of a reciprocal misunderstanding of what the deal is, for employees often believe that the organisation has violated the contract knowing perfectly well what that contract was and vice versa.

If the psychological contract in an employment relationship is managed effectively, it will promote mutual trust between the parties; and the objectives and commitments of employer and employee will be in perfect harmony. A negative psychological contract, however, can cause employees to become disillusioned, demotivated and resentful of a perceived, autocratic management within the organisation. The outcome of such a situation will be a negative, inefficient employee workforce with very little job satisfaction whose objectives no longer match those of the organisation (Conway & Briner, 2005).

**Job satisfaction**

Robinson *et al.* (1994) found that general psychological contract violation is associated with lower levels in job satisfaction. But what exactly is implied with *job satisfaction*? According to Robbins, Odendaal and Roodt (2003), *job satisfaction* refers to an employee's general attitude towards his or her job. An employee with high job satisfaction is generally more positive towards his or her job; whilst an employee who is discontent with his or her job, will generally be more inclined to act negatively towards the job. These authors argue that job satisfaction and employee attitudes are used interchangeably.

According to Grobler, Wärnich, Carrell, Elbert and Hatfield (2002), an employee's job satisfaction might be defined as the difference between the outcome the employee receives and the amount of that outcome the employee thinks he should receive. Dissatisfaction is the result of employee expectations not being met.

When employees experience violation in terms of their contract, their satisfaction level towards the job and the organisation will definitely decline. This dissatisfaction can be directly ascribed to an incompatibility between what was promised and what was expected (Robinson *et al.,* 1994). Porter and Lawler (1986 as cited in Cassar, 2001) state that unkept promises by the employer may often be those aspects of work that are essential for ensuring employee satisfaction. An employee may find it very difficult to obtain satisfaction from performing the job when he or she cannot rely on the

promised employer contributions. Cassar (2001) makes a very valid point to be borne in mind, namely that most of the research done on psychological contract violation refers to violation on the part of the employer. This view of the psychological contract is also applicable in this study.

Schalk, Campbell and Freese (1998) are of the opinion that any change process, such as during a merger, will have different effects on the psychological contract of employees. Changes in the psychological contract will then influence employee attitudes; and changes in employee attitudes will affect employee behaviour. These authors postulate that employees will experience a more positive psychological contract if they perceive communication about the change process positively. Furthermore, if employees could participate in the **implementation of the changes**; they will experience a more **positive psychological contract**. When an employee experiences a more positive psychological contract and if the employee's expectations about reciprocal obligations are met; the employee's attitude with reference to his/her job satisfaction will be positive with generally speaking more **positive attitudes** and **behaviour** towards the organisation as well. These authors illustrate these concepts as follows in *Figure 1.*

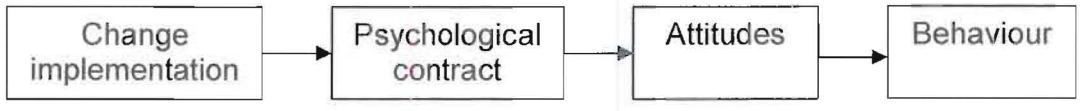



*Figure 1:* The influence of change on other variables
Source: Schalk, Campbell and Freese (1998)

These findings by Schalk *et al.* (1998) are supported by what Chambel and Peiró (2003) had found in their qualitative study, namely that perceived psychological contract violation had a significant negative effect on employees' job satisfaction. Parallel to these findings is the earlier view expressed by Robinson *et al.* (1994) when they argued that job satisfaction and employee attitudes are used interchangeably.

## Commitment

Organisational changes may influence work-related attitudes, such as commitment, positively or negatively (Schalk, Heinen & Freese, 2001). Mowday, Porter & Steers (1982) state that *organisational commitment* is characterised by three factors, namely: a) *"a strong belief and acceptance of the specific organisation's goals and values; b) a willingness to put in considerable effort on behalf of the organisation; and c) a strong desire to maintain membership of the organisation"* (p 27).

Two decades later, Robbins *et al.* (2003) to a great extent reiterate what Mowday *et al.* (1982) had said when they define *organisational commitment* as a situation where an employee can actually bond with a particular organisation through identifying with its goals and wishing to maintain membership in the organisation.

The researcher views organisational commitment as the feeling that an employee experiences that he or she actually belongs to an organisation and that there are mutual obligations present in this employment relationship between employer and employee.

Allen and Meyer (1990) distinguish three major types of organisational commitment:

- *Affective commitment* refers to an employee's emotional identification with, and attachment to the organisation. The employee is involved with the organisation and relates to its values and goals.
- *Continuance commitment* refers to an employee's personal pledge to remain with the organisation as a result of the costs he/she associates with leaving the organisation. These costs refer to effort, time and sacrifices made for the organisation.
- *Normative commitment* is the employee's feelings of obligation to remain with the organisation. The employee believes he/she should remain with the organisation.

The TPC Questionnaire used in this study predominantly focuses on affective commitment which, according to the researcher, is extremely relevant to a transformation process such as with a merger where employees have to enter into a "new" relationship with the organisation; relate to "new" goals and values and establish "new" emotional ties with the merged organisation (Garrow, 2003).

Research by Freese and Schalk (1996) has shown that the psychological contract undoubtedly influences organisational commitment. When an employee's expectations about mutual obligations have been met, the psychological contract will be positive and organisational commitment will be positive, thus the employee's intention to leave the organisation will be negative (Schalk *et al.*, 2001). According to Thomas, Zuber and Hammond (2002), employees who have a more relational oriented relationship with the organisation are more likely to be committed to organisational goals and values than those who are just transactionally oriented. Rousseau (1990, 1995) postulates that the levels of commitment in relational contracts are higher than the levels in transactional contracts, and employees would rather perceive relational obligations as damaged by the merger.

But how can organisational commitment be met? According to Beck (1999), the following can act as guidelines to ensure that organisational commitment is achieved:

- the employer must support the employee at all times;
- the employer is to provide a satisfactory work environment, including acceptable remuneration and performance management systems, adequate staffing resources and equipment, participatory and transparent management style, and continuous feedback and communication that will reduce role ambiguity;
- the employer is to show trust, respect and recognition of employees' experience and expertise during decision-making processes; and
- employees must be provided with opportunities for development and training.

The way change is implemented (that is the manner in which change implementation is communicated, support during, and participation in the implementation of change)

has a profound effect on the psychological contract (Schalk *et al.*, 1998). There is a positive relationship between the psychological contract and attitudes; whilst attitudes are related to employee behaviour. According to research done by these authors, the psychological contract causes organisational change to either succeed or fail. If during the implementation process of change, such as with a merger, employees' psychological contracts are taken into account and contract violations may be prevented, the contract may be revised without posing any threat that employees might quit their positions at the organisation (Rousseau, 1996 as cited in Schalk *et al.*, 1998).

Based on the problem statement, the following specific research objectives are proposed:

- to conceptualise employment relations and the psychological contract and the relationship between these constructs from literature;
- to evaluate the effect of mergers, subsequent workplace changes and the violation of employer obligations on the psychological contract referring to job satisfaction and organisational commitment.

## AIM OF THE STUDY

The general objective of this research study is to determine the effect of mergers and workplace change on the psychological contract; and the influence of psychological contract violation on job satisfaction and organisational commitment.

## METHOD

### Research design

The research objectives were met by utilising a cross-sectional survey design. This design is useful in assessing various expectations and behavioural aspects amongst

employees at FET Colleges in the Free State Province. The survey design will more specifically research the effect of mergers and subsequent changes in the workplace as well as the violation of employer obligations on the "psychological contract", with special reference to job satisfaction and organisational commitment. The survey design is ideal towards meeting the research objectives since the researcher will use questionnaires as a data collection method. This method was decided upon by the researcher, because it has 'relevance' to the purpose of the research (Bailey, 1987), that is (1) relevance of the study's goals; (2) relevance of questions to the goals of the study; and (3) relevance of the questions to the individual respondent.

