

**THE EXPERIENCE OF THE EMPLOYEE-
ORGANISATION RELATIONSHIP BY
PERSONNEL IN A SOUTH AFRICAN MINING
ORGANISATION**

By

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**NORTH-WEST UNIVERSITY
POTCHEFTSROOM CAMPUS**

ABSTRACT- ARTICLE 1

TITLE: THE EXPERIENCE OF THE
PSYCHOLOGICAL CONTRACT BY THE
PERSONNEL OF A SOUTH AFRICAN
MINING ORGANISATION.

Authors: Jooste, F.F.
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To reach the aim of this article, a literature and empirical research are used. A survey questionnaire is used to measure the experience of the psychological contract, as to determine the correlation and difference in experience by temporary and permanent personnel in a South African mining organisation. The target population is a mining organisation with two main types of employment contracts, temporary and permanent employees, totalling 600 personnel. Random samples of these two groups were used; being 100 permanent and 100 temporary personnel. Mentioned questionnaire determines the personnel's experience of employer and employee obligations.

The employee-organisation relationship (E-O R) can be divided into two components, being the psychological contract and the following employment relationship. With the establishment of the psychological contract, obligations and expectations are created through an agreement. The obligations and expectations of permanent and temporary personnel in similar positions and working conditions can differ. The aim of this article is to identify how permanent and temporary personnel experience the psychological contract in a South African mining organisation.

The article makes two contributions to the psychological contract literature: it examines the relevance of the psychological contract in a South African mining environment; and it provides added value on the psychological contract literature of permanent and temporary personnel. From the literature it seems that the new psychological contract is more transactional and replaced the old relational psychological contract. Therefore, the use of temporary personnel is more common in organisations with performance determining pay. It was found that each psychological contract is unique and if there is no clear communication, contract breach or violation can occur. A result of the new psychological contract is a trust gap that comes into existence. Therefore, organisations face a new challenge of overcoming this and maintaining loyalty. The empirical investigation showed that permanent personnel experience the psychological contract more positive than the temporary personnel. This can be attributed to the stronger relationship between permanent personnel and the organisation.

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ABSTRACT- ARTICLE 2

TITLE: THE EXPERIENCE OF
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Author: Jooste, F.F.
Linde, B.J.

To reach the aim of this article, a literature and empirical research are used. A survey questionnaire is used to measure the experience of the employment relations, as to determine the correlation and difference in experience by temporary and permanent personnel in a South African mining organisation. The target population is a mining organisation with two main types of employment contracts, temporary and permanent employees, totalling 600 employees. Random samples of these two groups were used; being 100 permanent and 100 temporary personnel. Mentioned questionnaire determines the perceptions of temporary and permanent personnel regarding the clarity and trust of employment regulations, and then analyses perceptions of and attitudes towards recent changes in the mining environment.

As in most other sectors worldwide, the South African mining sector employs both permanent and temporary personnel. These two forms of employment create different expectations and obligations in the psychological contract and therefore the associated employment relationship differs. As part of a project exploring the nature and content of the employee-organisation relationship, this article focus on the experience of the regulation of the employment relationship by temporary and permanent personnel in a South African mining organisation.

The article makes two contributions to the employment relations literature: it examines the relevance of the employment relations regulations in a South African mining environment; and it provides added value on the employment relations literature of permanent and temporary personnel. From the literature it seems evident that the employment relationship has changed its face to adjust to new demands in employment, with lesser long-term and more temporary relationships occurring. However, organisations developed a dual approach to employment with the use of permanent and temporary employment, each with its own regulations. From the empirical investigation it seems that the permanent personnel experienced more clarity regarding the employment relationship and its regulations and therefore experienced more trust in its application. It showed that organisations should provide training in policies and procedures and communicate more effectively with their temporary personnel.

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GLOSSARY

Labour relations. A complex system of individual and collective actions as well as formal and informal relationships existing between the state, employers, employees and related institutions, concerning all aspects of the employment relationship.

Psychological contracts. Beliefs, based upon promises expressed or implied, regarding an exchange agreement between an individual and, in organisations, the employing firm and its agents (Rousseau, 1995; Rousseau & Schalk, 2000).

Employment relations. The systematic and disciplined study of the exchange of competitive and cooperative utilities on an individual and collective level so as to structure labour in an organisation by means of rule making and governance of these rules (Author, 2004).

Implicit rights. Rights of organisation and the employees may exercise, which are protected by a legislative framework provided by the Government of a country (Author, 2004).

Explicit rights. Rights that organisation and employees are free to exercise, which were implemented by the organisation itself, protected by procedures and policies (Author, 2004).

Employee-organisation relationship. An exchange relationship between the employee and the organisation governed by rules and regulations, which can change over a period of time (Shore *et al.*, 2004).

Employer obligations. Promises or guarantees the organisation has made, in a contractual agreement with the employee. As well as promises or guarantees the employee perceive the organisation are bound to keep (Author, 2004).

Employee obligations. Promises or guarantees the employee has made, in a contractual agreement with the organisation. As well as promises or guarantees the organisation perceive the employee are bound to keep (Author, 2004).

RESEARCH PROPOSAL

1.1 Introduction and problem statement

From the period from 1990 to 1993, South Africans experienced unprecedented change, which also manifested in the employment relations (Nel, 2002). In addition to economic and political pressures for change, events outside the country's borders also provided a window of opportunity to evoke change in the employment relations system and ultimately the political sphere (Finnemore, 1999). The announcement of the then President, F W de Klerk, on 2 February 1990 had far-reaching consequences for employment relations, as it placed South Africa on the road to a rearrangement of its socio-economic and political spheres, and therefore essentially set new demands for employment relations practitioners and employment relations in general (Nel, 1997). The announcement entailed the un-banning of the previously banned political organisations and the release of Nelson Mandela (who would later become President). It was evident that a new socio-political era had begun and that the process towards the institutionalisation of a democratically elected government was irreversible (Bendix, 2001).

According to Nel (2002), the first fully democratic elections in April 1994, paved the way for the establishment of the Government of National Unity (GNU), which was sworn in on 1 May 1994. The then Labour Minister's (Tito Mboweni) five-year plan emerged as the driving force behind the shaping of the employment relations environment, and what followed was the roll-out of a series of legislative changes (Nel, Gerber & Van Dyk, 2001). Through negotiations in the National Economic Development and Labour Council (Nedlac) the employment scene changed dramatically. Nedlac came into being on 18 February 1995, in a bid to add legitimacy and transparency to the socio-economic decision-making process (Venter, 2003). The new government set about transforming the whole legislative framework of employment relations to give fruit to the constitution and to bring it into line with international standards of the International Labour Organisation (ILO) (Finnemore, 1999). This process commenced with the promulgation of the new Labour Relations Act (No. 66 of 1995). This was followed by the Basic Conditions of Employment Act (No. 75 of 1997), which came into operation on 1 December 1998, and then by the Employment Equity Act (No. 55 of 1998). The latter act came into operation in phases, which commenced on 9 August 1999 (Nel, 2002). The employment relations system had to adapt and develop very rapidly over the past decade, due to the changing and new labour legislation (Bendix, 2001). The application of

these new implicit regulations in the country and organisations implied a changing experience of the employment relationship by the employee (Tinde, 2002).

As a result of the new implicit regulations in South Africa, many organisations implemented changes to their employment relationships as well (Tushman, Newman & Romanelli, 1988). These changes did not exempt the mining sector. In the past, scholars became locked in serious academic debate on the interpretation of the role of employers in the creation of a cheap and docile labour force in this sector (Finnemore, 1999). Greenberg (1980) tried to explain the early divisions in the mining workforce as not only a convenient consequence of capitalist control of the developing economy, but also having their origins in employment practices in the pre-capitalist economic era. Mining organisations were seen as competing against one another for cheap labour rather than acting together as a monopoly to a constant cheap labour pool (Jeaves, 1985).

The mining labour system in the 1990s has retained features that have existed since the early 1900s, and still relies on a labour pool from southern Africa. Yet what have been most prominent since 1988 are the declining employment levels and the lesser occurrence of long-term employment in the mining sector (Standing, Sender & Weeks, 1996).

The origins of the employment relationship can be traced back to the nineteenth century (Marsden, 1982). In the employment relationship the focus is on the employee who, because of his mutual involvement in the organisation, have been clustered together in a relationship and how they interact in this relationship (Bendix, 2001). Organisations imposed dramatic changes to the nature of the employment relationship as to adjust to changes in the external business environment, whereby the demands of the external environment shape the exchange between the employer and the employee (Capelli, 1999). Nowadays, the employment relationship is characterised by lesser long-term relationships and increased short-term relationships, so as to create greater flexibility within the organisation (Rochling, Cavanaugh, Moynihan & Boswell, 2000). Given the changes that have taken place in the employment relations arena and with new types of relationships forming, Lepak and Snell (1999) identified four types of relationships that are likely to form, namely: partnership-, organisation focused-, job focused- and symbiotic relationship. The employers of the South African mining sector must not only manage these forms of relationships, but must also implement them within the boundaries of the changing labour legislation. Furthermore, the employee who experience these various changes in the employment relationship need to cope with it, since it can directly influence the physical, psychological and social wellness of the employee (Bendix, 2001; Shore *et al.*, 2004; Lінде *et al.*, 2005).

The employee-organisation relationship (EOR), and its influence on work wellness, has increasingly become a focal point for academics in employment relations (Shore *et al.*, 2004). The scope for research on the EOR has widened on both the individual- (e.g. psychological contract) and the group or organisational levels (e.g. employment relationships). Therefore, the need exists to integrate the mentioned two levels (psychological contract and the employment relationship) to achieve better understanding of the EOR. According to Shore *et al.* (2004) “the EOR occurs on multiple levels and has multiple inputs from varying levels, including organisation, job and group”. The study of the EOR varies according to the focus point. The focus point of such a study can vary from the individual (Coyle-Shapiro, 2000; Rousseau, 1995), to the employer-employee exchange (Dabos & Rousseau, in press), to the work group or bargaining unit (Nicholson & Johns, 1985), or employment contract (Landers, Rebitzer & Taylor, 1996), or to the organisation (Huselid, 1995; Rousseau & Wade-Benzoni, 1994). Existing literature shows that much has been researched regarding the EOR, with specific focus on the employer-employee exchange, including psychological contracts (Rousseau, 1995), and the employment relationship (Tsui, Pearce, Porter & Tripoli, 1997). For the purpose of this study, the objective is to illustrate the functioning of the EOR by focussing on the psychological contract and the employment relationship.

The notion of the "psychological contract" was first coined by Argyris (1960) to refer to employee and employer expectations of the employment relationship. Historically, the concept can be viewed as an extension of philosophical concepts of social contract theory (Shccin, 1980; Roehling, 1997). According to Levinson, Price, Munden, Mandl and Solley (1962) the psychological contract... "Has a dynamic relationship and evolve or change over time as a result of the changing needs and relationships on both the employee's and employer's side". In contractual transformation, an existing contract ends, sometimes through breach, sometimes by completion as well as other reasons, which will be discussed later on, and a new contract is created (Rousseau, 1995).

According to Rousseau (1995) the purpose of the contract transformation is the creation of a new contract in place of an existing one, where the new contract engenders commitment and efficacy for all concerned. "The old psychological contract is dead", proclaims Hal (1993) and many other contemporary writers (Hirsch, 1987; Hirschorn & Gilmore, 1992). According to Macneil (1985) and Rousseau (1989) the study of psychological contracts can be brought to two ends on a continuum, namely: transactional and relational. The "dead old psychological contract" is very likely the pure relational contract, in its vast iterations, which has undergone expanded performance requirements due to the erosion of internal labour markets and the relaxing of organisational boundaries (Rousseau, 1995). The "old" psychological contract that accompanied this belief was essentially a

system perceived of "relational" obligations (Lee, 2001). Employers generally offered employees long-term relationships, consistent rewards, career management through steady training and advancement and long-term company defined benefit plans (retirement), in exchange for the expectation that employees would give all their loyalty and effort to the company for the very long-term (Ehrlich, 1994).

In many cases, long-term organisation loyalty to employees has been replaced by the demands of having a flexible workforce that can adjust quickly to market needs, regardless of who needs to be hired, terminated or changed (Lee, 2001), as currently experienced in the South African mining sector. Essentially, labour markets appear to have become far more market-driven or externalised (Cappelli, 1995). Thus, the use of temporary employment became more frequent. Employers had made it clear through action that, with the new business environment, they could no longer be expected to owe employees the same obligations that had previously been perceived as core to the employment contract (Lee, 2001).

Practitioners and academics have therefore observed and hypothesised the birth of a whole "new" psychological contract, with significantly different perceived obligations on both sides of the employment relationship (Kissler, 1994;

Robinson & Rousseau, 1994). The “new” psychological contract can be described simply as a movement towards a far more “transactional” (short-term) psychological contract, and less reliance on “relational” (long-term) obligations (Cavanaugh & Noe, 1999).

This relationship is one of self-reliance for employees. It has been described as a shift from “paternalism”, where the organisation regulates and protects the entire employment relationship, to “partnership”, where employees assume significant responsibility for their own careers and jobs (Horwitz & Erskine, 1995). Staffing for such systems is increasingly based on short-term strategy (O'Reilly, 1994). Allowing for flexible “hiring and firing” and changing of employees as well as contingent staffing as needed, despite questions as to the efficacy of this in a team based environment (Milner, 1995).

In addition, pay and performance appraisal are increasingly reflective of true employee value, and less of seniority. Thus, increased use of incentive and skill-based pay (Horwitz & Erskine, 1995). Organisations are also increasingly abandoning expensive benefit plans with fixed outcome levels (Lucero & Allen, 1994). Instead, they are capping their own contributions and giving employees more responsibility for contributing as well as more say in levels and types of benefits, as with defined contribution plans (Ippolito, 1995). This allows for

flexibility and portability of benefits without tying employees to the organisation and *vice versa* (Barringer & Milkovich, 1998).