Participants for this study were randomly selected from the four FET Colleges in the Free State. Random selection is important according to Spector (2000), especially as the purpose is to draw accurate conclusions about the entire group of interest.

The questionnaires were delivered by hand to enable respondents to complete the questionnaires in their own time. The sample contained elements that are representative of the Free State FET population.

**Participants**

The total population of 375 employees at FET Colleges in the Free State Province was involved. A response rate of 53% (n=200) was achieved. The participants that took part in this study represent management, educators and administration staff on different post levels within the four Free State FET Colleges.

The biographical characteristics of the study population are presented in Table 1. Of the employees in the sample, 47% were lecturers, while 29.5% of the study population consisted of employees in supervisory/managerial positions. The other component totaling 22.5% of the total sample represented administration staff.

Those employees who were involved in the merging process when it started in 2000/1 total 58% of the study population, while 66.0% are employed by the Department of

Education. Females comprise the majority of the study population, namely 59.0% and more employees are married (65.5%) and/or have dependents (67.0%).

The majority of the participants have actual lecturing contact hours, namely 59.5%. The other 36% that do not have lecturing contact hours are either administrative staff or educator staffs who are in the following positions: principal, vice-principal, campus managers, portfolio managers and in some instances divisional heads (HODs) also do not have lecturing contact hours.

Table 1

*Compilation of the study population (n=200)*

| Item | Category | Frequency | Percentage |
|---|---|---|---|
| **Position held** | Lecturer (1) | 94 | 47.0 |
| | Senior Lecturer/Senior Education Specialist (2) | 25 | 12.5 |
| | HOD (3) | 13 | 6.5 |
| | Vice-Principal (4) | 2 | 1.0 |
| | Principal (5) | 1 | 0.5 |
| | Campus Manager (6) | 6 | 3.0 |
| | Portfolio Manager (7) | 12 | 6.0 |
| | Other (8) | 45 | 22.5 |
| | **Total** | **198** | **99.0** |
| **Tenure** | Less than 5 years | 78 | 39.0 |
| | 6 – 10 years | 45 | 22.5 |
| | 11 – 15 years | 23 | 11.5 |
| | 16 – 20 years | 31 | 15.5 |
| | More than 20 years | 17 | 8.5 |
| | **Total** | **194** | **97.0** |
| **Employed in current position** | Less than 5 years | 115 | 57.5 |
| | 6 – 10 years | 38 | 19.0 |
| | 11 – 15 years | 25 | 12.5 |
| | 16 – 20 years | 13 | 6.5 |
| | More than 20 years | 2 | 1.0 |
| | **Total** | **193** | **96.5** |
| **Lecturing contact hours** | Yes (1) | 119 | 59.5 |
| | No (2) | 72 | 36.0 |
| | **Total** | **191** | **95.5** |
| **Employer** | Department of Education | 132 | 66.0 |
| | College Council | 65 | 32.5 |
| | **Total** | **197** | **98.5** |
| **Highest qualification** | College | 64 | 32.0 |
| | University of Technology/Technikon | 34 | 17.0 |
| | University | 93 | 46.5 |
| | **Total** | **191** | **95.5** |
| **Gender** | Male | 78 | 39.0 |
| | Female | 118 | 59.0 |
| | **Total** | **196** | **98.0** |
| **Age** | 24 years and younger | 11 | 5.5 |
| | 25 – 35 years | 60 | 30.0 |
| | 36 – 45 years | 53 | 26.5 |
| | 46 – 55 years | 50 | 25.0 |
| | 56 years and older | 21 | 10.5 |
| | **Total** | **195** | **97.5** |
| **Marital status** | Married | 131 | 65.5 |
| | Single | 66 | 33.0 |
| | **Total** | **197** | **98.5** |
| **Dependents** | Yes | 134 | 67.0 |
| | No | 64 | 32.0 |
| | **Total** | **198** | **99.0** |

## Statistical analysis

The statistical analysis is carried out with the SPSS program (SPSS, 2006) which is a data management and analysis product that was originally earmarked for the Social Sciences. This program includes:

- descriptive statistics: cross tabulation, frequencies, descriptives;
- bivariate statistics: means, *t*-test, ANOVA, correlation;
- prediction for numerical outcomes: linear regression; and
- prediction for identifying groups: factor analysis, cluster analysis (two-step, K-means, hierarchical), discriminant.

When items, such as with the TPC, are used to form a scale, internal consistency is essential. In other words, the items should all measure the same thing, so they should be correlated with one another. A useful coefficient for assessing internal consistency is Cronbach's alpha. Thus, Cronbach alpha assesses reliability with regard to the consistency of scores obtained when the same people are re-examined with the same test on various occasions, or when equivalent items have been tested under other variable conditions. Validity, on the other hand, depends on what a test is supposed to measure and how well it measures it (Anastasi & Rhodes, 2000).

The relationship between variables will be specified by means of Pearson product moment correlation coefficients. The level of statistical significance = $p<0.05$ and effect sizes will be computed to assess the practical significance of relationships in this study. A cut-off point of 0.30 represents a medium effect and a cut-off point of 0.50 represents a large effect with regard to the practical significance of correlation coefficients (Cohen, 1988).

Steyn (2002) is not entirely in favour of the sole use of statistical significance testing. However, he recommends that effect sizes be established to determine the importance of a statistically significant relationship. The percentage of variance in the dependent variable that is predicted by the independent variables will be established by carrying

out multiple regression analyses. According to Cohen (1988), a correlation can be better understood through determining $R^2$, as the proportion of variance in any two variables (which is predicted by variance in the other) is indicated by the square of the correlation coefficient.

The *t*-test assesses whether the means of two groups are statistically different from each other. Whenever the means of two groups are to be compared, this analysis is most appropriate (Trochim, 2006).

The significance of differences between biographic groups will be established by means of MANOVA and ANOVA. MANOVA is useful in experimental situations where at least some of the independent variables are manipulated (French & Poulsen, 2002).

ANOVA, on the other hand, is an analysis of the variation present in an experiment. It is a general technique that can be used to test hypotheses that the means among two or more groups are equal, assuming that the sampled populations are normally distributed (Engineering Statistics Handbook, 2007).

Graphic presentations will be used to promote a comprehensive understanding of essential features of frequency distributions.

In this article, the references and editorial style used have been prescribed by the Publication Manual (4th edition) of the American Psychological Association (APA). This practice is in line with policy requirements of the Industrial Sociology Programme at the North-West University.

## RESULTS

In this study the researcher first used a principal component analysis; and thereafter a Varimax rotation.

*"Varimax, Quartimax and Equamax are orthogonal rotations, meaning the resulting factors (or components) are uncorrelated. The Direct Oblimin and Promax rotations are oblique rotations, meaning the resulting factors are correlated with one another"* (SPSS, 1997). Orthogonal refers to components that load perpendicularly. One would typically prefer to identify **independent** components with a factor analysis (in other words uncorrelated). Should such a factor analysis not yield satisfactory components though, in other words with a variable that measures high on two components and one cannot actually see to which component it belongs; the oblique rotations are utilised in order to try and find factors even though they might not be independent. In this research Varimax was utilised as it worked quite well at extracting independent factors; therefore there was no need to resort to a Direct Oblimin rotation.

A principal component analysis that was carried out on the 9 items of **Job satisfaction** showed three factors, which explained 56.3% of the total variance. Eight factors with eigenvalues larger than one were obtained. However, the scree plot showed a sharp break after the third factor and it was decided to extract three factors. A principle component analysis with a Varimax rotation was then performed on the 9 items.

The results of the factor analysis are presented in Table 2. Loadings of variables on factors, communalities and percentage of variance explained are also shown in the table. Loadings under 0.40 were replaced by zeros. Labels are suggested for each factor in a footnote.

Table 2

*Rotated component matrix for job satisfaction*

| | Component | | | |
|---|---|---|---|---|
| | 1 | 2 | 3 | $h^2$ |
| 11.3I have a positive feeling towards my organisation | **0.801** | 0.000 | 0.000 | 0.668 |
| 11.8I have a good relationship with the organisation | **0.762** | 0.000 | 0.000 | 0.590 |
| 11.6My responsibilities re. my work and the organisation are clear | **0.691** | 0.000 | 0.000 | 0.625 |
| 11.4I have a positive feeling towards my work | **0.661** | 0.000 | 0.000 | 0.499 |
| 11.7I feel that I give more to the organisation than I receive | **-0.535** | 0.418 | 0.000 | 0.522 |
| 11.9Not only do I work for the salary, but also for the social interaction and self-development | **0.487** | 0.406 | 0.000 | 0.414 |
| 11.1My job has a large influence on my life | 0.000 | **0.831** | 0.000 | 0.691 |
| 11.5I perceive working for this organisation as providing a service in exchange for a salary | 0.000 | 0.000 | 0.718 | **0.593** |
| 11.2My job duties change very rarely | 0.000 | 0.000 | 0.623 | **0.469** |
| Percentage variance explained | 29.94% | 13.59% | 12.81% | 56.3% |

1 = identification with organisation 2 = respect for work life 3 = kind of work
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a Rotation converged in 3 iterations

A principal component analysis that was carried out on the 48 items of **Commitment** showed three factors, which explained 45.5% of the total variance. Ten factors with eigenvalues larger than one were obtained. However, the scree plot showed a sharp break after the third factor and it was decided to extract three factors. A principle component analysis with a Varimax rotation was then performed on the 48 items.

The results of the factor analysis are presented in Table 3. Loadings of variables on factors, communalities and percentage of variance explained are also shown in the table. Loadings under 0.40 were replaced by zeros. Labels are suggested for each factor in a footnote.

Table 3

*Component matrix for commitment*

| | | Component | | | |
|---|---|---|---|---|---|
| | | 1 | 2 | 3 | $h^2$ |
| 13.8 | Acting and dressing professionally | **0.805** | 0.000 | 0.000 | 0.682 |
| 13.9 | Keep confidential information | **0.801** | 0.000 | 0.000 | 0.649 |
| 13.6 | Provide effective service to clients and colleagues | **0.780** | 0.000 | 0.000 | 0.638 |
| 13.17 | Carefully and cost-efficiently engaging with organisation's property | **0.778** | 0.000 | 0.000 | 0.637 |
| 13.15 | Supporting existing procedures in the organisation | **0.745** | 0.000 | 0.000 | 0.691 |
| 13.18 | High performance – qualitatively and quantitatively | **0.742** | 0.000 | 0.000 | 0.586 |
| 13.7 | Assist others with their work | **0.727** | 0.000 | 0.000 | 0.533 |
| 13.4 | Honest relationship with the organisation | **0.679** | 0.000 | 0.000 | 0.603 |
| 13.10 | Positively relating to the organisation | **0.678** | 0.000 | 0.000 | 0.589 |
| 13.2 | Ensure a good image of the organisation | **0.660** | 0.000 | 0.000 | 0.545 |
| 13.16 | Follow the values and norms of the organisation | **0.636** | 0.000 | 0.000 | 0.542 |
| 13.11 | Voluntary performing non-obligation tasks | **0.630** | 0.000 | 0.000 | 0.546 |
| 13.13 | Developing new competencies that will contribute towards the org. | **0.617** | 0.000 | 0.000 | 0.571 |
| 13.12 | Working overtime to complete work | **0.556** | 0.000 | 0.000 | 0.415 |
| 13.20 | Only perform organisational functions | **0.532** | 0.000 | 0.000 | 0.372 |
| 13.5 | Prior notice to management that you are open for new occupational oppor. | **0.506** | 0.000 | 0.000 | 0.332 |
| 14.5 | What happens with this organisation affects me | **0.462** | 0.000 | 0.000 | 0.241 |
| 14.25 | During working hours I am involved with the activities in my work | **0.427** | 0.000 | 0.000 | 0.198 |
| 13.14 | Accepting another position in the organisation | **0.392** | 0.000 | 0.000 | 0.203 |
| 13.19 | Only neglecting to do work if you are extremely ill | **0.363** | 0.000 | 0.000 | 0.222 |
| 14.16 | If it were up to me, I would have a career at a different org. | 0.000 | **-0.795** | 0.000 | 0.653 |
| 14.13 | I am actively looking for other employment | 0.000 | **-0.755** | 0.000 | 0.576 |
| 14.6 | It will be hard for me to leave this org. even if I want to | 0.000 | **0.752** | 0.000 | 0.622 |
| 14.2 | I am happy that I chose to work for this organisation | 0.000 | **0.730** | 0.000 | 0.599 |
| 14.17 | According to me this org. is the best to work for | 0.000 | **0.710** | 0.000 | 0.540 |
| 14.7 | I keep my options open for employment at a different org. | 0.000 | **-0.705** | 0.000 | 0.506 |
| 14.8 | I presume that I could easily feel as strong a bond with a different org. | 0.000 | **-0.702** | 0.000 | 0.497 |
| 14.15 | There is a possibility that I could leave the org. at this moment | 0.000 | **-0.701** | 0.000 | 0.503 |
| 14.24 | Leaving this org. will be an enormous personal sacrifice | 0.000 | **0.644** | 0.000 | 0.445 |
| 14.1 | I do not want to continue with my career at this org. (R) | 0.000 | **0.642** | 0.000 | 0.438 |
| 14.11 | My decision to work for this org. was a great mistake (R) | 0.000 | **0.633** | 0.000 | 0.514 |
| 14.10 | If another org. offers me the same career opport. as this one, I'll take it | 0.000 | **-0.628** | 0.000 | 0.460 |
| 14.9 | My life would be disrupted if I decided to leave this org. now | 0.000 | **0.586** | 0.000 | 0.453 |
| 14.23 | I do not feel at home within this organisation (R) | 0.000 | **0.574** | 0.000 | 0.406 |
| 14.14 | My personal values and norms correspond with those of the org. | 0.000 | **0.570** | 0.000 | 0.474 |
| 14.4 | I hardly think about quitting my job | 0.000 | **0.537** | 0.000 | 0.381 |
| 14.19 | Any negative incident in the near future will initiate my leaving | 0.000 | **-0.497** | 0.000 | 0.281 |
| 14.3 | I would not worry to end my services at this org. | 0.000 | **-0.424** | 0.000 | 0.279 |
| 13.3 | Require a transfer to another area if necessary | 0.000 | 0.000 | **0.590** | 0.373 |
| 14.18 | At this moment I have to endure my career at the current org. | 0.000 | 0.000 | **0.445** | 0.214 |
| 14.22 | If the opportunity arises, I would like to work for another FET College | 0.000 | 0.000 | **0.401** | 0.175 |
| 14.21 | I do not have enough alternatives to motivate me to leave this org. | 0.000 | 0.000 | **0.361** | 0.257 |
| 14.20 | I feel remotely bonded with this organisation | 0.000 | 0.000 | **0.311** | 0.147 |
| Percentage variance explained | | 26.91% | 13.73% | 4.89% | 45.54% |

1 = Ethics 2 = Loyalty 3 = Intention to turnover

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

a Rotation converged in 4 iterations.

A principal component analysis that was carried out on the 30 items of **Change** showed three factors, which explained 48.9% of the total variance. Nine factors with eigenvalues larger than one were obtained. However, the scree plot showed a sharp break after the second factor and it was decided to extract two factors. A principle component analysis with a Varimax rotation was then performed on the 30 items.

The results of the factor analysis are presented in Table 4. Loadings of variables on factors, communalities and percentage of variance explained are also shown in the table. Loadings under 0.40 were replaced by zeros. Labels are suggested for each factor in a footnote.