Because employment contracts can potentially take an infinite number of forms, changing business practices (Davis, 1987) and economic pressures (Bettis, Bradley and Hamel, 1992) can easily erode many traditional employment features if not abrogate entire contracts. Changes in the implicit regulations framework led to re-orientation and re-creation of the contract of employment. Contractual transformation offered a prescription for improving the goodness of fit between an individual and the organisation and between the organisation and its environment (French, Bell & Zawacki, 1994). Organisations no longer had a choice - they had to adapt their explicit regulations to survive (Kreitner & Kinicki, 2001). The contract of employment had to accommodate the new legislative amendments and the dualistic approach (permanent and temporary personnel) in many organisations (Grogan, 2001). The nature of the employment contract changed, which led to more short-term contracts and less guarantees of long-term relationships with the organisation (Westwood, Sparrow & Leung, 2001). Therefore, because of changes to the contract of employment, the relationship with the organisation also changes. The employment relationship is something distinct from and wider than the contractual relationship (Grogan, 2001). The contract of employment specifies duties and obligations for both the employer

and the employee (Venter, 2003). Once the contract of employment is changed, new rights and regulations for both forms of employment are established. A contract of employment comes into existence when both parties voluntarily agree that the employee will enter into employment with the employer (Bendix, 2001). According to Grogan (2001, p. 20), the contract of employment can be defined as follows:

"A contract of employment is an agreement between two legal personae (parties) in terms of which one of the parties (the employee) undertakes to place his or her personal services at the disposal of the other party (the employer) for an indefinite or determined period in return for a fixed or ascertainable wage, and which entitles the employer to define the employee's duties and (usually) to control the manner in which the employee discharges them".

For this reason, the study sees it important to understand that the psychological contract is not only influenced by numerous other factors e.g. the employment relationship and its regulations, but also by the contract of employment.

Much is changing and has changed (in South Africa in general and specifically the mining industry) in the employment context. Many organisations were and are still confronted with the changes in the employment legislation framework and employee needs. New approaches need to be adopted in order to accommodate

flexibility and novelties. The traditionally relational contract has been exchanged for a purely transactional contract. More and more short-term relationships are seen with less long-term guarantees. Therefore, the nature of the employment relationship has changed. Throughout all the mentioned changes the employee-organisation relationship also had to adapt. A concern, therefore, exists as to the impact it had on the employee in the mining sector. How did they interpret all the mentioned changes in terms of contract breach or violation, understanding and trust in the application of new organisation strategies and explicit employment regulations?

1.2 Research questions to the research problem

1.2.1 Primary research question

How do the personnel of a South African mining organisation experience the employee-organisation relationship?

1.2.2 Secondary research questions

- How do the personnel of a South African mining organisation experience the psychological contract?
- How do the permanent and temporary personnel of a South African mining organisation experience the psychological contract?

- How do the personnel in a South African mining organisation experience explicit employment relations regulations?
- How do the permanent and temporary personnel in a South African mining organisation experience explicit employment relations regulations?

1.3 Research objectives

1.3.1 Primary objective

To determine the experience of the employee-organisation relationship by personnel in a South African mining organisation.

1.3.2 Secondary objectives

- ❑ To determine the experience of the psychological contract by personnel in a mining organisation in South Africa.
- ❑ To determine to what extent the experience of the psychological contract differs between permanent and temporary personnel in a mining organisation in South Africa.
- ❑ To determine the experience of the explicit employment relations regulations by personnel in a mining organisation in South Africa.

- To determine to what extent the experience of the explicit employment relations regulations differ between permanent and temporary personnel in a mining organisation in South Africa.

1.4 Research method

1.4.1 Research design

The article format is used for the dissertation, wherein *two publishable articles* will be integrated into the dissertation. The mentioned articles are written in accordance to research methodological prescriptions so as to integrate with the dissertation and to be totally independent from the dissertation as well. This entails that each article will have its own; literature study, empirical investigation, discussion of significant findings, a conclusion and bibliography.

To reach the mentioned objectives a literature study, together with an empirical investigation will be performed to confirm and elaborate on existing literature.

In the literature study, theoretical models are identified to support the research objectives and to guide the structure and method of the empirical part of this study. To do this, various sources, including theoretical

textbooks, academic journals and topical sources, are used. Research mechanisms that are used include the Ferdinand Postma library of the North-West University and search engines on the Internet.

For the empirical study, cross-sectional designs are used to examine groups of subjects in various stages of development simultaneously, while the survey describe a technique of data collection in which questionnaires are used to gather data about an identified population (Burns & Grove, 1993). This design will be well suited to the descriptive and predictive functions associated with correlational research, whereby relationships between variables are examined (Shaunessey & Zechmeister, 1997). This will be done to test the experience of the psychological contract and the explicit employment relations regulations by personnel in a mining organisation.

1.4.2 Sample

A mining organisation in the North West Province in South Africa is identified as an acceptable research population, due to its number of employees (N=600), similar numbers of temporary and permanent employees in this workforce, the ability of the personnel to successfully respond on the measuring instruments (taking literacy levels in account), as well as the accessibility of the organisation for this research.

The study population consists mainly of male respondents, due to the inherent requirements of their jobs. The average age of the respondents is 39 years. The average length of service with the mining organisation is 6 years. The average subordinates a respondent have, are 131. For the purpose of this study the personnel were split up into two groups or populations. One being permanent personnel and the other being temporary personnel. A stratified, random sample of at least 100 employees of each group (permanent $n_p=100$ and temporary $n_t=100$ personnel in a mining organisation in South Africa) will be taken.

1.4.3 Measuring instruments

The research goals of this study focus on the employee-organisation relationship by testing the experience of the psychological contract and the explicit employment regulations of permanent and temporary personnel of a South African mining organisation. The following measuring batteries will be used to test the various experiences.

'Tilburgse Psychologisch Contract Vragenlijst' (TPC), (Schalk, Heinen & Freese, 2001)

The TPC contains questions regarding specific employer (43 items) and employee (21 items) obligations. Previous studies using this

questionnaire provide support for the validity and reliability of the scales used (see Freese & Schalk, 1996; Schalk, Cambell & Freese, 1998; Schalk & Freese, 2000; Schalk, Heinen & Freese, 2001).

Experience of employment relations questionnaire (Linde, Schalk & Linde, 2005)

This questionnaire assesses the employees' experience of employment relations in the organisation with 61 items. The items are divided in two subscales: clarity (39 items) of and trust (22 items) in explicit employment regulations.

Clarity of explicit employment regulations

Items in this subscale assess the clarity in which the employees have knowledge regarding the explicit employment regulations and the accessibility thereto.

Trust in explicit employment regulations

This subscale assesses the employees' experience in the fairness of the explicit employment regulations of the organisation, as well as the trust in the application of it in the workplace. The employees' experience of consistency in the application of explicit employment regulations is also tested.

1.4.4 Data analysis

The data analysis will be carried out with the help of the SPSS program (SPSS, 2004). This program will be used to carry out statistical analysis regarding reliability, validity, construct equivalence and predictive bias of the measuring instruments, descriptive statistics, t-tests, analysis of variance, correlation coefficients, canonical analysis and moderated multiple regression analysis. The SPSS-program will be used to carry out structural equation modelling.

The data-analyses will proceed as follows:

Principal factor extraction with varimax rotation will be performed on the measuring instruments, which have no confirmed factor structure. Principal component extraction will be used prior to principal factor extraction to estimate the number of factors, presence of outliers and factorability of the correlation matrices. The eigenvalues and screen plot will be studied to determine the number of factors underlying a specific measuring instrument. The oblique method with a promax rotation will be requested prior to the varimax rotation, to determine whether obtained factors are significantly related ($r > 0.5$). If the obtained factors are

significantly related, analyses will proceed with the oblique method and a promax rotation.

A procedure to conduct targeted rotations (Procustes rotations), as described by McCrae, Zonderman, Costa, Bond & Paunonen (1996), will be used to determine the construct equivalence of the measuring instruments for different groups. Prior to an evaluation of the agreement of factors in different groups, the matrices of loadings should be rotated with regard to each other. The factor loadings of separate groups are rotated to a joint common matrix of factor loadings.

The procedure consists of the following steps: Firstly the target structure is specified. Secondly the hypothesised number of factors is extracted and varimax rotation is used to obtain exploratory factor loadings in the new sample. Thirdly a targeted rotation is performed to examine the extent to which differences between the target and varimax matrix are due solely to the rotation of the axes. Fourthly congruencies are calculated using Tucker's coefficient of agreement (Tucker's ϕ). This coefficient is insensitive to multiplications of the factor loadings, but is sensitive to a constant added to all loadings of a factor. This index does not have a known sampling distribution; hence it is impossible to establish confidence intervals. Values higher than 0.95 are seen as evidence for factorial

similarity, whereas values lower as 0.85 are taken to point to non-negligible incongruities (Van de Vijver & Leung, 1997).

An analysis of variance will be applied to identify item bias in measuring instruments (Van de Vijver & Leung, 1997). Bias will be examined for each item separately. The item score will be regarded as the dependent variable, while language groups and score levels will be regarded as the independent variables. Cronbach alpha coefficients and inter-item correlation coefficients will be used to assess the reliability and validity of the measuring instruments (Clark & Watson, 1995). Descriptive statistics (e.g. means, standard deviations, range, skewness and kurtosis) and inferential statistics will be used to analyse the data. Pearson and Spearman correlation coefficients will be computed to determine the relationships between variables. Canonical analyses will be conducted to determine the relationships between sets of variables. A cut-off point of $p = 0.05$ will be set for the statistical significance of the results. Effect sizes will be used to decide on the practical significance of the findings. A cut-off point of 0.30 (medium effect) will be set for the practical significance of correlation coefficients. T-tests, ANOVA and MANOVA will be used to determine the differences between groups. Moderated hierarchical regression analyses will be conducted to study the interaction effects between variables.

1.5 Division of chapters

Chapter 1 : Introduction and problem statement.

Chapter 2 : Article One: The experience of the psychological contract by personnel of a South African mining organisation.

Chapter 3 : Article Two: The experience of the explicit employment regulations by personnel in a South African mining organisation.

Chapter 4 : Conclusions and recommendations.

1.6 Conclusion

With this chapter the researcher wishes to introduce and entice the reader to the study. An introduction of the literature covered in this study was given to set the tone of the study. Furthermore, the researcher provided a clear research problem and primary objective to answer this problem. In addition, secondary objectives were added to specify and shape the study. It discussed how the literature would be used and expanded as well as how the objectives will be achieved. The sources where the literature can be found and the method and processes of empirical investigation were also discussed to clarify the research methodology.

In the following chapters of the dissertation the psychological contract and the employment relationship are discussed, as per EOR. As mentioned earlier the following two chapters were written in a publishable article format. Chapter Two (or Article One) discusses the psychological contract and Chapter Three (or Article Two) discusses the employment relationship. Therefore, the reader might experience a repeat of certain literature to some extent as to accommodate for the article options in this dissertation. The last chapter of the dissertation is devoted to conclusions and recommendations from the literature as well as the empirical investigation.

Chapter 2

ARTICLE ONE

THE EXPERIENCE OF THE PSYCHOLOGICAL CONTRACT BY THE PERSONNEL OF A SOUTH AFRICAN MINING ORGANISATION

By

F.F. JOOSTE

B.J. LINDE

ABSTRACT

To reach the aim of this article, a literature and empirical research are used. A survey questionnaire is used to measure the experience of the psychological contract, as to determine the correlation and difference in experience by temporary and permanent personnel in a South African mining organisation. The target population is a mining organisation with two main types of employment contracts, temporary and permanent employees, totalling 600 employees. Random samples of these two groups were used, being 100 permanent and 100 temporary personnel. Mentioned questionnaire determines the personnel's experience of employer and employee obligations.

The employee-organisation relationship (E-O R) can be divided into two components, being the psychological contract and the following employment relationship. With the establishment of the psychological contract, obligations and expectations are created through an agreement. The obligations and expectations of permanent and temporary employees in similar positions and working conditions can differ. The aim of this article is to identify how permanent and temporary personnel experience the psychological contract in a South African mining organisation.

The article makes two contributions to the psychological contract literature: it examines the relevance of the psychological contract in a South African mining environment; and it provides added value on the psychological contract literature of permanent and temporary personnel. From the literature it seems that the new psychological contract is more transactional and replaced the old relational psychological contract. Therefore, the use of temporary personnel is more common in organisations with performance determining pay. It was found that each psychological contract is unique and if there is no clear communication, contract breach or violation can occur. A result of the new psychological contract is a trust gap that comes into existence. Therefore, organisations face a new challenge of overcoming this and maintaining loyalty. The empirical investigation showed that permanent personnel experience the psychological contract more positive than the temporary personnel. This can be attributed to the stronger relationship between permanent personnel and the organisation.

Introduction

Today's workplace is undergoing immense and permanent changes (Oliver, 1999). Organisations are being... "Reengineered for greater speed, efficiency, and flexibility" (Hammer & Champy, 1993). The change in the employment system in South Africa and mining organisations have made the study of employee-organisation relationships (EORs) increasingly critical, as organisations seek ways to meet the needs of the organisations and the people in them (Shore *et al.*, 2004). Many concepts have focussed on the exchange relationship between the organisation and the employee, including that of the psychological contract (Rousseau, 1995). The new emphasis of most mining organisations has been on "flexibility" and greater "individualisation" of the contractual relationship (Salamon, 1998). Within this environment, the concept of the psychological contract has been reborn and reinvigorated (Westwood *et al.*, 2001). Initially in the 1960s and early 1970s, the concept remained somewhat dormant until recent changes renewed interest for exploring the tacit understandings between employers and employees within the context of changing employment relations. Understanding and effectively managing the psychological contract can help organisations thrive (Rousseau, 2004).

The psychological contract is a "set of expectations held by the individual employee that specify what the individual and the organisation expect to give and receive in the working relationship, beyond what is stipulated in the formal

contract of employment” (Rousseau, 1990, p. 15). The type of relationship that develops between employees and organisations is fundamental to organisational success and survival. The relationship also forms the foundation of many streams of organisational behaviour research, including research into the psychological contract.

With the current turbulent business environment, arguably the traditional psychological contract, long-term relationships in turn for hard work and loyalty, has come under pressure (Sims, 1994). The psychological contract has been used by academics to analyse the changing employment relationship (Pate, Martin & McGoldrick, 2003). In an uncertain context, organisational changes often make it unclear as to what both parties, the employee and employer actually owe each other, thus making the task for failing obligations extremely difficult (McLean Parks & Kidder, 1994). As a result the frequency of misinterpretation and violation of the psychological contract escalates (Robinson, 1996; Braun, 1997).

Subsequent research indicates that psychological contract breach is relatively common (Robinson and Rousseau, 1994) and has shown that violation is the likelihood where employees feel that the organisation has reneged on its obligations. Employers can be expected to adjust their employment and human

resource policies and practices as to coincide with changes and trends they perceive (Westwood *et al.*, 2001). This may lead them to convey different and variable expectations regarding the employment environment and thus contribute to changes in that psychological contract.