Table 4

*Rotated component matrix for change*

| | Component | | | |
|---|---|---|---|---|
| | 1 | 2 | 3 | $h^2$ |
| 29 Did working in the org. improve or deteriorate after the change? | **0.745** | 0.000 | 0.000 | 0.556 |
| 28.1 Do you receive enough support from the org. to cope with the change? | **0.731** | 0.000 | 0.000 | 0.540 |
| 28.4 Are you satisfied with the manner in which the change is implemented? | **0.721** | 0.000 | 0.000 | 0.527 |
| 26 Is the information you receive concrete and clear? | **0.714** | 0.000 | 0.000 | 0.523 |
| 30 Do you find the change necessary for the improved functioning of the organisation? | **0.702** | 0.000 | 0.000 | 0.507 |
| 28.2 Do you have adequate knowledge to cope with the changes? | **0.633** | 0.000 | 0.000 | 0.492 |
| 34 Are you aware of the future re. change in the org.? | **0.618** | 0.000 | 0.000 | 0.417 |
| 22 Are you involved with the implementation of the changes? | **-0.548** | 0.000 | 0.000 | 0.591 |
| 33 What is the general attitude of your colleagues re. change? | **0.539** | 0.000 | 0.000 | 0.297 |
| 31 What is your perception about the number of changes in your org.? | **0.532** | 0.000 | 0.000 | 0.383 |
| 27 How do you feel about the time when informed re. the changes? | **0.440** | 0.000 | 0.000 | 0.300 |
| 25 How do you feel about the amount of info. you receive re. the changes? | **-0.361** | 0.000 | 0.000 | 0.177 |
| 18 Did the organisation initiate the change or was it your choice? | **-0.241** | 0.000 | 0.000 | 0.100 |
| 16.7 Alterations in the organisational structure or strategy | 0.000 | **0.730** | 0.000 | 0.536 |
| 16.4 Different team distributions | 0.000 | **0.679** | 0.000 | 0.464 |
| 16.5 New manager/leader | 0.000 | **0.664** | 0.000 | 0.450 |
| 15 Have there been any changes in your work or org. policies since the merger? | 0.000 | **-0.616** | 0.000 | 0.394 |
| 16.1 Different position | 0.000 | **0.528** | 0.000 | 0.359 |
| 16.2 Different job description or more/fewer tasks within position | 0.000 | **0.512** | 0.000 | 0.310 |
| 16.6 Alterations in personnel policy (new performance management system) | 0.000 | **0.484** | 0.000 | 0.250 |
| 20 How great is the influence of the change on your work? | 0.000 | **0.315** | 0.000 | 0.206 |
| 23 Do you want to be involved in the implementation of the changes? | 0.000 | **-0.304** | 0.000 | 0.219 |
| 19 On which aspect did change have the greatest influence? | 0.000 | **-0.233** | 0.000 | 0.133 |
| 24 What is your opinion about the rate at which changes are implemented? | 0.000 | **0.128** | 0.000 | 0.038 |
| 28.3 Are you able to combine the org. changes with your private life? | 0.430 | 0.000 | **0.544** | 0.504 |
| 16.8 Other | 0.000 | 0.000 | **0.535** | 0.292 |
| 32 What is your general attitude towards change? | 0.000 | 0.000 | **0.515** | 0.477 |
| 16.3 Alterations on contract (more/fewer hours etc.) | 0.000 | 0.000 | **0.442** | 0.283 |
| 36 Any changes in your personal life that had an influence on your work? | 0.000 | 0.000 | **-0.399** | 0.281 |
| 21 Is the change mentally? | 0.000 | 0.000 | **0.220** | 0.077 |
| Percentage variance explained | 17.74% | 11.79% | 6.07% | 35.61% |

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a Rotation converged in 20 iterations.

1 = support
2 = participation
3 = attitudes

Each of the variables of employer obligations was changed to the negative and the mean was calculated to form the value for **employer violation**.

Table 5

*Descriptive statistics, Cronbach alpha coefficients and inter-item correlation coefficients of the measuring instruments*

| | Mean | SD | Skewness | Kurtosis | α |
|---|---|---|---|---|---|
| Job satisfaction | 3.457 | 0.646 | -0.381 | 0.391 | 0.740 |
| Commitment | 3.463 | 0.361 | -0.541 | 0.326 | 0.802 |
| Violation of employer obligations | 2.420 | 0.654 | 0.352 | 0.260 | 0.961 |
| Change | 2.063 | 0.208 | 0.120 | 0.646 | 0.428 |

The Cronbach alpha values obtained for job satisfaction, commitment and employer violation were all higher than the guideline $\alpha > 0.70$. The Cronbach alpha obtained for change, however, is 0.428. This value is lower than the guideline of 0.70, which indicates that there is internal inconsistency and this may be the reason why other authors who have used the same questionnaire did not report a Cronbach alpha for change.

Table 6

*Correlation coefficients between change, job satisfaction, commitment, employee obligations, employer obligations and violation of employer obligations*

| | Change | Job satisfaction | Commitment | Employee obligations | Employer obligations | Employer violation |
|---|---|---|---|---|---|---|
| Change | 1 | -0.353(**) | -0.150(*) | -0.242(**) | -0.142(*) | 0.142(*) |
| Job satisfaction | -0.353(**) | 1 | 0.352(**) | 0.317(**) | 0.429(**) | -0.429(**) |
| Commitment | -0.150(*) | 0.352(**) | 1 | 0.911(**) | 0.405(**) | -0.405(**) |
| Employee obligations | -0.242(**) | 0.317(**) | 0.911(**) | 1 | 0.375(**) | -0.375(**) |
| Employer obligations | -0.142(*) | 0.429(**) | 0.405(**) | 0.375(**) | 1 | -1.000(**) |
| Employer violation | 0.142(*) | -0.429(**) | -0.405(**) | -0.375(**) | -1.000(**) | 1 |

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

One can see a very high correlation with a strong practically significant effect between commitment and employee obligations ($r = 0.911$). The more the employee realises his obligations; the higher his commitment will be and vice versa.

All the other correlations are practically significant with a $p<0.01$.

Table 6 shows a practically significant correlation coefficient ($p < 0.01$) of a medium effect ($r > 0.30$) between:

- change and job satisfaction;
- job satisfaction and: commitment, employer obligations, employer violations;
- commitment and: employer obligations, employer violations; and
- employee obligations and: employer obligations, employer violations.

A stepwise multiple regression analysis (with *job satisfaction* as dependent variable and *employer violation; organisational commitment* and *change* as independent variables) was performed. The table below shows that 29.9% of the variance in *job satisfaction* is predicted by *employer violations, change* and *commitment* ($F = 27.668$, $p< 0.01$). From the regression coefficients it can be seen that the relationship between *employer violation* and *job satisfaction* is negative, meaning that the more the employer violates its obligations; the lower the respondent's job satisfaction will be. Similarly, the relationship between *change* and *job satisfaction* is negative, meaning that the greater the change the employee experiences; the lower his job satisfaction will be. The relationship between *commitment* and *job satisfaction* is positive, meaning that the higher the employee's commitment; the higher his job satisfaction will be.

Table 7

*Regression analysis between job satisfaction, commitment, violation and change*

| Model | | Unstandardised coefficients | | Standardised coefficients | t | p | F | R | $R^2$ | $\Delta R^2$ |
|---|---|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | B | | | | | |
| 1 | (Constant) | 4.484 | 0.160 | | 28.104 | .000 | 44.393 | 0.429 | 0.184 | 0.184 |
| | Employer violat. | -0424 | 0.064 | -0.429 | -6.663 | .000 | | | | |
| 2 | (Constant) | 6.309 | 0.403 | | 15.641 | .000 | 36.681 | 0.522 | 0.272 | 0.088 |
| | Employer violat. | -0.383 | 0.061 | -0.388 | -6.301 | .000 | | | | |
| | Change | -0.932 | 0.191 | -0.300 | -4.881 | .000 | | | | |
| 3 | (Constant) | 4.921 | 0.650 | | 7.575 | .000 | 27.668 | 0.546 | 0.299 | 0.026 |
| | Employer violat. | -0.313 | 0.065 | -0.317 | -4.808 | .000 | | | | |
| | Change | -0.877 | 0.189 | -0.282 | -4.636 | .000 | | | | |
| | Commitment | 0.319 | 0.118 | 0.178 | 2.700 | .008 | | | | |

a Dependent variable: job satisfaction

Table 8

*Analysis of variance of gender and dependents and job satisfaction*

| | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| Job satisfaction | Between Groups | 4.421 | 3 | 1.474 | 3.638 | 0.014 |
| | Within Groups | 77.788 | 192 | 0.405 | | |
| | Total | 82.209 | 195 | | | |

The table above shows that there is a practically significant effect of gender and dependents on job satisfaction ($F = 3.638$, $p < 0.05$.)