Because of the change in the employment approach in the mining sector and the processes during change, the nature of the exchange relationship between the individual employee and the organisation may also change (Linde, 2002). This can be seen in changes in working conditions or working environments, employment contracts and ultimately employment relationships (Schalk, Campbell & Freese, 1998). There has been a shift from a mostly "relational contract" (with long-term guarantees) to a more "transactional contract" (short-term relationships) with the implementation of temporary employment (Byron, 1995). Relational contracts include such terms as loyalty, stability, permanent employment and fringe benefits. Although workers with a relational contract are likely to be particularly upset when it is violated, workers generally seek remedies that will maintain the relationship with the employer (Rousseau, 2001). At the other side of the relational contract is the employer who is more focussed on the risk from economic uncertainties. Transactional contracts include terms such as narrow duties and limited or short-term duration with performance linked to pay. Specific terms are adhered to and employment is sought elsewhere when

conditions change. Both worker and employer are likely to immediately terminate a transactional arrangement that fails to meet their needs. Transactional contracts shift the risk associated with economic uncertainties from the employer to the employee.

In recent years, "hybrid" or balanced contracts have emerged (Rousseau, 2001). These contracts combine the open-ended time frame and mutual concern for relational agreements with the performance demands and renegotiation of transactional contracts. Balanced contracts combine commitment from the employer, while anticipating the flexibility and willingness of workers in times of (i.e. economic or organisational) change. For most, the legal contractual relationship between employer and employee is perceived as asymmetrical and not one freely entered into between equals, except for certain highly skilled and specialised individuals entering the labour market (Salamon, 1998).

The South African mining industry is not excluded from the mentioned changing psychological contracts and the history of this sector clearly illustrates this. Academics have become locked up in serious debate on the interpretation of the role of employers in the creation of a cheap and docile labour force in South Africa (Finnemore, 1999; Standing, Sender & Weeks, 1996). Much mention has been made regarding the early 1900s of the mining industry in South Africa, and

the perceived clash for monopoly of cheap labour (mines dominating and manipulating the labour supply in the country), with capital and the state assisting in enforcing laws to generate and exploit the cheap labour supply on the mining sector (Callinicos, 1981). Mining organisations are viewed by Jeaves (1985) as rivals because of labour. According to Standing, Sender and Weeks (1996), employment in the mining sector peaked in 1987, which coincided with a major industry-wide strike called by the National Union of Mineworkers (NUM). Since 1988 the employment levels decreased in the mining sector. With the decrease, relentless temporary employment relationships have been associated with the mining labour market, although major progress has been made in the stabilisation of the employment contracts of permanent workers (Standing, Sender & Weeks, 1996). The reduction of employment levels since 1988 led to the shedding of proportionately more surface employment in relation to underground (Standing, Sender & Weeks, 1996). According to the Chamber of Mine's Annual Report for 1993 to 1994, employment has decreased by 30 per cent (Chamber of Mines, 1994). Employment again stabilised in 1994, but a further decline was noted in 1995. Therefore, the mining sector had a fluctuating employment scene from the late 1980s to the late 1990s.

The South African mining industry is known for large scale, underground working activities, since up to 80 per cent of the workforce is underground-

employees (Chamber of mines, 1994). There is a sizeable distinction between the quantity of workers labelled as "in service" (employees on the books of the organisation) and the quantity labelled by the industry as "in-work" (Standing, Sender & Weeks, 1996). Progressively more, mining houses are making use of temporary employment by relying on private employment agencies (Standing, 1999). The Chamber of Mine's published data signifying a trend towards augmented use of temporary labour (Chamber of Mines, 1994). In 1987, temporary employees represented merely 3 per cent of the workforce, whereas by 1994 it escalated to 10 per cent. By 1994, temporary employees had a total strength of 29,657 workers underground, which adds up to 11 per cent of the entire underground workforce. The fashion toward temporary employment, and the usage of temporary employees for mining labour, has been linked to the mines' drive for elevated productivity, flexibility and cost eliminating (Standing, Sender & Weeks, 1996).

The implementation of temporary employment increased, for bypassing collective agreements, raising questions about the effect of such agreements on employer-employee relationship (EOR). Of more significance for the concerns of this research, has been an alteration in the structure of labour markets in the mining sector. This manifest incorporated core-peripheral form, with high levels of temporary, part-time and casual forms of employment. Therefore, the nature of

formal contracts has altered, with more short-term contracts and less guarantees of long-term relationships (Westwood *et al.*, 2001).

Given the changes in South Africa, the contract of employment and the psychological contract, the employee had to change his or her expectations as well. One cannot help to speculate on the impact it had on the employee-organisation relationship. Considering that the organisation no longer guaranteed its obligations to the employee, with regard to a long-term relational contract, good remuneration and well integrated benefits.

The majority of this article provides a framework of the workings and functions of the employee-organisation relationship (EOR), focussing on the psychological contract. This article is designed to provide a theoretical background of existing literature and provide an expansion to the literature by defining and discussing the basic concepts of the psychological contract. The literature describes the nature of the psychological contract. Furthermore, it explains how the contract of employment forms part of the psychological contract exchange. From the literature features of the psychological contract are identified and discussed. Finally, the downside to the psychological contract is discussed with reference to violation and breach of contract.

To validate and make the literature study more significant an empirical investigation was done, distributing questionnaires to permanent and temporary personnel, measuring the psychological contracts of a sample of personnel in a mining organisation in the North-West Province of South Africa. The questionnaire was divided into two sections: One, testing the experience regarding the employer's obligations, as seen by the personnel; and the other, testing the experience regarding the employee's obligations. The primary objective, therefore, is to determine the experience and perceptions of personnel regarding the psychological contract. Furthermore, the secondary objective is to analyse the experience and perceptions of the permanent and temporary personnel regarding the psychological contract. By doing so, a comparison between the experience of the psychological contract by permanent and temporary personnel in a mining organisation can be made. The method of investigation was as follows:

The validity and reliability was tested using Cronbach's Alpha coefficient. The empirical investigation attempted to cluster the measuring items respectively under the possible two factors using the inter-item correlations. Descriptive statistics was implemented and discussed for the whole sample. Afterwards descriptive group statistics was implemented and discussed for both permanent and temporary personnel to determine the cross correlation. The article ends with

several conclusions regarding the psychological contract and recommendations for improving the experience of the psychological contract, based upon the literature study and empirical findings.

Basic conceptions and definitions of the psychological contract

The belief of the “psychological contract” was first coined by Argyris (1960) to refer to the employer and employee relationship, i.e. mutual obligations, values, expectations and aspirations that operate over and above the formal contract of employment. Since then many attempts have been made to refine this concept (Rousseau, 1989; 1990; 1995; 2001; 2004; Macneil, 1985; Sims, 1994; Roehling, 1997; Shore *et al.*, 2004). Traditionally, the concept was viewed as an extension of philosophical concepts of social contract theory (Schein, 1980; Roehling, 1997). The social contract, which deals with birth of the state, suggests that individuals voluntarily approve to part and parcel of an organised society, with enforcing constraints and rights.

Argyris (1960) use the concept to elaborate on an implicit agreement between the groups of employees and an employer. Other influential writers such as Levinson, Price, Munden and Solley (1962) used the concept to describe the set expectations and obligations that individual employees spoke of when asked about their work experience. Roehling (1997) credits Levinson *et al.* (1962) with

explicitly recognising the dynamic relationship of the psychological contract. Schein (1965) emphasised the importance of the psychological contract concept in understanding and managing behaviour in organisations. Kotter (1973) has made a valuable contribution to the development of the psychological contract theory by pointing out that the psychological contract may also change according to changes in the expectations and situations of the parties involved. During the early 1990s, Sims (1994) proclaimed that an imponderable number of variables may be involved in a psychological contract, of which only a few may be active on a conscious level.

Recent developments in psychological contract theory are largely dominated by Rousseau (c.g. 1989; 1995; 2001; 2004). Rousseau argues that the psychological contract is promise-based and, during the course of time, takes the form of a mental model, which is relatively stable and durable. For the purpose of this article the psychological contract is defined as “beliefs, based upon promises expressed or implied, regarding an exchange agreement between an individual and, in organisations, the employing firm and its agents” (Rousseau, 1995; Rousseau & Schalk, 2000).

The nature of the psychological contract

Much evidence has been published in academic and commercial literature to suggest that significant changes have been forced upon employment relationships since approximately the mid 1980s, globally (Cappelli, 1999) and in South Africa (Horwitz & Franklin, 1996). The very existence of conflict also indicates that, regardless of the actual terms, individuals to a contract have their own perceptions of what owes between the employee and the organisation, which may differ from the actual terms and from each other (Rousseau & McLean Parks, 1993). Psychological contracts spring from a dynamic relationship, thus perceived obligations can be subjective and may change over time (Lee, 2001).

An existing contract ends, sometimes through breach, sometimes by completion and various other legislative reasons and a new contract can be created (Rousseau, 1995). According to Rousseau (1995) the purpose of contract transformation is the creation of a new contract in place of an existing one, where the new contract engenders commitment and efficacy for all concerned. "The old psychological contract is dead ", proclaims Hal (1993, p. 54) and other contemporary writers (Hirsch, 1987; Hirschorn & Gilmore, 1992).

Because individual contracts can potentially take an infinite number of forms, changing business policies (Davis, 1987) and economic pressures (Bettis, Bradley and Hamel, 1992) can easily erode many traditional employment features if not abrogate entire contracts. According to Macneil (1985) and Rousseau (1989) the study of psychological contracts can be brought to two ends on the continuum, namely: *transactional* and *relational*. Theory postulates that the terms or obligations described by psychological contracts differ according to the extent to which they are *transactional* as opposed to *relational* in nature (Robinson, Kraatz & Rousseau, 1994; Rousseau, 1990). Transactional contracts are characterised by an attitude of "a fair day's work for a fair day's pay", and are rooted in short-term returns for services rendered.

Relational contracts, on the other hand, emphasise the existence of indefinite relations in which both parties have made considerable investments (Rousseau & Wade-Benzoni, 1994). The distinction between these two types of contracts may be combined with two conditions; (a) the period during which services are rendered (the period in which an employment relationship is created and maintained), and (b) the level of achievement, which refers to the outcome set for the services rendered. According to Sims (1994) a balanced psychological contract is only achieved when a harmonious relationship between the employer and employee exists, regarding their expectations of what it will give and get in return.

This combination of type and condition leads to a distinction among four basic types of psychological contracts, which may be graphically illustrated as follows:

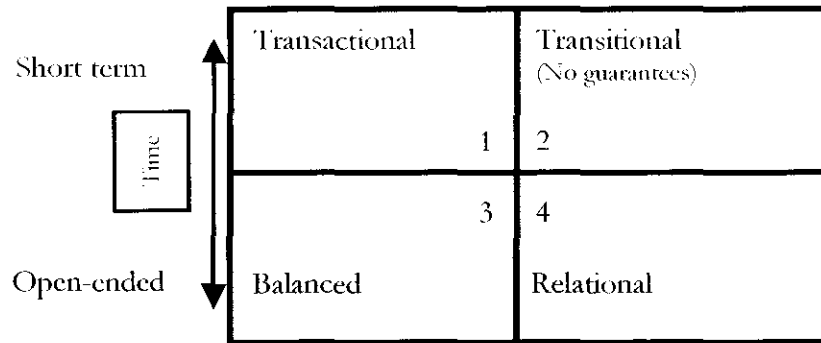


Figure 1. Four basic types of psychological contracts (Rousseau and Wade-Benzoni, 1994, p. 468)

Briefly, these four types of psychological contracts entail the following:

- Transactional contracts, which are of limited duration and contain well-specified performance terms and conditions.
- Relational contracts are characterised by an open-ended membership with ambiguous performance requirements attached to continued membership.

- Balanced contracts, which refer to open-ended and relationship-orientated employment with well-specified performance terms subjects to change over time.
- Transitional contracts, which essentially amount to a stoppage in contracts, reflecting the absence of commitment regarding future employment including, little or no, explicit performance demands or contingent incentives (Rousseau & Wade-Benzoni, 1994).

Despite all these distinctions, Guzzo and Noonan (1994) are convinced that all psychological contracts can be characterised by both transactional and relational elements. The balance between transactional and relational psychological contract will depend on the practices and the atmosphere in the organisation. This can be illustrated as follows:

- Person A is a temporary employee who entered into a clear contract that explains the work to be done in exchange for money. This type of relationship is virtually non-ambiguous and completely transactional.
- Person B is a permanent employee in the organisation and expects a fair and equitable salary plus benefits and a long-term relationship. The relational aspects of that psychological contract are pretty much dominant in this case.

The psychological contract of these two employees may be graphically illustrated as follows:

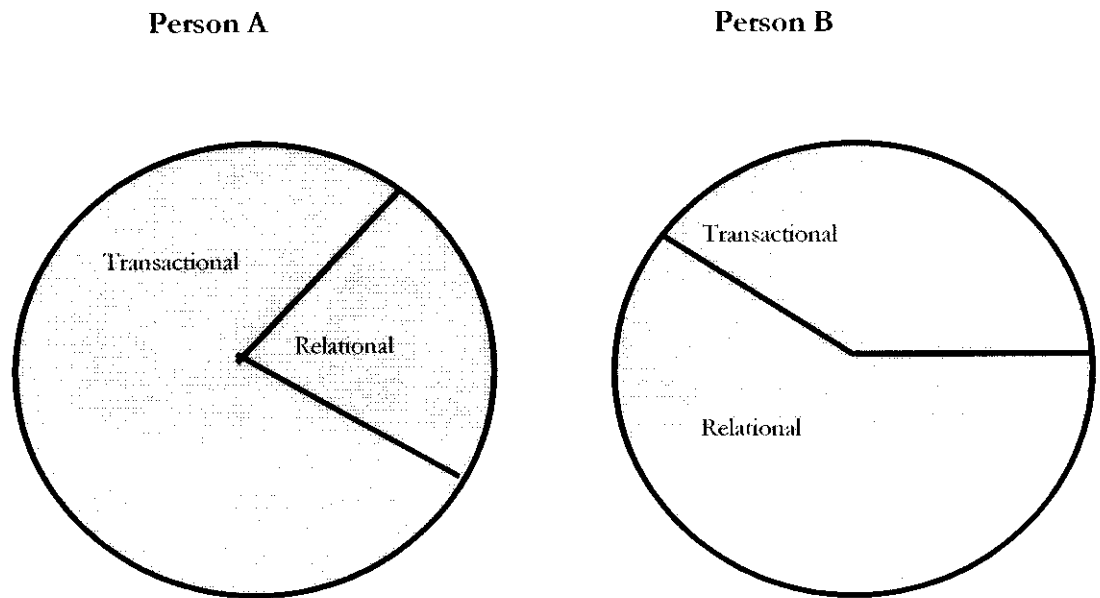


Figure 2. Example of transactional and relational relationships (Guzzo and Noonan, 1994, p. 449)

The "dead old psychological contract" is very likely the pure relational contract, in its many iterations, which has undergone expanded performance requirements, the erosion of internal labour markets and the relaxing of organisational boundaries (Rousseau, 1995). The old psychological contract that accompanied this belief was essentially a system perceived as "relational" obligations (Lee,

2001). Employers generally offer employees long-term relationships, consistent rewards, career management through steady training and advancement and long-term company defined benefit plans (retirement), in exchange for the expectation that employees would give all their loyalty and effort to the company for the very long-term (Ehrlich, 1994). In many cases, long-term company loyalty to employees has been replaced by the demands of having a flexible workforce that can adjust quickly to market needs, regardless of who needs to be hired, terminated or changed (Lee, 2001). Essentially, labour markets appeared to have become far more market driven or externalised (Cappelli, 1995).

Thus, the use of temporary employment becomes more frequent. Employers made it clear through action that, with the new business environment, they could no longer be expected to owe employees the same obligations that had previously been perceived as core to the employment contract (Lee, 2001). These changes on both sides of the employment contract are leading to a widening of the trust gap between employees and their employers and are challenging human resources professionals to shift from old paradigms, where jobs resulted in loyalty, towards innovative ways of securing employee loyalty (Bews & Martins, 1996).

The concept “psychological contract” is by no means a new one; what is new however, is the interest that managers are beginning to show in it (Morrison,

1994). Practitioners and academics have therefore observed and hypothesised the birth of a whole new psychological contract, with significantly different perceived obligations on both sides of the employment relationship (Kissler, 1994; Ribbinson & Rousseau, 1994). The new psychological contract can be observed simply as a movement towards a far more "transactional" (short-term) psychological contract, and less reliance on "relational" (long-term) obligations (Cavanaugh & Noe, 1999). This relationship is one of self-reliance for employees. It has been described as a shift from "paternalism" (where the organisation regulates and protects the entire employment relationship) to "partnership" (employees assumes significant responsibility for their own careers and jobs (Horvitz & Erskine, 1995).

Hiltrop (1995, p. 88) suggests that the new contract should run something like this: "There is no job security. The employee will be employed as long as he or she adds value to the organisation, and is personally responsible for finding new ways to add value. In turn, the employee has the right to demand interesting and important work, has the freedom and resources to perform it well, receives pay that reflects his or her contribution, and gets the experience and training needed to be employable there or elsewhere."

Staffing for such systems is increasingly based on short-term strategy (O'Reilly, 1994), allowing for flexible "hiring", "firing" and changing of employees as well

as contingent staffing as needed, despite questions as to the efficacy of this in a team based environment (Milner, 1995). Young professionals moving are away from "workaholism" towards "balance" and "well-being" and are interested in quality of life, ethical and environmental issues (Goman, 1991). These new values in turn imply increasing self-interest and loyalty to self, rather than to the organisation, distrust of organisations, growing demands for participation in decision-making and accelerating "psychology of entitlement" (Casio, 1991). It should be noted that neither the old contract nor the changes are necessarily representative of all (or even most) organisations.

However, where they have occurred, the wholesale reduction of job stability essentially rewrote the perceived obligations of psychological contracts (Lee, 2001). Employees are expected to be more responsible for their own careers, with the help of organisations but without expectations of long-term employment. Cavanaugh and Noc (1999) have thus observed shifts in employee loyalty from the company to the profession or career.

In addition, pay and performance appraisal are increasingly reflective of true employee value, and less of seniority; thus, increased use of incentive and skill-based pay (Horvitz & Erskine, 1995). Companies are also increasingly abandoning expensive benefit plans with fixed outcome levels (Lucero & Allen,

1994). Instead, they are capping their own contributions and giving employees more responsibility for contributing as well as more say in levels and types of benefits, as with defined contribution plans (Ippolito, 1995). This allows for flexibility and portability of benefits without tying employees to the organisations and *vice versa* (Barringer & Milkovich, 1998).

The new psychological contract is certainly not a resolved concept in employment relations (Lee, 2001). Although the changes do appear to have occurred fairly widely in places, in some organisations it may appear only in parts, or not at all in others (Benson, 1995). The psychological contract is often referred to as the “joining-up” process between employee and employer obligations (Kotter, 1973). The ideal psychological contract, those contributions the individual was willing to give would correspond perfectly to what the organisation wanted to receive; similarly, what the organisation wanted to give would correspond totally with what the individual wished to receive (Ivancevich & Matteson, 1990).

The employment contract as part of the psychological contract exchange

Whether written or oral, contracts are promises made between employer and employee in exchange for some compensation and are enforced, or at least

reorganised, by law (Rousseau, 1989). For the purpose of clarity, the above-mentioned entities in this agreement will be defined. An *employer* is a “person or state that provides another person with work” (Grogan, 2001). Section 213 of the Labour Relations Act (No. 66 of 1995) defines an *employee* as:

- a) “any person, excluding an independent contractor, who works for another person or for the state and who receives, all is entitled to receive, any remuneration; and
- b) any other person who in any manner assists in carrying on or conducting the business of an employer”.

The mainstay of the employment relationship is the contract of employment, which typically details the duties and obligations of both the employer and employee (Venter, 2003). From this definition, the essential elements of the contract of employment emanate:

- 1) the parties to the contract must have the *capacity* to enter into a contract;
- 2) the contract must be *legal*;
- 3) the contract must be capable of *being performed* by those who enter into it;
- 4) the *intentions* of the contracting parties must be the same, namely to enter in a contract;
- 5) but there must be *voluntary agreement*;

- 6) the contract may either *be written, verbal or tacit*;
- 7) the contract must be between *two or more legal persons*;
- 8) the employee *agrees to perform* certain specified or implied duties for the employer;
- 9) the performance of the employee will be for an indefinite or specified period; and
- 10) that the employer has the right to supervise their employees as to the manner in which he or she conducts the work.

For most the legal contractual relationship between employer and employee is perceived as asymmetrical and not one freely entered into between equals, except for certain highly skilled and specialised individuals entering the labour market (Salamon, 1998). Under common law, employees have a duty to tender their services as required by the contract, to maintain reasonable efficiency, to commit them faithfully to furthering the employer's business interests, obey the employer's lawful instructions and refrain from misconduct.

The employer, in turn, has a duty to receive the employees into service, to pay employee's wages and to provide safe working conditions (Rickert, 1987). In response to the perceived control placed on past managerial prerogatives to "hire and fire" employees, employers have sought to use the contract of employment to allow themselves more latitude such as employing workers on fixed-term or

temporary contracts (Finnemore, 1999). Whenever parties enter into any long-term relationship, each has expectations concerning how the other party will act.

The new emphasis of most organisations has been on "flexibility" and greater "individualisation" of the contractual relationship (Salamon, 1998). In addition, the services of private agencies that provide temporary employment has been resorted to in an attempt to reduce the employer's responsibilities to permanent employees and to secure employees at lower rates of pay (Finnemore, 1999). Firms that place a high value on implicit contracts rarely have a high turnover (Reynolds, Masters & Moser, 1991). Fox (1974) believes that in entering into a contract of employment, the employee legitimises the employer in directing and controlling his actions and legitimises, too, the employer's use of sanctions if necessary to maintain this obedience.

"The limits within which the bargain must fall are usually termed the *settlement range* or the *contract zone*" (Coddington, 1968, p. 32). Some important conditions of employment, especially those involving employment relations, can be learnt only after one is actually in the job (Reynolds, Masters & Moser, 1991). In the United Kingdom, the legal view of the individual contract of employment is based on 19th century *laissez-faire* concepts and, Aikin and Reid (1971, p 64) made two fundamental assumptions about the contract of employment:

“It has been arrived at by two parties have equal bargaining strength; and it is intended to bind only those two individuals.”

The contract of employment, however, is not a simple personal contract between two individuals but is a contract between an individual and a corporate entity which has its own legal existence independent of the managers who are, at any point in time, its current controllers (Salamon, 1998). The evolution of the contract of employment is not good news for employees with an entitlement mentality (Kreitner & Kinicki, 2001).

Wedderburn (1971, p. 85) pointed out that "the ordinary worker scarcely recognises his individual contract of employment, but he will frequently be sharply aware of an agreement between his union and the employer". According to Salamon (1998) organisations are shifting away from the purely legal and economic aspects of the contractual relationship between employer and employee towards the psychological and sociological aspects of the relationship between the individual and his or her work situation. There exists a growing perception that long-term staff retention must give way to the easy movement of employees in and out of the organisation according to the strategic or individual need. Employees tend to give what they get, thus, organisations failing to hold up to

their end of the new employment contract will see the erosion of key factors such as commitment, loyalty, trust and motivation (Kreitner & Kinicki, 2001).

The features of the psychological contract

Morrison (1994, p.354) distinguishes between the following features of a psychological contract:

- **Unspoken and implicit expectations:** Psychological contracts are always characterised by the fact that all expectations are voiced. Many expectations only surface when disagreements arise between parties.
- **Expectations from the past:** Both parties have certain fixed expectations even before a psychological contract is established (Morrison, 1994). Full agreement about expectations does not always emerge during negotiations.
- **Interdependency:** A psychological contract is an expression of the conclusion that the two parties need each other. They both have requirements and needs that the other party can provide in or satisfy.
- **Psychological distance:** Psychological contracts define the distance the two parties have to maintain from each other. People need the correct psychological distance in order to function optimally. Proximity is

required to manage tension effectively, to share information and to be able to participate in personal advantages in the job situation. Distance is necessary to prevent people from feeling useless and valueless, or from feeling exploited and abused. The distance maintained by two parties will in great measure be determined by the norms of the community, the task to be performed, the organisational climate and human requirements and needs.

- **Dynamic quality:** Psychological contracts are dependent on human expectations that may change and vary according to changes in needs, circumstances and external factors. Change may also affect the relationship between the parties and lead to a breakdown in relations. Change may result in new expectations or reinforce existing expectations (Morrison, 1994). Each party's perceptions and evaluation of the performance and behaviour of the other in the job situation may also lead to changes in expectations (Robinson, Kraatz & Rousseau, 1994).
- **Predictability:** Predictability is essential in all human relationships and therefore also in terms of a psychological contract. Only when people and circumstances are reasonably predictable can they be relied upon and reliability leads to credibility. A psychological contract therefore is not more than an expression of individuals' trust and faith in what can be expected of the other party in terms of compensation, service and

reciprocity. Action on the part of one party supposes counter action on that part of the other (Morrison, 1994). This insistence on predictability is supported by Rousseau (1989) who stresses that individuals should in fact believe that a promise of future return has been made, that a consideration or contribution has been offered and accepted and that an obligation to provide future benefits exists. Change will probably impair the degree of predictability opposed by the psychological contract, and this will cause the parties to become uncertain, tentative, and might even lead to resistance. On the other hand, communication, both verbal and non-verbal, will enhance the degree of predictability inherent to the psychological contract.

- **Inherent dangers:** Psychological contracts are not legally enforceable (Spindler, 1994). Such contracts rest on faith and trust and are risky for both parties. There is also the danger that unspoken expectations may ruin the contract and thus the relationship. These expectations may be so unrealistic that they may require the abandonment of the contract.
- **Subjectivity:** All psychological contracts are subjective in nature since they rest on an individual's faith and trust about what he/she can expect in return. The contract exists in the eye of the beholder (Rousseau, 1989): in the final analysis, psychological contracts are subjective perceptions held by individual parties in a relationship. Since psychological contracts

are characterised by fragmented promises, cognitive restrictions, differing frames of reference and the formative nature of relationships which all combine to result in relation based agreements, it stands to reason that such contracts are highly subjective in nature (Rousseau, 1989).

- **Concrete and abstract elements:** All psychological contracts contain concrete aspects, such as compensation, circumstances as well as abstract aspects such as security and challenges (Guzzo & Noonan, 1994).
- **Agreements in expectations and achievement:** A relationship exists between expectations and performance on the part of workers. When a psychological contract is breached or not met, a decrease in commitment can be expected resulting in tendencies to resign and other forms of creativity.
- **Acceptance of authority:** According to Schein (1980), the acceptance of authority and in an organisation can be regarded as a key element of the psychological contract. The decision to join an organisation implies acceptance of the basic rules that constitute the organisation's authority system.

Although all psychological contracts display the same set of characteristic features, it must be noted that each contract is unique in that it depends on the perceptions of those parties involved and also on other internal and external

variables. According to Rousseau and Wade-Benzoni (1994), organisations in which specific human resource practices have been running for long periods of time, agreement regarding contract terms are more likely.

Violation and breach of the psychological contract

Prior research indicates that psychological contract breach is relatively common (Robinson & Rousseau, 1994) and content analysis has shown that violation frequently relates to situations where employees feel that the organisation has a reneged on its promises (Robinson & Rousseau, 1994). That psychological contract literature is dominated by the process of contract formation (Rousseau and Greller, 1994; Shore and Tetrick, 1994) and little attention is given to the violation of such a contract (Morrison & Robinson, 1997). Psychological contract violation has been defined as the failure of the organisation to fulfil one or more obligations of an individual's psychological contract (Robinson and Morrison, 1995; Robinson and Rousseau, 1994). Morrison and Robinson (1997), however, suggest that there is a clear distinction between psychological contract breach and violation.

Morrison and Robinson (1997, p.230) have referred to perceived breach as "the cognition that one's organisation has failed to meet one or more obligations within one's psychological contract." Therefore breach is essentially the

identification of perceived unmet obligations; consequently it may be a relatively short-term phenomenon and may result in individuals returning to their relatively "stable" psychological contract state, or alternatively it may develop into full violation (Pate, Martin & McGoldrick, 2003).

Violation however, is an "emotional and affective state that may follow from the belief that one's organisation has failed to adequately maintain the psychological contract" (Morrison and Robinson, 1997, p.230). Contract violation means more than just simply the failure of the organisation to meet certain expectations; responses are more intense because respect and codes of conduct are called into question because essentially a "promise" has been broken and it is more personalised (Rousseau, 1989). Morrison and Robinson (1997) suggest that psychological contract violation is multi-faceted, because it incorporates a wide range of responses.

As a result when an individual's psychological contract is violated the relationship becomes more calculated and transactional, but the distance it moves along the continuum is dependent on the actual strength of the perceived violation (McLean Parks & Kidder, 1994; Pate & Malone, 2000). Thus to summarise, literature suggests that psychological contract violation occurs when there is "contract outcome discrepancy" (Rousseau, 1995) or "reneging on promises" (Morrison & Robinson, 1997).