The mean plot below shows that females with dependents have significant lower job satisfaction than the rest of the respondents.

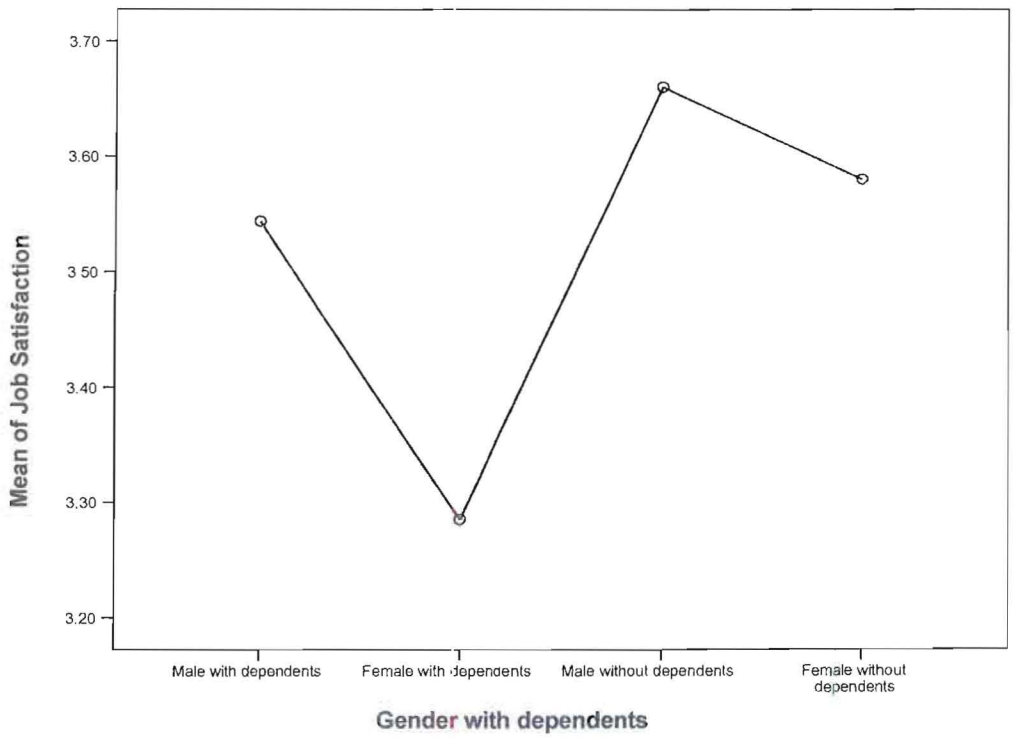



*Figure 2:* Gender with dependents and job satisfaction

Table 9

*Analysis of variance of lecturing contact hours and job satisfaction*

| | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| Job satisfaction | Between Groups | 1.832 | 1 | 1.832 | 4.461 | 0.036 |
| | Within Groups | 77.613 | 189 | 0.411 | | |
| | Total | 79.445 | 190 | | | |

Table 9 above shows that there is a significant effect of lecturing contact hours on job satisfaction ($F = 4.461$, $p < 0.05$). The mean plot below shows that respondents with lecturing contact hours have significant lower job satisfaction than the rest of the respondents.

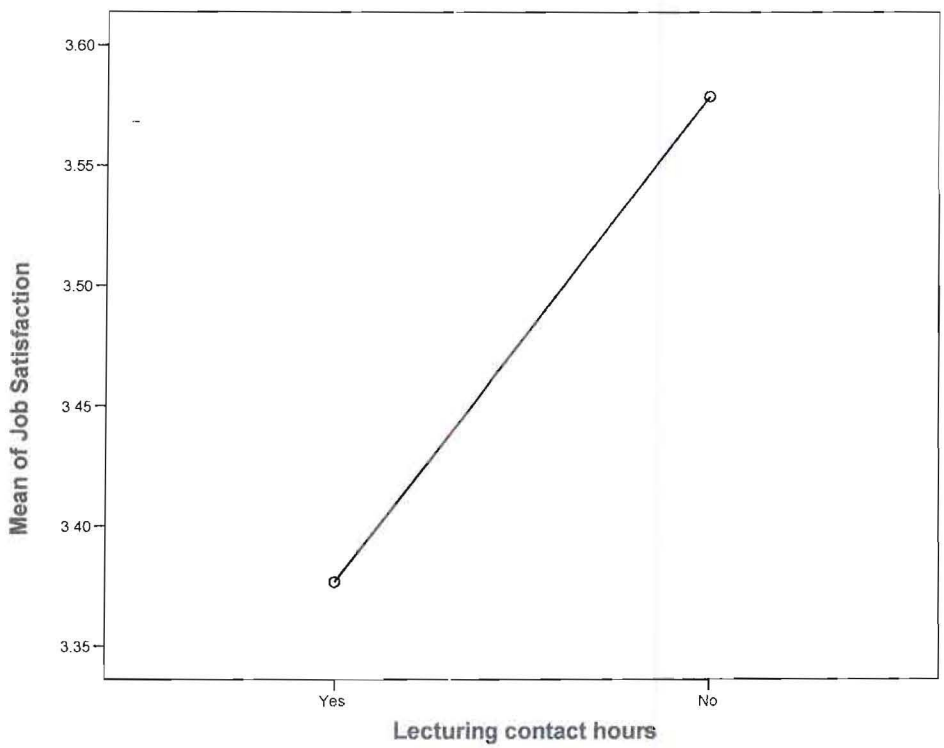



*Figure 3:* Lecturing contact hours and job satisfaction

Table 10

*Analysis of variance of type of employment and job satisfaction*

| | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| Job satisfaction | Between Groups | 3.231 | 1 | 3.231 | 7.976 | 0.005 |
| | Within Groups | 78.980 | 195 | 0.405 | | |
| | Total | 82.211 | 196 | | | |

Table 10 shows that there is a significant effect of how a person is employed on job satisfaction ($F = 7.976$, $p < 0.01$). The mean plot below shows that respondents employed by the DoE have significant lower job satisfaction than those employed by College Councils.