The study up to so far, has shed light on the literature regarding the employee-organisation relationship, by focussing on the psychological contract. How it forms part of the employment relationship, it's many features and what it is to experience violation on breach of the psychological contract. To give meaning to the stream of literature provided, empirical investigation should be implemented. What follows is an empirical investigation to confirm and expand on existing literature on the psychological contract. The significant empirical findings will also be discussed and explained.

EMPIRICAL STUDY

The study made necessary reference to relevant aspects of research and the psychological contract literature. The psychological contract literature were discussed, defined and expanded. From the literature discussion it seems that the nature and features of the psychological contract have changed. More and more mining organisations are turning towards the use of temporary employment, in addition to the use of permanent employment. The mentioned changes to the psychological contract, the type of employment and the employment relationship must have had an impact on the employee itself and the relationship with the organisation. To affirm the meaningfulness of the research and measure the impact of the changes, an empirical investigation is done to determine the validity

thereof. In this discussion the underlying literature (psychological contracts) are made valid, reaffirmed and further expanded. Furthermore, the significance of the impact on the experience of the psychological contract is highlighted and discussed. Not only for the whole sample, but also for the different study groups as well.

Research design

In this article the sample method was used to achieve the research objectives. The literature was followed-up, expanded and supported by an empirical investigation. This was done by means of a questionnaire. For this purpose access was obtained to the permanent and temporary personnel at a South African mining organisation. The questionnaire on the psychological contract tests two separate experiences. First: the experience of the psychological contract (Part A- employer's obligations as experienced by the employee). Secondly: the experience of the psychological contract (Part B- the employee's obligations as experienced by the employee).

The sampling method used for the empirical study was a stratified random sample, by identifying permanent and temporary employees to complete the questionnaire (Sprinthall, 2003). According to Steyn, Smit, Du Toit and Strasheim

(1994) if the method for gathering information is the use of a questionnaire, the following is essential: (1) to get the desired information from the population as accurate as possible, (2) to achieve the maximum co-operation from the respondents in the target population, and (3) to facilitate the data collection and data analysis.

Study population

The target population comprises of 600 employees in a mining organisation. A stratified random sample of permanent and temporary employees was used. The total sample comprised 200 respondents, where 100 are temporary employees and 100 permanent employees. A response rate of 89% was achieved (86% permanent employees and 91% temporary employees), of which all responses could be utilised.

Descriptive information of the sample is given in Table 1.

Table 1

Characteristics of the Participants

Item	Category	Frequency (Percentage)
Education	Grade 10 (Standard 8)	12,5
	Grade 11	14,2
	Grade 12 + Diploma	0,0
	Grade 12 + Higher Diploma or Degree	0,0
	Grade 12 + Higher Diploma or Degree (Honours)	0,0
	Grade 12 + Higher Diploma or Degree	0,0

	(Masters)	
Role	Clerical	0,0
	Professional	84,1
	Management: Gr. 12-11	14,2
	Management: Gr. 10-8	1,7
	Management: Gr. 7-5	0,0
	Management: Gr. 4-3	0,0
	Management: Gr. 2-1	0,0
Gender	Male	100
	Female	0,0
Race	Black	7,39
	White	92,6
	Coloured	0,0
	Asian	0,0
Marital status	Single	10,2
	Engaged or in close relationship	5,1
	Married	75
	Divorced	7,39
	Separated	0,6
	Remarried	1,1
Home Language	Afrikaans	79,0
	English	13,6
	Other	7,4

Measuring battery

'Tilburgse Psychologisch Contract Vragenlijst' (TPC), (Schalk, Heinen & Freese, 2001)

The TPC contains questions regarding specific employer (43 items) and employee (21 items) obligations. It is therefore, split up into two parts. Part A contains questions regarding the employer's obligations and, Part B, regarding the employee's obligations.

Previous studies using this questionnaire provide support for the validity and reliability of the scales used (see Freese & Schalk, 1996; Schalk, Cambell & Freese, 1998; Schalk & Freese, 2000; Schalk, Heinen & Freese, 2001).

Statistical analysis

The statistical analysis is done by means of the SPSS-program (SPSS, 2004). Principal factor extraction with varimax rotation is carried out on 61 measuring items, which had no confirmed factor structure, in the questionnaire on the sample of 176. Principal component extraction is carried out prior to principal factor extraction to estimate the number of factors, presence of outliers and factorability of the correlation matrices. The eigenvalues and scree plot is studied to determine the number of factors underlying a specific measuring instrument. Cronbach's Alpha-coefficient (α) and inter-item correlation is used to determine the internal consistency of the measuring instrument (Clarke & Watson, 1995).

The mentioned Alpha-coefficient highlights important information regarding the proportion of fault-variation within the boundaries of a specific scale. According to Clarke and Watson (1995, p.53) the average inter-item correlation-coefficient (r_{Avg}) (which is a determinant of internal consistency) is an usable index to

support information which were provided by the Alpha-coefficient. Because the unit-dimension of a scale cannot be determined by simply focusing on the average inter-item correlation, it is necessary to investigate the range and the distribution of the correlations.

Descriptive statistics (i.e. averages, standard deviations, skewness and kurtosis) is used to analyse the data. Differences between the experiences of permanent and temporary personnel are determined by means of T-tests (two variables). The T-test is an excellent testing mechanism to indicate different correlations between groups. This mechanism's formula and application will be discussed later on where applicable.

RESULTS

The aim of this discussion is to investigate the objectives of this study and to discuss it according to relevant research outcomes from empirical investigation. The primary research objective of this study is to determine how the personnel of a South African mining organisation experience the psychological contract and the employment relationship.

In the first part of this discussion attention will be given to this primary objective. This will be done by focusing on the factors, which were identified by the factor analysis, together with the measuring instruments clustered under these factors. The measuring instruments, which could not be successfully

clustered, will also be discussed. Furthermore, measuring items will be identified, on which the permanent and temporary personnel differ. The measuring items were divided into two separate questionnaires. Part A tests the employee's experience of the psychological contract regarding employer's obligations, and will be discussed firstly. Part B tests the employee's experience of the psychological contract regarding his or her own obligations towards the employer, and will be discussed secondly. This will shed light on whether permanent and temporary personnel differ in their experience of the psychological contract.

Factor Loadings, Communalities (h^2), Percentage Variance and Covariance for Principal Factors Extraction and Varimax Rotation on Psychological Contract (Part A) Items

Table 2

Factor loadings

Component Matrix(a)

	Component
	1
EPCA1	.610
EPCA2	.655
EPCA3	.703
EPCA4	.707
EPCA5	.646
EPCA6	.568
EPCA7	.739
EPCA8	.745
EPCA9	.571
EPCA10	.731
EPCA11	.798
EPCA12	.754

EPCA13	.788
EPCA14	.731
EPCA15	.779
EPCA16	.690
EPCA17	.710
EPCA18	.564
EPCA19	.721
EPCA20	.702
EPCA21	.708
EPCA22	.659
EPCA23	.808
EPCA24	.849
EPCA25	.829
EPCA26	.646
EPCA27	.723
EPCA28	.765
EPCA29	.758
EPCA30	.777
EPCA31	.709
EPCA32	.777
EPCA33	.788
EPCA34	.733
EPCA35	.635
EPCA36	.737
EPCA37	.797
EPCA38	.651
EPCA39	.597
EPCA40	.666
EPCA41	.706
EPCA42	.630
EPCA43	.612

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

Table 3

Communalities b^2

	Initial	Extraction
EPCA1	1.000	.372
EPCA2	1.000	.429

EPCLA3	1.000	.494
EPCLA4	1.000	.500
EPCLA5	1.000	.418
EPCLA6	1.000	.322
EPCLA7	1.000	.547
EPCLA8	1.000	.556
EPCLA9	1.000	.326
EPCLA10	1.000	.535
EPCLA11	1.000	.637
EPCLA12	1.000	.569
EPCLA13	1.000	.622
EPCLA14	1.000	.534
EPCLA15	1.000	.606
EPCLA16	1.000	.476
EPCLA17	1.000	.504
EPCLA18	1.000	.318
EPCLA19	1.000	.520
EPCLA20	1.000	.492
EPCLA21	1.000	.502
EPCLA22	1.000	.434
EPCLA23	1.000	.653
EPCLA24	1.000	.720
EPCLA25	1.000	.688
EPCLA26	1.000	.417
EPCLA27	1.000	.523
EPCLA28	1.000	.586
EPCLA29	1.000	.575
EPCLA30	1.000	.604
EPCLA31	1.000	.503
EPCLA32	1.000	.603
EPCLA33	1.000	.621
EPCLA34	1.000	.537
EPCLA35	1.000	.403
EPCLA36	1.000	.543
EPCLA37	1.000	.635
EPCLA38	1.000	.424
EPCLA39	1.000	.356
EPCLA40	1.000	.444
EPCLA41	1.000	.498
EPCLA42	1.000	.397
EPCLA43	1.000	.374

Extraction Method: Principal Component Analysis.

Table 4

Variance and covariance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	21.820	50.745	50.745	21.820	50.745	50.745
2	2.495	5.803	56.548			
3	1.964	4.568	61.116			
4	1.794	4.171	65.287			
5	1.499	3.486	68.772			
6	1.293	3.007	71.779			
7	1.124	2.614	74.393			
8	.877	2.040	76.433			
9	.834	1.939	78.372			
10	.711	1.655	80.027			
11	.657	1.527	81.554			
12	.614	1.428	82.981			
13	.601	1.398	84.379			
14	.561	1.305	85.684			
15	.506	1.177	86.860			
16	.478	1.111	87.972			
17	.411	.955	88.927			
18	.400	.930	89.857			
19	.356	.827	90.685			
20	.327	.760	91.444			
21	.308	.715	92.160			
22	.277	.644	92.804			
23	.260	.605	93.408			
24	.255	.593	94.001			
25	.236	.549	94.550			
26	.217	.506	95.056			
27	.214	.497	95.553			
28	.208	.483	96.035			
29	.176	.410	96.445			
30	.167	.388	96.833			
31	.160	.371	97.204			
32	.158	.366	97.571			
33	.141	.329	97.899			
34	.137	.319	98.218			

35	.127	.296	98.514
36	.111	.259	98.773
37	.107	.248	99.021
38	.091	.211	99.232
39	.084	.195	99.426
40	.075	.174	99.600
41	.068	.157	99.757
42	.057	.133	99.890
43	.047	.110	100.000

The results of the factor analysis of Part A of the questionnaire were analysed. A factor analysis is used to determine the patterns of change in values of various variants (Bless & Kathuria, 1993). The following were indicated: loadings of variants underlying a factor, cumulative and percentage of variants and co-variants. All of the measuring items had a loading above 0.5, and were therefore successfully clustered. If it were the case that some of the measuring items loaded below 0.5, they would have been ignored and not clustered under the factor. Closer investigation of Table 2 indicates that there is one underlying factor under which all the measuring items in Part (A) could successfully be clustered. A validity test for this was done and Cronbach's Alpha test produced a validity result of 98 per cent, see Table 5.

Table 5
Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.976	.976	43

Descriptive Statistics, Alpha Coefficients and Inter-Item Correlations of the Psychological Contract (Part A)

Table 6

Descriptive Statistics: employer obligations

Descriptive Statistics						
	N	Mean	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Employer_Obligation	176	141.2784	-.491	.183	.089	.364
Valid N (listwise)	176					

SOURCE: SPSS, 2004

Descriptive statistics includes those techniques used for describing large amounts of data in convenient and symbolic form. Table 6 provides a summary of the descriptive statistics of the factor (employer obligations). The value of the factor represents the total of the various items underlying the factor. The mean (M) of the factor indicates the sum of the items' averages as a percentage. The mean for the total sample resulted to ($M= 141.2784$).

Although the standard deviation does not result significant research outcomes in isolation, it is still necessary where correlation studies are to be done using the same questionnaire for different populations. The standard deviation is also used with T-tests. The skewness (Sk) highlights where the majority of the response lies as an extreme on the scale. The closer the skewness result to 0.00, the closer the majority of the responses were to the centre of the scale. For the total sample the majority of the response resulted to ($Sk = -0.5$) on the scale. This means that the graph on the scale would lean to the left.

The factor analysis indicated that most of the measuring items according to the guideline of $0.15 < r < 0.50$ (Clark and Watson, 1995) is acceptable. It is suggested that for future research using the same questionnaire the items, which did not meet the criteria, be merged with other items strongly correlated to or be rephrased in the questionnaire so as to measure correctly. Acceptable levels of internal consistency can be seen from the responses, which underlies the factor. Although some of the items strongly correlate and therefore did not meet the requirement, there still are enough acceptable items to state consistency and validation of the factor.

The Cronbach Alpha coefficient (α) can be seen as a measuring instrument of internal consistency and validity of the factor (Nunnally & Bernstein, 1994). Thus

if all the measuring instruments can be clustered successfully under the factor identified. Last mentioned reference state that the, Cronbach Alpha coefficient's, loading must be higher than 0.50 ($\alpha > 0.50$) to make the response on the scale correlated. The factor analysis indicates that all the measuring instruments complied with this criterion. Therefore all 43 measuring instruments could be clustered successfully under *employer obligations*.

Factor Loadings, Communalities (h^2), Percentage Variance and Covariance for Principal Factors Extraction and Varimax Rotation on Psychological Contract (Part B) Items

Table 7

Factor loadings

Component Matrix(a)

	Component
	1
EPCB1	.745
EPCB2	.821
EPCB3	.625
EPCB4	.848
EPCB5	.714
EPCB6	.833
EPCB7	.799
EPCB8	.833
EPCB9	.794
EPCB10	.654
EPCB11	.689

EPCB12	.742
EPCB13	.724
EPCB14	.695
EPCB15	.506
EPCB16	.802
EPCB17	.795
EPCB18	.719
EPCB19	.747
EPCB20	.534
EPCB21	.651

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

Table 8

Communalities h^2

	Initial	Extraction
EPCB1	1.000	.554
EPCB2	1.000	.674
EPCB3	1.000	.390
EPCB4	1.000	.718
EPCB5	1.000	.510
EPCB6	1.000	.693
EPCB7	1.000	.639
EPCB8	1.000	.694
EPCB9	1.000	.631
EPCB10	1.000	.427
EPCB11	1.000	.475
EPCB12	1.000	.551
EPCB13	1.000	.525
EPCB14	1.000	.483
EPCB15	1.000	.256
EPCB16	1.000	.643
EPCB17	1.000	.632
EPCB18	1.000	.517
EPCB19	1.000	.558
EPCB20	1.000	.285
EPCB21	1.000	.424

Extraction Method: Principal Component Analysis.

Table 9

Variance and covariance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	11.280	53.713	53.713	11.280	53.713	53.713
2	1.353	6.443	60.156			
3	1.260	5.999	66.155			
4	1.027	4.889	71.043			
5	.866	4.123	75.166			
6	.691	3.292	78.459			
7	.581	2.767	81.226			
8	.536	2.552	83.778			
9	.421	2.003	85.781			
10	.388	1.849	87.630			
11	.360	1.716	89.347			
12	.342	1.629	90.975			
13	.321	1.528	92.503			
14	.295	1.404	93.908			
15	.288	1.370	95.277			
16	.233	1.112	96.389			
17	.198	.944	97.333			
18	.169	.806	98.139			
19	.145	.691	98.830			
20	.130	.619	99.449			
21	.116	.551	100.000			

Extraction Method: Principal Component Analysis.

A factor analysis is used to determine the patterns of change in values of various variants (Bless & Kathuria, 1993). On the Tables above the following are indicated: loadings of variants underlying a factor; cumulative and percentage of variants and co-variants. All of the measuring items had a loading above 0.5, and were therefore successfully clustered. If it were the case that some of the

measuring items loaded below 0.5, they would have been ignored and not clustered under the factor.

Closer investigation of Table 7 indicates that there is one underlying factor under which all the measuring items in Part B could successfully be clustered. A validity test for this was done and Cronbach's Alpha test produced a validity result of ($\alpha = 0.96$). This means that 96 per cent of the measuring items could be successfully clustered under the one underlying factor identified, see Table 10.

Table 10

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.952	.956	21

The inter-item correlation showed that some of the measuring items do correlate too strongly and are indicated on the Table.

Descriptive Statistics, Alpha Coefficients and Inter-Item Correlations of the Psychological Contract (Part B)

Table 11

Descriptive Statistics: employee obligations

Descriptive Statistics						
	N	Mean	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Employee_Obligation	176	83.8068	-.847	.183	1.650	.364
Valid N (listwise)	176					

SOURCE: SPSS, 2004

Table 11 provides a summary of the descriptive statistics of the factor (employee obligations). The value of the factor represents the total of the various items underlying the factor. The average (mean) of the factor indicates the sum of the item's averages as a percentage. The mean for the total sample resulted to ($M=83.8068$). Although the standard deviation does not result significant research outcomes in isolation, it is still necessary where correlation studies are to be done using the same questionnaire for different populations.

The standard deviation is also used with T-tests. The skewness (Sk) highlights where the majority of the response lies as an extreme on the scale. The closer the skewness result to 0.00, the closer the majority of the responses were to the centre of the scale. For the total sample the majority of the response resulted to

($\lambda = -0.847$) on the scale. This means that the graph on the scale would lean to the left. Most of the measuring items according to the guideline of $0.15 < r < 0.50$ (Clark and Watson, 1995) were collinear. It is suggested that for future research using the same questionnaire the items, which did not meet the criteria (orthogonal), be merged with other items strongly correlated to or be rephrased in the questionnaire so as to measure correctly. Acceptable levels of internal consistency can be seen from the responses, which underlies the factor. Although some of the items strongly correlate and therefore did not meet the requirement, there still are enough acceptable items to state consistency and validation of the factor.

The Cronbach Alpha coefficient (α) can be seen as a measuring instrument of internal consistency and validity of the factor (Nunnally & Bernstein, 1994). Thus if all the measuring instruments can be clustered successfully under the factor identified. Last mentioned reference state that the, Cronbach Alpha coefficient's, loading must be higher than 0.50 ($\alpha > 0.50$) to make the response on the scale correlated. Table 7 indicates that all the items complied with this criterion. Therefore all 21 items could be clustered successfully under *employee obligations*. This coincides well with the literature on the psychological contract (Freese & Schalk, 1996; Schalk, Cambell & Freese, 1998; Schalk & Freese, 2000; Schalk,

Heinen & Freese, 2001). The rotation method used was Oblimin with Kaiser Normalisation.

The mean (M) of the factor represents the sum of the various measuring item's means in the factor as a percentage. Although the standard deviation (SD) doesn't provide significant research results in isolation, it is still necessary when correlation studies are going to be carried out using the same questionnaire in different populations. The standard deviation is also used with the application of T-tests. The skewness shows where the majority of the response on a specific factor lies on a scale. The closer the skewness results to 0.00, the closer the majority of the response lies to the centre of the scale.

The acceptability of the inter-item correlations for most of the measuring instruments was tested. According to Clarke and Watson (1995) the acceptable guideline to be used is $0.15 < r < 0.50$. The inter-item correlation revealed that the measuring items are successful. Significantly related measuring instruments ($0.15 < r < 0.50$) were identified. It revealed that for future studies some of the measuring items are orthogonal and should either be merged or rephrased. Given the number of measuring items in Part (A) and Part (B), it is save to say that acceptable levels of internal consistency exist (items are collinear) and that the responses on the items underlying the factor do correlate.

Descriptive Group Statistics (Permanent and temporary personnel)

Up to now, the empirical study has highlighted the factors for each portion of the questionnaire. Part A of the psychological contract questionnaire revealed employer obligation as the underlying factor. Part B of the psychological contract questionnaire revealed employee obligation as the underlying factor. The research will now attempt to differentiate between the experiences of the two groups (permanent and temporary personnel) for each of these factors. The focus will shift to the secondary objective of this article. The sample sizes of the groups were as follows: 86 were permanent respondents (49 per cent of total sample) and 90 were temporary respondents (51 per cent of total sample). The total sample consisted of 176 employees ($N= 176$).

Psychological contracts- employer obligations

Permanent personnel

As mentioned previously the factor underlying the measuring instruments in this part of the questionnaire was employer obligations. The sum of the averages of the response from the permanent personnel was ($M= 1.44$). Thus, the mean of the permanent personnel's response was 144 per cent. Taken into account by how much all of the scores in the distribution deviate or differentiate from the

mean, the standard deviation resulted to ($SD= 0.41$). This shows that the majority of the permanent respondents deviated or varied from the mean by 41 per cent.

The larger the value of the standard deviation, the more the scores of the permanent respondents are spread out around the mean. The smaller the value of the standard deviation, the less the scores are spread out around the mean. The response of the permanent respondents indicated that they could be measured as homogeneous; their scores are clustered very close to the mean. The standard deviation of the distribution of means provides a measure of sampling error variability (Sprinthall, 2003). One expects sample means to deviate from the population mean, but precisely how much depends on the standard deviation.

This particular standard deviation is thus called the standard error of the mean (SE_M), since it expresses the amount of variability being displayed between the various sample means and the true population mean. The standard error from the mean for the permanent personnel resulted to ($SE_M= 4.4$). The greater the error, the greater is the variation from the mean, *and the lower is the frequency of occurrence*. This can be interpreted that the scores of the permanent respondents are similar to those of the total population, because of the smallness of the standard error from the mean.

Temporary personnel

The sum of the averages of the response from the temporary personnel was ($M=1.39$). Thus, the mean of the temporary personnel's response was 139 per cent. Taken into account by how much all of the scores in the distribution deviate or differentiate from the mean, the standard deviation resulted to ($SD= 0.40$). This shows that the majority of the temporary respondents deviated or varied from the mean by 40 per cent. The response of the temporary respondents indicated that they could be measured as homogeneous; their scores are clustered very close to the mean. The standard error from the mean for the temporary personnel resulted to ($SE_M= 4.2$). This can be interpreted that the scores of the temporary respondents are similar to those of the total population, because of the smallness of the standard error from the mean. The standard error from the mean for the permanent and the temporary personnel is very much similar. Therefore, their scores are distributed very much alike and the frequency of occurrence is high.

ANOVA for both permanent and temporary personnel

A statistical test of significance or ANOVA was done to assess whether or not a significant (no chance) difference exists among several sample means. Statistically, it is the ratio of the variance occurring between the sample means to the variance occurring within the sample groups. A large F ratio (when the variance between is

larger than the variance within) usually indicates a no chance or significant difference. The factor identified for Part (A) of the questionnaire was *employer obligation*. Table 12 indicates that the F ratio= .342 (significant at $p < .01$). The mentioned Table also indicates a significance of (S= .560). This indicates that the permanent personnel had a stronger believe that employer obligations must be kept than that of the temporary personnel.

Table 12

Independent sample test: employer obligations

		Levene's Test for Equality of Variances		Equality of Means
		F	Sig.	df
Er_Obligations	Permanent personnel	.342	.560	173.301
	Temporary personnel			174

SOURCE: SPSS, 2004

The degrees of freedom were also tested for these two samples. With interval (or ratio) data, degrees of freedom refer to the number of scores free to vary after certain restrictions have been placed on the data. In inferential statistics, the larger the size of the sample, the larger is the number of degrees of freedom. With nominal data, degrees of freedom depend *not on the size of the sample*, but on the number of categories in which the observations are allocated (Sprinthall, 2003). Therefore Table 12 coincides with the statistical literature that the degrees of

freedom for the sample of temporary personnel are larger than that of the permanent personnel. The degrees of freedom for the temporary personnel are ($df= 174$) and for permanent personnel ($df= 173.301$). This is because the sample of the permanent personnel is smaller than that of the temporary personnel. According to Sprinthall (2003) the rule applies to inferential statistics only.

Psychological contracts- employee obligations

Permanent personnel

As mentioned previously the factor underlying the measuring instruments in this part of the questionnaire was employee obligations. The sum of the averages of the response from the permanent personnel was ($M= 0.85$). Thus, the mean of the permanent personnel's response was 85 per cent. Taken into account by how much all of the scores in the distribution deviate or differentiate from the mean, the standard deviation resulted to ($SD= 0.16$). This shows that the majority of the permanent respondents deviated or varied from the mean by 16 per cent. The larger the value of the standard deviation, the more the scores of the permanent respondents are spread out around the mean. The smaller the value of the standard deviation, the less the scores are spread out around the mean. The response of the permanent respondents indicated that they could be measured as homogeneous; their scores are clustered very close to the mean. The standard deviation of the distribution of means provides a measure of sampling error

variability (Sprinthall, 2003). One expects sample means to deviate from the population mean, but precisely how much depends on the standard deviation. This particular standard deviation is thus called the standard error of the mean (SE_M), since it expresses the amount of variability being displayed between the various sample means and the true population mean. The standard error from the mean for the permanent personnel resulted to ($SE_M = 1.7$). The greater the error, the greater is the variation from the mean, *and the lower is the frequency of occurrence*. This can be interpreted that the scores of the permanent respondents are similar to those of the total population, because of the smallness of the standard error from the mean.

Temporary personnel

The sum of the averages of the response from the temporary personnel was ($M = 0.83$). Thus, the mean of the temporary personnel's response was 83 per cent. Taken into account by how much all of the scores in the distribution deviate or differentiate from the mean, the standard deviation resulted to ($SD = 0.13$). This shows that the majority of the temporary respondents deviated or varied from the mean by 13 per cent. The response of the temporary respondents indicated that they could be measured as homogeneous; their scores are clustered very close to the mean. The standard error from the mean for the temporary personnel resulted to ($SE_M = 1.4$). This can be interpreted that the scores of the temporary

respondents are similar to those of the total population, because of the smallness of the standard error from the mean. The standard error from the mean for the permanent and the temporary personnel is very much similar. Therefore, their scores are distributed very much alike and the frequency of occurrence is high.

ANOVA for both permanent and temporary personnel

ANOVA was done to assess whether or not a significant (no chance) difference exists among several sample means. The factor identified for Part (B) of the questionnaire was *employee obligation*. Table 13 Indicates that the F ratio= 2.867 (significant at $p < .01$). The mentioned Table also indicates a significance of ($S = .092$). This indicates that the permanent personnel had a slightly stronger believe that employee obligations must be kept than that of the temporary personnel.

Table 13

Independent sample tests: employee obligations

		Levene's Test for Equality of Variances		Equality of Means
		F	Sig.	df
Ee_Obligations	Permanent personnel	2.867	.092	166.078
	Temporary personnel			174

SOURCE: SPSS, 2004

The degrees of freedom indicated that for the temporary personnel ($df = 174$) and for permanent personnel ($df = 166.078$). This is because the sample of the

permanent personnel is smaller than that of the temporary personnel. According to Sprinthal (2003) the rule applies to inferential statistics only. Therefore Table 13 coincides with the statistical literature that the degrees of freedom for the sample of temporary personnel are larger than that of the permanent personnel.

Conclusion and recommendations

In this article, attention was given to the literature regarding the psychological contract. The contract was shown to be an integral part of the experience of the psychological contract. There has been a change in the nature of the psychological contract, from a purely relational contract to a mostly transactional contract. This is characterised by the increase in the use of temporary personnel, where pay is strongly linked to performance. Therefore, it can be said that the old psychological contract is dead, and a new psychological contract has taken its place. The psychological contract in essence, is expectations and obligations from the employer and the employee in the employment relationship. When these expectations or obligations are not met or partially not met, either party may feel that breach or violation of contract has taken place.

Although “employment-for-life” organisations may be difficult to find, many firms still offer long-term contracts for those who continue to learn, who are flexible and adaptable, and whose work adds real value to the firm (Drafke &

Kossen, 1998). A recommendation for future research would be to focus on the psychological contract and not jobs, but careers.

The article also shed light on the empirical aspect related to research. First, the research design was focused on, by discussing the research method, the sample and the analysis techniques. The significant findings of the empirical investigation were highlighted and analysed. In the empirical discussion, the factors and the different items were simplified by means of descriptive statistics. References to literature were made where necessary. The use of Tables in the empirical study simplified the statistical results and helped better explain and analyse some of the data gathered from the questionnaires. The core of the empirical findings as well as the applicable comments are summarised in the following discussion. A strong response from the respondents (personnel) in the total sample ($M = 1.41$) indicates that the respondents feel that the organisation (employer) did meet its obligations towards the personnel to an extent. This means that the organisation should attempt to reevaluate their obligations towards their personnel. They must strive to meet these obligations to the full to ensure a healthy employment relationship with their personnel. Once the personnel experience a feeling of obligations not met or partially not met, they may experience breach or violation of contract and become dissatisfied with their current situation. Acknowledging the obligations towards the personnel and achieving them, will lead to a much

more positive experience regarding the psychological contract and personnel will be more loyal towards the organisation.