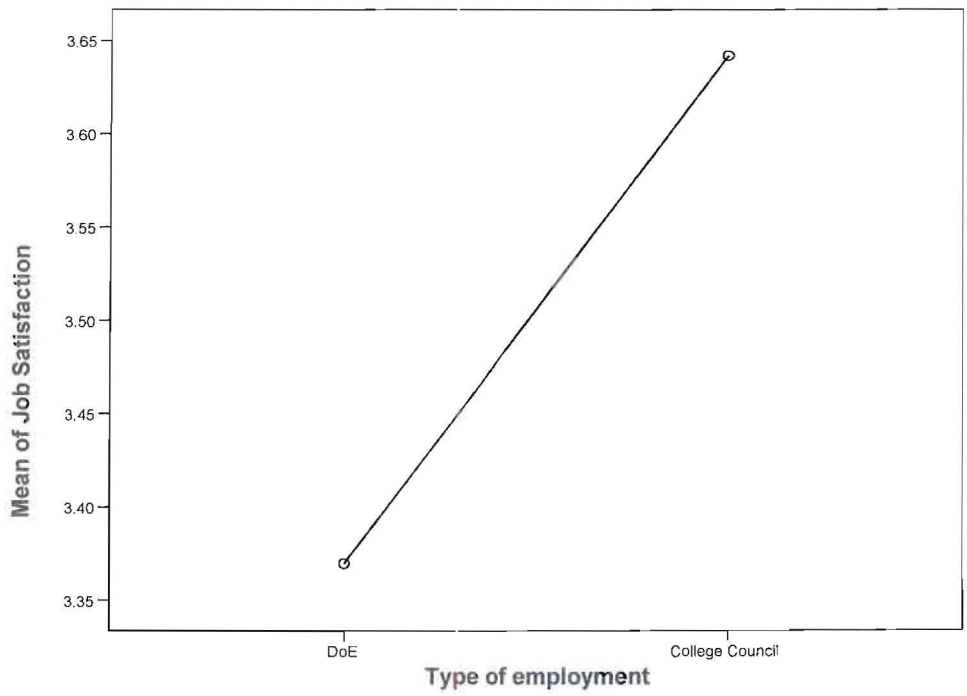



*Figure 4:* Employer type and job satisfaction

Table 11

*Analysis of variance of tenure and commitment*

| | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| Commitment | Between Groups | 1.410 | 4 | 0.352 | 2.792 | 0.028 |
| | Within Groups | 23.732 | 188 | 0.126 | | |
| | Total | 25.142 | 192 | | | |

Table 11 shows that there is a practically significant effect of years employed in the current position on commitment ($F = 2.792$, $p < 0.05$). The mean plot below shows that respondents employed for longer than 20 years have significant lower commitment than the rest of the respondents.

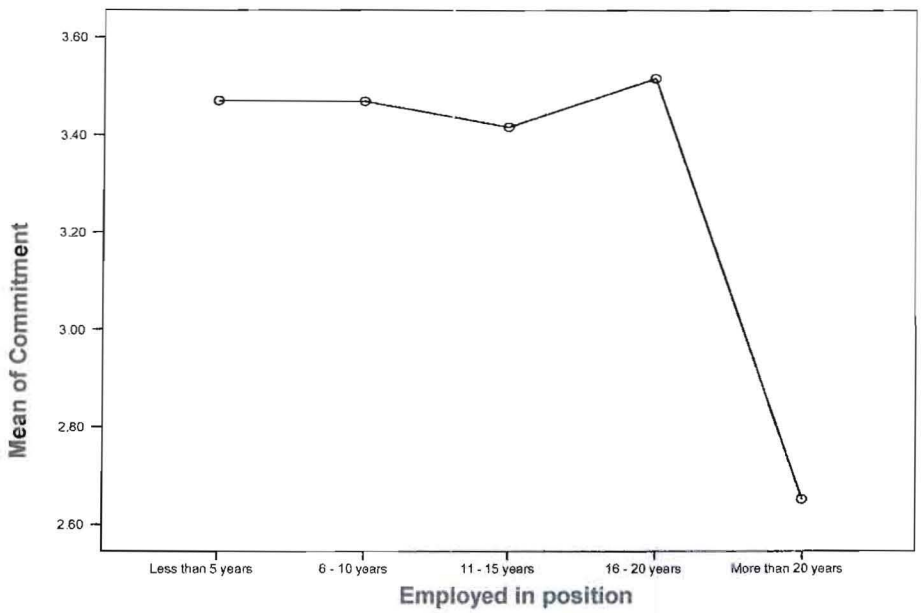



*Figure 5:* Tenure and commitment

## DISCUSSION

The objective of this study was to investigate the effect of mergers, change and psychological contract violation on job satisfaction and organisational commitment of employees at Free State FET Colleges.

Factor analyses were performed on the various items, using principle component analysis and Varimax rotation. Three significant factors were extracted from each of the following items: job satisfaction; commitment; and change. The factors identified, were: job satisfaction: identification with organisation, respect for work life, and kind of work; commitment: ethics, loyalty, and intention to turnover; change: support, participation, and attitudes.

The Cronbach alpha values obtained for job satisfaction, commitment and employer violation were all higher than the guideline $\alpha > 0.70$. It therefore appears that all the measuring instruments have acceptable levels of internal consistency, except change where the Cronbach alpha was 0.428. This is an indication of internal consistency that might be ascribed to the fact that the items did not all measure on the same Likert scale. Other studies that used the same questionnaire did not report Cronbach alphas for change at all.

In the multiple regression analysis with job satisfaction as dependent variable, it was evident that the relationship between employer violation and job satisfaction is negative; meaning that the more the employer violates its obligations, the lower the employee's job satisfaction will be. This is in sync with what Robinson *et al.* (1994) had found, namely that general psychological contract violation is associated with lower levels in job satisfaction. Job dissatisfaction is thus a direct result of incompatibility between what was promised and what was expected.

With regard to FET Colleges, what does the employer do that the employee regards as a violation of what was promised by the employer? The researcher is of the opinion that a decline in job satisfaction might not be ascribed to one or two individual factors

only, but rather to the entire process of change which has a snowball effect on employee attitudes and employee behaviour. Change always comes with a price attached to it and most of the time that price is the inability to retain satisfied employees, because in this research the relationship between change and job satisfaction is negative, meaning that the greater the change the employee experiences; the lower job satisfaction he/she will have.

What then can employers do to implement change with the least possible resistance from employees and the subsequent detrimental consequences for the organisation as a whole? The researcher is of the opinion that there is no foolproof answer to this, but communication will always play a major role in any change initiative and employees' subsequent acceptance thereof. In an analysis of employee responses to questions on how the anticipated change brought about by the merger was communicated to them (questions 25; 26; 27; and 28.2), the following feedback was received from the majority (63.8%) of the participants via the questionnaires:

- The amount of information received was either too little or too much.
- Communications regarding change were not concrete and clear enough.
- The time frame when they were being informed about the changes was either too early or too late.
- Communication did not equip employees with adequate knowledge on how to cope with the changes.

Communication also extends to employer and employee obligations. In other words, if an employee knows what the employer expects from him/her and the employer honours its commitments made to the employee, the chances that the employee will become so disillusioned with the employment relationship will be minimised.

Females with dependents have significant lower job satisfaction ($F= 3.638$, $p<0.05$) than the other respondents. The researcher wants to suggest the following as possible reasons for this, namely that female employees with dependents might

experience role conflict (that is conflicting demands between work- and family life according to Kreitner & Kinicki, 2004) which can cause a lack of job satisfaction.

Another possibility might be that female employees still perceive a gendered division of labour within the FET sector. Although quite substantial progress has been made to ensure gender equity with regard to managerial positions, an address by the Minister of Education, Ms Naledi Pandor, at a conference entitled "Top Women in Business and Government's 'Women Creating Wealth'" held on 11/08/2005 revealed that although 70% of employees in the public education system are women, very few of them hold management and leadership positions in education. This can be ascribed to the traditional stereotypes of female roles in education; sexist institutional cultures and inadequate organisational support

Lecturing contact hours showed a significant effect on job satisfaction ($F=4.46$, $p<0.05$) (Table 9). Employees with lecturing contact hours have significant lower job satisfaction than the rest of the respondents. In order to try and make sense from this, the researcher first wishes to explain the differences in employees with lecturing contact hours and those without. Administrative staff and management (principals and vice-principals) do not have any lecturing contact hours. Employees in the following positions might or might not have any lecturing contact hours, depending on the specific needs of the institution. These positions will include academic heads, campus managers, portfolio managers, heads of departments etc. According to ELRC Resolution 1 of 2000, all employees (referring to those who have been appointed in initial lecturing posts), who do **not** have lecturing contact hours work a 40-hour work week, whereas academic lecturing staff work a 35-hour work week. What then could possible contributors be towards lower job satisfaction among employees with lecturing contact hours?