The total sample of respondents (personnel) indicated a relatively strong experience ($M= 0.83$) that they did not entirely meet their obligations towards the organisation (employer). This is most probably because they experience a slight feeling of contract breach or violation. This is a result of the organisation not entirely meeting its obligations and therefore the personnel, themselves, will not be that loyal to the organisation. The personnel need to voice their concerns regarding their current employment relationship. This will be an indication to the organisation that all is not well in the employment relationships with their personnel. It seems clear that the psychological contract between employer and employee must be reevaluated and necessary changes be made from both parties to promote the experience.

The empirical study went ahead and analysed the difference in experience between permanent and temporary personnel in the organisation. The permanent personnel had a strong experience ($M= 1.44$) that the organisation had not entirely met its obligations towards the personnel. The temporary personnel had a slightly less strong response ($M= 1.39$). This indicates that the responses between the two types of employment varied slightly from each other. It seems clear that

the permanent personnel had a slightly stronger experience in terms of employer obligations met. This indicates that the organisation has gone to some extent to ensure it meets the obligations towards its permanent personnel. For future research purposes, it would be interesting to determine the level of symbolic value an employee attaches to the psychological contract and its obligations.

The permanent personnel had a relatively strong belief ($M= 0.85$) that they did meet their obligations towards the organisation. On the other hand the temporary personnel also had a relatively strong belief ($M= 0.83$) that they did comply with their obligations towards the organisation. There isn't much of a difference between the two types of employment, but it seems clear that the permanent personnel went to a greater extent in complying with their obligations towards the organisation. This is most likely because the permanent personnel had a stronger belief that the organisation met its obligations towards them.

From the response of the questionnaire that tested the experience of the psychological contract, it seems that the personnel did not experience it as negative. It shows significantly that the personnel did not have an overwhelming positive experience towards the psychological contract either. Reevaluating the current situation can make progress towards an improved experience of the psychological contract as well as better communication regarding what is

expected and what can be expected. Future research, therefore, can focus on a best practice model regarding the psychological contract. When looked at the difference in experience between the permanent and temporary personnel, it seemed clear that the permanent personnel do experience the psychological contract more positively than the temporary personnel. Another interesting prospect for future research would be a comparative study so to estimate the difference or correlation in experience between personnel in the mining sector and personnel in other sectors.

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ARTICLE TWO

**THE EXPERIENCE OF
EMPLOYMENT RELATIONS BY PERSONNEL
OF A SOUTH AFRICAN MINING
ORGANISATION**

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ABSTRACT

To reach the aim of this article, a literature and empirical research are used. A survey questionnaire is used to measure the experience of the employment relations, as to determine the correlation and difference in experience by temporary and permanent personnel in a South African mining institution. The target population is a mining organisation with two main types of employment contracts, temporary and permanent employees, totalling 600 employees. Random samples of these two groups were used; being 100 permanent and 100 temporary personnel. Mentioned questionnaire determines the perceptions of factors that temporary and permanent personnel see as relevant to the employment relationship, and then analyses perceptions of and attitudes towards recent changes in the mining environment.

As in most other sectors worldwide, the South African mining sector employs both permanent and temporary personnel. These two forms of employment create different expectations and obligations in the psychological contract and therefore the associated employment relationship differs. As part of a project exploring the nature and content of the employee-organisation relationship, this article focus on the experience of the regulation of the employment relationship by temporary and permanent employees in a South African mining institution.

The article makes two contributions to the employment relations literature: it examines the relevance of the employment relations regulations in a South African mining environment; and it provides added value on the employment relations literature of permanent and temporary personnel. From the literature it seems evident that the employment relationship has changed its face to adjust to new demands in employment, with lesser long-term and more temporary relationships occurring. However, organisations developed a dual approach to employment with the use of permanent and temporary employment, each with its own regulations. From the empirical investigation it seemed that the permanent personnel experienced more clarity regarding the employment relationship and its regulations and therefore experienced more trust in its application. It showed that organisations should provide training in policies and procedures and communicate more effectively with their temporary personnel.

Introduction

According to Shore *et al.* (2004, p. 50) the “term *relationship* involves the condition of being connected and associated together”. Therefore the employee-organisation relationship (EOR) focuses on the interaction between employee and the organisation in the relationship. If a relationship entails interaction, it should also entail exchange between the two parties to the relationship. Many concepts have focussed on the exchange relationship between the organisation and the employee, including the employment relationship (Tsui, Pearce, Porter & Tripoli, 1997). The EOR is inherently multi-party, with the organisation on the one side and the employee on the other. Each of them acting and reacting, which shape the meanings each party attaches to the relationship (Brass, 2000). Coyle-Shapiro and Kessler (2002) found that employees and organisations have somewhat different views regarding the terms of the EOR and the extent to which both parties understand employment as a relationship. Employees in particular, are likely to derive information regarding the nature of the EOR from the treatment they receive in relation to co-workers and other referent employees (Shore *et al.*, 2004). Like any other social relationship, the EOR will not remain static over a period of time. Therefore the employment relationship too, will not remain static over a period of time and will also undergo changes or adaptations to differing circumstances. The notion of the employment relationship as a field

of study started in the late nineteenth century (Marsden, 1982), but as mentioned did not stay static over a period of time. South African employment relationships have a long and profound history, with numerous changes to it over the past century. At first academics studied labour relations and human resource management as two separate study fields (Cowling & James, 1994). The mentioned two separate study fields were later combined because of a realisation by academics that the study fields couldn't be studied in isolation. Not only can the two study fields not be viewed in isolation, but also it must be compared to the psychological contract literature (Schein, 1965). The employment relationship is significantly related to the psychological contract and *vice versa*, because of the similarities in the two literatures (Levinson, Price, Menden, Mandl & Solley, 1962; Rousseau, 1990, 1995). Therefore, it seems that employment relations have a multi dimensional character, and is taken into account in this article. The focus shifted to form a single study field for better understanding and interpretation. The main focus of employment relations as a field of study was initially on the rulemaking and regulatory aspects of the relationship (Bendix, 2001).

Organisations have made remarkable changes regarding the nature of the employment relationship in response to a highly competitive external environment whereby; demands of product and labour markets shape the exchange between employee and the organisation (Cappelli, 1999). Organisations

are striving for increased flexibility and better organisation strategy to adapt to and accommodate the mentioned demands in the external environment (Kalleberg, 2001). Roehling, Cavanuagh, Moynihan and Boswell (2000) feel that the major changes can be seen the lesser manner long-term relationships are formed, to accommodate higher levels of flexibility in the employment relationship. This led to an increase in the use of temporary employment (Pfeffer & Baron, 1998). Lepak and Snell (1999) recognised the change in the nature of the employment relationship and introduced a model whereby four types of relationships that are likely to form, are illustrated. This model explains the complex and paradoxical nature of the employment relationship.

Two major strikes in Britain gave rise to the thought of trade unionism, which had profound consequences on employment relations and changed its face forever (Webb & Webb, 1960). The birth of trade unionism spread like wild fire, and was brought to South Africa from Britain with the need for skilled labour in the mining industry. This strong voice of workers, which was not known before, necessitated labour regulations to limit the actions of these trade unions. The first employment legislation in South Africa was introduced in 1841 with the Masters and Servants Act.

The illusion by the South African Government that all was well in the South African employment relations system was taken to ground rather abruptly with the resurrection of organised labour consciousness in the 1970s. As could be expected, the new power base of organised labour in South Africa led to the establishment of new trade unions and trade union federations (Slabbert & Swanepoel, 2001). Pressure for change in the employment relations system and the dualistic legislative framework (implicit regulations) in South Africa led to the appointment of the Wichahn Commission in 1977 (Bendix, 2001).

By late 1985, the South African employment relations system seemed to be on a runaway train and exceeded the growth rate of the socio-political and economical systems, due to ever-growing democratisation of the labour market, in a still separatist socio-political environment (Bendix, 2001). This misalignment, of an increasing democratised employment relations system in a undemocratic country, created pressure in the employment relations system, particularly since trade unions, as the sole legitimate voice of black people in the South African society, saw it as their role to bring about political change. As a result of the government's racially based policies, the national and international climate changed from friendly to hostile up until 1987, because it became clear that such policies were unacceptable to the rest of the world (Nel, 2002).

In the late-1980s, the government and numerous employers felt that trade unions were too powerful and in 1988 amendments were consequently made to the Labour Relations Act (28 of 1956), which curtailed the power of trade unions (Slabbert & Swanepoel, 2001). The period from 1990 to 1993, in particular, brought about immense socio-political change for South Africans and the employment relations system (Nel, 2002). The political process, the structure of society, and the economic environment underwent a transformation.

Probably the most remarkable change catalyst was the announcement of the release of Nelson Mandela and abolition of the banning of various political parties by the then President, F W de Klerk, on 2 February 1990. This announcement had profound implications for employment relations, as it placed South Africa on an irreversible course for change in the socio-economic and political spheres, which ultimately led to new demands being placed on employment relations.

Given the changes in South Africa in general and especially legislation, the mining sector went through a transition phase as well (Standing, Sender & Weeks, 1996). Mining organisations had to deploy new forms of employment to keep up with mentioned changes in the country and the nature of the employment relationship. Alliances were formed and joint ventures were taken up, so as to ensure their

survival in a changing country. This increased the need for flexibility around their employment relationships. The need for a new form of employment with fewer boundaries regarding the period of employment had escalated (Rubery, Marchington, Coopke & Vincent, 2002), and temporary employment was introduced together with its own legislative regulations. Mining organisations headed on a new path, with a dual approach to employment, one being permanent and the other temporary employment (Sherer, Rogovski & Wright, 1998). The motivation for the dual approach is that permanent employment provides the organisation with internal consistency (in the reinforcement of organisational routines), to ensure quality and as a means to force the internal operation (Shore *et al.*, 2004).

With the mentioned changes to the nature of the employment relationship and the legislative changes in the country. One cannot help to ponder on the effect it had on the employee-organisation relationship. Considering that many organisations changed its employment strategy, leading to less guarantees of long-term relationships forming. The majority of this article provides a framework of the workings and functions of the employee-organisation relationship (EOR), focussing on the employment relationship. The first objective of this article is to determine the experience of explicit employment relations regulations by personnel in a South African mining organisation. The second objective is to

determine the cross correlation in the experience of the explicit employment relations regulations between permanent and temporary personnel in a South African mining organisation.

To achieve this, a literature study was done to explain, confirm and expand on existing literature regarding the employment relationship. The literature covers definitions of employment relations, formulates its own definition and discusses the nature of the employment relationship. Furthermore, the article explains the transition from labour relations to employment relations and looks at the multi-dimensional character of employment relations and the psychological contract. The literature sheds light on the implicit employment regulations in South Africa and the importance of explicit employment regulations within the organisation. Finally, the literature emphasises what seems to be the critical aspects of testing the validity and consistency of the experience of the employment relationship.

To validate and make the research more significant, an empirical investigation was also done, whereby questionnaires were distributed for completion to permanent and temporary personnel in a mining organisation in the North-West Province of South Africa. In the questionnaire two main components are tested (as per factor analysis): *clarity* regarding the nature of the employment relationship

and *trust* in the regulation of the employment relationship. The method of investigation was as follows:

The validity and reliability was tested using Cronbach's Alpha coefficient. The empirical investigation attempted to cluster the measuring items respectively under the possible two factors using the inter-item correlations. Descriptive statistics was implemented and discussed for the whole sample. Afterwards descriptive group statistics was implemented and discussed for both permanent and temporary personnel to determine the cross correlation. The article ends off by coming to a conclusion regarding the employment relationship and providing recommendations for improving the experience of the employment relationship, based upon the literature study and the empirical findings.

Employment relations defined

Various definitions of the employment relationship developed through time. To identify these definitions will shed light on the focus of the employment relationship. The following definitions will assist in this process.

- Barnard (1938) summarised the employment relationship as an exchange of utilities.

- Dunlop (1958) defined the employment relationship as the "full range of rulemaking governing the workplace".
- Flanders (1965, p.4) defined the employment relationship as "a study of the institutions of job regulation".
- Hyman (1975, p.12) describes it as "the field of study regarding the process of control over work relations, which includes job regulations".
- Walker (1979, p.11) defines the employment relationship as "the concern with the accommodation between the various interests that are involved in the process of getting work done".
- Brewster and Connock (1985, p.8) say that "employment relations are concerned with the employment relationship and its central characteristic or focus is employment in all aspects: micro and macro, individual and group".
- Hartley and Kelly (1986, p.162) argue, "there are individual as well as collective aspects in the content of the employment relationship".
- Poole (1986, p.40) is of meaning that "the employment relationship is a discipline concerned with the systematic study all aspects of employment relationship".
- Saucier and Voelker (1993, p.4) state "the employment relationship is a competitive and co-operative relationship that arise out of the employment of labour by an organisation".

- Kochan (1996, p.250) believes that "the central focus of the employment relationship is the structure and of the labour force; i.e. the full range of policies and practices governing the employment relationship".

From the above-mentioned definitions, employment relations can be defined as:

The systematic and disciplined study of the exchange of competitive and cooperative utilities on an individual and collective level so as to structure labour in an organisation by means of rule making and governance of these rules.

From labour relations to employment relations and how it is linked to the psychological contract

The separation between an employee's private life and his or her work resulted in the focus of the relations between employer and employee having changed from relations in which service was the primary objective, to an employment relationship in which profit and remuneration have become the objective. Therefore, the main considerations nowadays are, profit for the organisation with remuneration to the employee for assisting in attainment of this profit. Rousseau (1989; 1990; 1995; 2001; 2004) presented a stream of research on the employment exchange, the psychological contract, and noted a change in the

contract's conceptualisation from its early appearances in the management literature (Levinson *et al.*, 1962; Schein, 1965), i.e. a set of mutual expectations regarding pay, rights, privileges and obligations that both organisation and the employee hold for one another in the context of the employment exchange, to beliefs concerning the terms and conditions of employment exchange (Rousseau, 1990, 1995). Given Rousseau's broad and integrated portrayal of the psychological contract, it is useful to consider how the psychological contract and the employment relationship are in fact similar and different to one another.

Employment relations deal essentially with people who, because of their mutual involvement in the working environment, have been placed in a specific relationship with one another (Bendix, 2001). The employment relationship is not only the focus of labour relations; it also forms the basis of human resource management (Slabbert & Swanepoel, 2001). Therefore, employment relations are a combination of labour relations management and human resource management.

Labour relations management deals with decision making and behaviour regarding aspects such as trade unions and other forms of worker representation and participation, the rights and duties of the employer and employees and their representatives, how to deal with matters concerning conflicts and disputes and

also co-operation with unions, as well as how the organisation will relate to other related institutions such as employer organisations or associations. Traditionally, the focus of labour relations management was primarily on the collective, conflictual and formal dimensions of employment relations (Nel, 2002).