The researcher suggests that the following might be worth considering, namely the introduction of the new National Certificate Vocational (NCV) courses. Although lecturers have been sent on training with regard to the new syllabi, the administrative work that goes into portfolio of evidence management and the "teething" problems

associated with this new phase in further education are enormous. Furthermore, academic staff members are responsible for creating a culture of learning in their classes, but most often student class attendance is extremely poor, causing poor results in the national examinations against which lecturers are benchmarked according to the new IQMS performance appraisal system. With further education and training becoming more accessible to the nation, student numbers have increased tremendously, resulting in much larger classes and much more extra-mural time spent on marking and preparation, without higher remuneration that is more market-related, coupled with recognition incentives.

Furthermore, the researcher suggests that another contributing factor could possibly be the practice to utilise lecturers outside their areas of subject expertise, for example an employee with a BCom Accounting degree has to lecture marketing subjects, Office Practice, Entrepreneurship etc. Colleges only have a certain number of posts available on their staff establishments and often a shortage of posts leaves them with no other alternative than to resort to this avenue. This can cause frustration and insecurities and a total lack of job satisfaction amongst lecturing staff.

The lack of job satisfaction experienced by employees with lecturing contact hours link to what Chambel *et al.* (2003) had found in a qualitative study they had carried out in six organisations going through a process of change, namely that employees who did not perceive violation showed significant higher levels of job satisfaction as compared to those employees who felt that psychological contract promises were not respected.

Employees employed by the Department of Education have significant lower job satisfaction than those employed by the College Councils ($F=7.976$, $p<0.01$). In a study by Goudswaard, Kraan and Dhondt (2000), it was found that the prospect of being offered a permanent contract is of crucial importance to those having high expectations. In other words, those thinking that they will be offered a permanent contract in the near future are more satisfied than those who have more job permanency. The researcher is of the opinion that this could be an explanation for the higher job satisfaction of employees appointed by the College Councils and the DoE

employees' lower job satisfaction, although employees appointed by the DoE have much more job security, permanency and better fringe benefits than their colleagues appointed by the College Councils.[1]

In this study the regression analysis showed that the relationship between commitment and job satisfaction is positive, meaning that the higher the employee's commitment; the higher the job satisfaction will be. An interesting result is the practically significant effect of tenure on commitment ($F=2.792$, $p<0.05$). Employees employed for longer than 20 years have significant lower commitment than other employees.

The researcher is of the opinion that a possible suggestion for this could be that employees who have been employed for more than 20 years have been exposed to more change initiatives, such as the introduction of new subjects and programmes; a tremendous increase in student numbers (NBI CCF Annual Report, 2003 – 2004) resulting in much larger classes and subsequently heavier work loads; the implementation of employment equity; the transition from technical colleges to FET institutions through mergers; the introduction of OBE; new management structures; a new IQMS (Internal Quality Management System); and many other lesser and greater changes. Schalk *et al.* (2001) state that organisational changes may influence work-related attitudes, such as commitment, either positively or negatively.

## LIMITATIONS AND RECOMMENDATIONS

Possibly the greatest limitation of this study is that it did not measure the respondents **before** the merger as well. The questionnaire should ideally have been distributed to the same respondents before and after the merger in order to determine empirically whether the merger can be held directly accountable for employees' lack of job satisfaction and organisational commitment. It can, without any doubt however, be said that ineffective communication during a process of change especially, can have a detrimental effect on employees' attitudes and behaviour such as satisfaction and

[1] The researcher wishes to emphasise that this research was done **before** all FET employees had to make the compulsory choice of whether they want to remain being employed by the DoE, or if they wanted their contracts to be taken over by the College Councils as from 01 January 2008 (FET Act 16 of 2006; FETC Resolution 1/2007)

commitment, to name only two. If communication breaks down between employer and employee, the chances that employees might experience psychological contract violation are so much more obvious.

Another limitation is that the Tilburg Psychological Contract Questionnaire has not been used extensively in South African research, apart from research done by South African authors in collaboration with Dutch researchers such as for example René Schalk (refer to Linde & Schalk, 2006). The limitation lies in the fact that the researcher could not compare Cronbach alpha coefficients evident from this research with those in other South African studies on mergers; or studies that have used the TPC Questionnaire (Jooste, 2004). Cronbach alphas had to be benchmarked against foreign research and there was no Cronbach alpha for change at all.

Very limited research exists on mergers in South African education, especially in the FET sector. It would have been valuable to study perceptions regarding change and the mergers by employees employed in the FET sector nationally and compare those with the findings in the Free State FET fraternity.

However, the regression analyses in this study showed several significant models that can explain the relationships between the relevant variables and it would be extremely shortsighted to ignore these. Employers can obtain valuable information from this data as to how their employees are experiencing various factors relating to their psychological contracts in the FET sector. Seeing that women comprise the majority of posts in education today, it would be an investment to try and address the insecurities experienced by female employees; as well as those employees who have longer service years in further education. These employees should be retained at all costs in order for their subject expertise not to be lost to the education sector for ever.

With regard to the differences in job satisfaction of employees appointed by the Department of Education and the College Councils, this is a contentious matter that has been receiving major attention the past few months and is at present still receiving attention with **all** employees now having to make the choice of whether they still want

to fall under the jurisdiction of the DoE as employer, or whether they choose to work under the auspices of the College Councils in future (Rademeyer, 2007). The researcher is of the opinion that if this transition from DoE to the College Council is not handled with the utmost sensitivity and necessary (effective) communication, employees might show a severe decline in job satisfaction and organisational commitment which in turn might cause Further Education and Training irreparable injury in the long run.

Change, as with a merger, is synonymous with uncertainty and the uncertainty factor turns change into a threat (Plattner, 2004). Therefore, the researcher is of the opinion that it is imperative for the employer to address the fears and uncertainties of employees subjected to change by appointing an expert (such as a change agent) to guide and counsel employees on individual campuses of the four Colleges through the entire change process.

In conclusion, the researcher wishes to recommend that further studies in South Africa be undertaken on female employees' experience of job satisfaction and organisational commitment across various organisational sectors. The rationale behind this is that a very large proportion of the South African labour force is constituted of female employees. In Europe females experience much better conditions of service regarding maternity leave- and unemployment insurance benefits from government than their peers in South Africa. If such benefits could be addressed in South Africa, turnover and job insecurities of female employees might be narrowed; and tacit knowledge (that is implicit knowledge inherent in a knowledgeable person acquired by practical experience) (Sarkar, 2007), will not be lost to the country.

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# CHAPTER 4

# CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

In this Chapter, conclusions regarding the literature study and the results of the empirical research are drawn. Limitations of the research are discussed and in conclusion, recommendations are made to the Department of Education and the FET Colleges, as well as recommendations in terms of related future research.

## 4.1 CONCLUSIONS

The general objective of this study was to investigate the effect that mergers had on the psychological- as well as employment contracts of those employed at Further Education and Training Colleges in the Free State Province.

This research indicated that a merger and the subsequent changes brought about by this transformation process need to be taken very seriously. If handled insensitively or without thorough and the necessary preparation and transparency; or if reciprocal psychological contract obligations are not honoured during all three merger stages, namely the pre-merger stage, the merger stage, and the post-merger stage; relationships between employer and employee can be tarnished permanently, resulting in a possible loss of valuable human capital and all good intentions and viability potential will eventually be to no avail.

It is of the utmost importance to remember that change is not only about structures and processes; change is also about people – their ideas and fears and their capacity and ability to stand and work together towards a better, brighter future for every individual in this country (National Research Foundation, 2007). The findings, as they relate to the objectives set for this research, are summarised as follows:

The first objective was to conceptualise employment relations and the psychological contract within the context of mergers and workplace change within the FET fraternity;

as well as the influence of possible psychological contract violation on employees' attitudes and behaviours.

From the research results it can be concluded that communication plays a very important (if not the most important) role in any change process. If communication is neglected or worse still, dishonoured, psychological contract violation is a natural consequence that will inevitably result in employee resistance to any change initiative (Garrow, 2003; Appelbaum, Gandell, Yortis, Proper & Francois, 2000; and Robinson & Rousseau, 1994). Communication is part and parcel of any individual's sense of existence and belonging, and a lack of communication causes insecurities amongst employees with regard to their future (Linde & Schalk, 2006; Buono & Bowditch, 1989; and Kanter, Stein & Jick, 1992).

Effective and honest communication between the employment parties can strengthen a relationship of trust, but unfortunately the opposite is also true – a lack of trust can be destructive to all parties involved in the change process, including the organisation. Communication therefore extends to employer and employee obligations; relational and transactional psychological contract values; job satisfaction; organisational commitment and eventually an employee's intent to remain with or leave the organisation.

The second objective was to quantitatively determine the perceptions and attitudes of employees employed at Free State FET Colleges with regard to employer obligations; violation of employer obligations; employee obligations; relational and transactional contract values; affective commitment; intention to leave the organisation; and the perception of change in the organisation. The Cronbach alpha values obtained for all of these, except communication and change, were all higher than the guideline $\alpha > 0.70$. Communication's value was 0.659 which according to Gülseni (2005) is still acceptable. All the measuring instruments in this study (except change) were therefore internally consistent.

The Cronbach alpha for change measured lower than the acceptable norm. Other studies that have utilised the Tilburg Psychological Contract Questionnaire did not report a Cronbach alpha for this item and the reason might be that the internal consistency levels were just as low. The obvious reason for this can be ascribed to the fact that the various change items did not measure on the same Likert scale.

Practically significant correlation coefficient levels were found between communication and intention to quit; communication and relational/transactional contract values; change and job satisfaction; job satisfaction and: commitment, employer obligations, employer violations; commitment and: employer obligations, employer violations; employee obligations and: employer obligations, employer violations.

Females with dependents showed practically significant levels towards more transactional contract values; and lower job satisfaction and organisational commitment levels. Furthermore, they showed a practically significant correlation with a higher intention to quit than their other colleagues.

There were also practically significant lower levels of relational contract values for employees appointed by the DoE; as well as lower job satisfaction levels for these same employees and those with service of 20 years or longer.

The final objective was to make recommendations on how the effects of change on the psychological contracts of employees in the merged institutions can be minimised in order to retain satisfied and committed employees in further education and training.

Only 50 per cent of all mergers achieve measures of success initially anticipated, as a result of people issues that are largely overlooked when negotiating mergers (Panchal & Cartwright, 2001). Mergers are conceptualised as stressful life events in terms of social adjustment and it is of the utmost importance that the general wellness and morale of employees who have been at the receiving end of the change brought about by the mergers, receive priority attention. Metaphorically speaking, a chain is only as strong as its weakest link. A well-developed FET sector in South Africa will

undoubtedly make a considerable contribution to the envisioned economic growth of the country and the upliftment of its citizens, but in order to realise this, the value of every employee's input must be acknowledged and appreciated. Employers have to refrain from making promises or creating expectations they cannot fulfil (Garrow, 2003), because once there is a breach of the psychological contract, trust will not easily be restored and the employer will lose credibility in the eyes of the employee. It would be sad if the ultimate price of the mergers results in a tired, disillusioned work-force that suffers from burn-out.

## 4.2 LIMITATIONS OF THE RESEARCH

The greatest limitation of this study is that it did not measure the respondents before the merger as well. The questionnaire should ideally have been distributed to the same respondents before and after the merger in order to determine empirically whether the merger can be held directly accountable for any negative outcomes employees might experience.

Furthermore, the Tilburg Psychological Contract Questionnaire has not been used extensively in South African research, apart from research done by South African authors in collaboration with Dutch researchers who have used the same questionnaire extensively in their research. The researcher had to benchmark Cronbach alpha coefficients against European studies; and cultural differences as well as different organisational climates might have an influence on results.

Very limited research has been done on mergers in South Africa, especially in the FET sector, perhaps because it is quite a new phenomenon. It would have been to the benefit of this study if the effects of mergers and change on employees in the FET sector nationally could be compared with the findings in the Free State FET Colleges.

The final limitation is that a large percentage of the study population (those who were employed after 2001) has not been as directly involved in the merger process than the

employees who were employed before 2000/1, although the FET sector is still at present undergoing change.

## RECOMMENDATIONS

### 4.2.1 Recommendations for the Department of Education and the merged institutions

Many changes have been implemented with the mergers and a totally new dispensation has been created, but what the future holds for these newly established FET Colleges remains to be seen. The success of the new FET dispensation will largely depend on the co-operation of its workers. Since this research has been conducted, another fundamental change has taken place, namely the transition of employment contracts from the Department of Education as employer to the College Councils.

Based on the findings, the following recommendations should be contemplated:

- It is suggested that a communication strategy be followed where any changes (including the most trivial) are communicated to staff, for frequent and honest communication has a stabilising effect. Communication strategies diminish uncertainty, but also expose employees' frequent scepticism about management messages. It is evident that such scepticism is not misplaced in times of change where futures are uncertain and directions are developing. The importance of moving from leaner forms of communication (notice boards, circulars, staff meetings) to richer forms (two-way communication) cannot be overemphasised. Management and employees must be afforded the opportunity to voice their opinions, concerns, desires, and fears and provide information. Research shows that employees perceive a change process as fairer if they had been afforded the opportunity to voice an opinion. It is regarded as a serious violation of the psychological contract if this opinion is ignored (Bryson, 2003).

Managers play an extremely important role in the dissemination of information from top levels of the organisation to lower level employees. Employees often rely primarily on their direct head for gaining knowledge and understanding change initiatives. Employees develop specific expectations throughout the restructuring process and managers can play a vital and direct role in whether or not these expectations are met. Apparent managerial incompetence can lead to decreased satisfaction and commitment (Bligh & Carsten, 2005). Managers should guard against only emphasising positive messages and playing down the more negative ones, for this will undermine employees' trust. If expectations are managed well, especially when bad news is anticipated, the chances of establishing a realistic psychological contract will be increased (CIPD, 2005). Good management practices, including providing regular feedback, can ensure the success of the change initiative.

- It is suggested that employee attitudes be monitored on a regular basis in order to identify problem areas and to assist immediately in improving performance. Employee involvement practices in the change process can also have a positive impact on performance.

- It is suggested that employees be supported and equipped with the essential and necessary skills on how to cope with change. Management should pay attention to the scale and pace of change, for large amounts of organisational change are shown to have a destabilising effect on attitudes. Where changes take place frequently, employees' belief that management knows what it is doing and can be depended upon, may be weakened.

- It is suggested that management regularly acknowledge employees' efforts. A simple "thank you" can have an immensely positive impact on employees' perceptions.

### 4.3.2 Recommendations for future research

To prevent limitations in future research, certain recommendations can be made for future studies. The most important recommendation is that further studies be undertaken on female employees' experience of job security across various organisational sectors. A very large proportion of the labour market is constituted of female employees. It has been reported in the study that even in Europe, where females experience much better conditions of service regarding maternity leave and unemployment insurance benefits than their peers in South Africa, they still lack job satisfaction and experience much insecurity. It is recommended that such contentious issues be addressed in South Africa in order to curb subsequent job insecurities and turnover of female employees. This recommendation is supported by the Deputy President in a Parliamentary Questions and Answers Session held on 2 November 2006, when she argued in favour of mainstreaming women in the economy.

This links with the next recommendation, namely the need for investigation into the position of the female in the labour market. Is there truly equity between females and their male counterparts on managerial levels?

Finally, it is recommended that in future, whenever transformation takes place such as with a merger, the importance of a comprehensive communication strategy be researched for the pre-merger phase, the merger phase as well as the post-merger phase. It is absolutely imperative that the foundation, on which change initiatives are to be built, is rock solid in order to contribute towards the economic stability of the country as a result of a satisfied and committed workforce.

This Chapter provided a conclusion on this research study, as well as a discussion on the limitations of the study. Finally, recommendations were made to the Department of Education and the merged institutions, as well as recommendations for possible future research in this field.

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