However, the individual dimension is also covered in aspects such as the rights of the employee regarding fair treatment, accommodation, annual leave, certificate of service, family responsibility leave, freedom of association, maternity leave, notice on termination of employment, payment on termination of employment, prescribed days off, remuneration due, safe working conditions, sick leave, and to strike. Issues related to communication, information sharing and the handling of grievances, discipline and dismissal are also typically included in labour relations management. Human resource management usually covers the whole spectrum of functions stretching from recruitment, selection and appointment to those functions aimed at fully utilising and developing the potential of all employees, as well as those aimed at caring for, rewarding and conserving the workforce (Nel, 2002).

As such, the employment relationship and the management thereof is the factor which binds the two fields of study, which traditionally were mainly dealt with separately in literature and management science, namely, labour relations and

human resource management. Cowling and James (1994, p.1) put it as follows: “Too often personnel (human resource) management and the industrial (labour) relations are treated as two entirely different subjects”.

Modern practice in organisations is, however, bringing the two together as part of a policy of creating coherent and effective systems of the management of people. Careful analysis of both these fields of knowledge and practice reveals that both human resource management as well as labour relations management has as their cornerstone the *employment relationship* (Nel, 2002).

According to Shore *et al.* (2004) several important similarities between the psychological contract and the employment relationship and their respective literatures can be highlighted. First, both literatures view the employing organisation, as the purchaser of the employee's labour and the party who has the greatest control over procedures and outcomes in the workplace, as generally having greater power in determining the terms and conditions of the contract as the basis of the exchange. Therefore, Schein (1970) argues the importance of having a psychological contract where the employee retains sufficient power to exert *some* influence over the nature of the contract terms and Rousseau (2001) exclaims the prevalence of unilateral and large-scale contract changes by the employing parties as their motivation for deciding to focus on the employee's perspective of the contract.

In his discussion of the employment relationship, Cappelli (1999) concluded that organisations have made dramatic changes in the nature of the employment relationship in response to the appearance of a highly competitive external environment whereby, the demands of the product market and the labour market largely shape what is exchanged between the two parties. In accordance to this Kalleberg (2001) also shows flexibility as a major theme in the literature on work and work places, and while acknowledging the importance of flexibility for the individual employee for the purpose of balancing work and non-working activities, plainly declares workplace flexibility as an organisational strategy undertaken in order to adapt to changes in the product and labour markets.

Second, both contract theory and employment relationship conceptualisations are focused, although in different ways and in different degrees, on the basis of exchange between the individual and organisational parties (Shore *et al.*, 2004). Both of these concepts are highly concerned with “the extent to which job security are being exchanged for loyalty and command commitment as well as the overall investment in training and development, for a desired outcome of high quantity effort and valued skills to achieve the organisation’s goals” (Shore *et al.*, 2004, p. 34). What seems to be highlighted from the literature is that both are concerned with the nature of the social exchange between organisation and employee, as well as the organisation’s power to unilaterally and swiftly alter the

nature of the exchange relationship with the consequences of doing so accounted for.

Despite the similarities mentioned above, Shore *et al.*, (2004) identify three primary differences between the psychological contract and the employment relationship literature.

Perspective and level of analysis: one important difference that receives fairly consistent support in literature is that the psychological contract is seen from the individual employee's perspective, and therefore, the outcomes are at the individual level of analysis (Robinson, Kraatz & Rousseau, 1994; Rousseau, 1995).

In contrast, the employment relationship literature is mainly from an organisation's perspective and is therefore more focused on employee, group, job or organisational level outcomes (Mahoney & Watson, 1993; Tsui *et al.*, 1997).

Content of obligations versus basis of exchange: although both the literature on psychological contract and employment relationship focused mainly on the specific content of what is exchanged between the two parties, psychological contract theory and research is concerned with the specific nature or content of the parties' mutual obligations, while the employment relationship research generally highlights relatively general components of the exchange between employee and organisation. In relation, psychological contract theory views incongruence between the perceived mutual set obligations held by an employee

and organisation as an important cause of violations (Morrison & Robinson, 1997; Rousseau, 1995). Conversely, the employment relations literature is concerned, not with perceived mutual obligations, but with what is actually exchanged and by the two parties especially in light of recent and fairly dramatic changes in the relationship (Cappelli, 1999; Kalleberg, 2001).

Determinants of outcomes- (violations in contract versus balanced or unbalanced nature of the exchange): discrepancies or violations, between what the employee believes as promised by the organisation and what is actually delivered, play a vital role in shaping the individual's attitude and behaviour in psychological contract theory and research (Robinson, 1996). Conversely, the drive force of employee group and organisational level attitudes and performance within the employment relationship literature is both the level of investment that parties make to one another and the degree of balance or imbalance between their respective levels of exchange (Shore & Barksdale, 1998; Tsui *et al.*, 1997).

The nature of employment relations

The existence of a relationship between employer and employee is as old as labour itself. From the above-mentioned early perspectives of employment relations, it seems as if the focus has generally been on the rule making and regulatory aspects of the employment relationship (Bendix, 2001). With the

mentioned changes in the economic and socio-political environments during the past two decades in South Africa, the nature of the employment relationship between the employee and employer has also undergone some change (Shore *et al.*, 2004). According to Rochling, Cavanaugh, Moynihan and Boswell (2000) the major evidential changes can be seen in the lesser manner long-term relationships are formed and higher levels of flexibility in the employment relationship.

This led to the increased use of temporary work arrangements (Pfeffer & Baron, 1998). Lepack and Snell (1999) support this change and introduced four types of employment relationships categorised on the basis of the strategic value and uniqueness of the organisation's human capital. When both the value and the uniqueness of the human capital are high, the organisation will have an organisation-focused relationship with their employees. A typical example of such employees in a South African mining organisation will be top management i.e. directors and general managers.

When both the value and uniqueness are low, the organisation will have a job-focused relationship with their employees. Typical examples of such employees in South African mining organisations are miners and shift supervisors (hands-on employees). When the strategic value is high but uniqueness is low, the relationship will be symbiotic which is similar to the organisation-focused

approach with the exception that both parties will not expect a high level of commitment from each other. A typical example of such employees is temporary employees (contract workers). When the uniqueness is high but the strategic value is low, the relationship will be a partnership, in which trust is critical to encourage the pooling of unique resources and to ensure a longer-term relationship. That will be the case in administrative personnel. It becomes apparent that the employment relationship is both complex and paradoxical by nature (Bendix, 2001).

These mentioned types of employment relationships can be illustrated as follows:

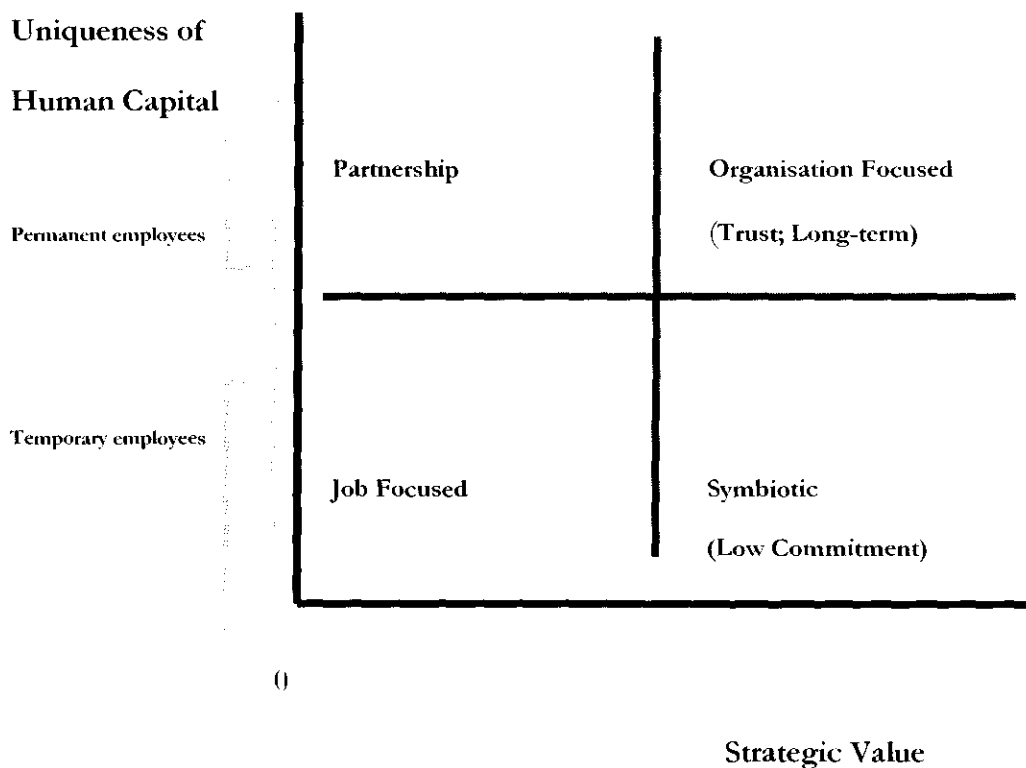


Figure 1. Adjusted model of employment type, status and application (Authors, 2004).

In a partnership relationship the most common type of employee found will be that of an administrative function. Their input into the organisation's daily functioning is unique and a lot of confidential information is dealt with, i.e. monthly pay slips, bonus papers etc. Therefore, the organisation trusts them with this information. Such employees usually stay in the relationship for a long period of time and therefore it seems that they promote long-term relationships.

In the case of a miner or a shift supervisor, the relationship is job-focused. The employee performs the core function of the organisation and is rewarded for good performance. Such employees' turnover rate is higher than that of an administrative or top management employee, because of the nature of the relationship and function in the organisation.

Organisational-focused employees are usually represented by top management. These employees contribute uniqueness in their way of thinking and skills they bring into the organisation. They add enormous strategic value to the organisation because of their decision-making attributes. In such a relationship the organisation is always top priority. These employees form the driving force to determine in which way the organisation is moving.

Symbiotic relationships are mostly characterised by temporary employees (contract workers). They are taken into the organisation to complete a specific task and once the task is completed, they are remunerated for their efforts without any promise of future employment with the organisation. These types of relationship are usually short in nature because it only lasts for the period up until completion. Low levels of commitment seem to exist between the organisation and the contract workers and *vice versa* (Lepak & Snell, 1999). On completion of the task they are taken out of the organisation never to be used again or up until such a task arises which they must again complete. It seems that the permanent relationships can be clustered around partnership and organisation-focused relationships, whilst the temporary relationships can be clustered around job-focused and symbiotic relationships. For the purpose of this study, permanent and temporary employees will now be differentiated from one another and discussed.

Permanent and temporary employment

Recent literature (Rubery, *et al.*, 2002) shows an ever-increasing interest in determining the different types of the employment relationship. One type seems to be the use of temporary employment. Grogan (2001) defines a temporary contract as a contract voluntarily agreed by both parties to the agreement for a

fixed term or period of time. The temporary contract is usually based on performance or completion of a given task. Grogan (2001) defines the permanent contract as a contract, which also is voluntary, agreed to, but the period of service is indefinite or not specified.

Therefore, the contract continues until the parties to the agreement makes an end to it by agreement, when the agreed retirement age is reached, by notice duly given (unless agreed otherwise), summary termination for reasons recognised by law (in this case the Basic Conditions of Employment Act (No.75 of 1997), by repudiation, by death of either party, by insolvency of the organisation only, by supervening impossibility of performance from both parties or by state action such as imprisonment of either party. More and more organisations are heading toward less clear boundaries regarding the period of the employment (Rubery *et al.*, 2002). Therefore, organisations are no more likely to enter into a permanent relationship with employees, but rather into a temporary relationship based strictly on performance.

Nowadays, many organisations enter joint ventures, alliances and partnerships (with one another), which create the need for flexibility in and around their employment relationships. The permeable nature of organisations and the development of multi-employer relationships introduce new problems and

ambiguities into the employment relationship (Shore *et al.*, 2004). Furthermore, Shore *et al.* (2004) concluded that such complexity might mean the need for a dual approach- increased use of both temporary and permanent status forms on the employment relationship.

Romme (1999) introduced self-determination as an alternative to establish the status of an employment relationship. This is particularly relevant in organisations that use different kinds of structure (both temporary and permanent employment). In such a structure, there is the absence of a single ultimate authority. Both parties to the relationship agree on the status of the relationship. Therefore, a correlation can be made to the multi-employer organisations (Rubery *et al.*, 2002).

The employment relationship can then be viewed as a partnership relationship, whereby both parties exercise equal say in the determination of the employment relationship. However, Sherer *et al.*, (1998) found that companies in reality used the permanent employment relationship more often than temporary relationships. The argument for this practice is that the permanent employment relationship provides the organisation with internal consistency, in the reinforcement of organisational routines to ensure quality, and a means to force the internal operation (Shore *et al.*, 2004).

Reynolds, Masters and Moser (1991) support the view that the nature of the job influences the type of employment relationship. Last mentioned source argued that organisations use the permanent employment relationship more often when the need exists to repeat hiring for the job, when the job requires organisation-specific skills, and when performance in the job is difficult to assess. From this it seems that the literature coincides with the adjusted model by Lepak and Snell (1999), as previously discussed, used the criteria of strategic value (repeated hiring) and uniqueness of human capital (organisation-specific skills) to determine the different types of employment modes and relationships. Therefore, it seems that the structure of the organisation, job nature, uniqueness of the human capital and the strategic value all contribute to be the main factors influencing employment relationships.

Forms of regulations regarding temporary and permanent employment

The employment relationship, whether permanent or temporary, is regulated by implicit and explicit regulations. The implicit regulations are legislation laid down by the State as part of the labour relations system. In the case of the article; explicit regulations are rules laid down by organisations to have control over their labour and the relationships with these labour. Explicit regulations are usually based on the implicit regulations, on the other hand, but are not entirely

dependant on the implicit regulations. Having this in mind, this section discusses the regulations regarding the temporary and permanent employment relationship taking both types (implicit and explicit regulations) in account.

Implicit rights

Where the parties clearly specified the duration of the *temporary* contract, it will endure for the specified period, unless terminated earlier by agreement or by fundamental breach. The period can be terminated either by stipulating a date for termination, or the happening of a particular event (mentioned earlier), or with reference to completion of a particular task. Where the parties have indicated that the temporary contract will terminate on completion of a particular task, the onus rests on the employer to prove that work was in fact completed. Unless otherwise agreed, a temporary contract cannot be terminated during its currency without good cause. Whether such a contract can be terminated on notice before the date agreed upon is a moot point. The current Basic Conditions of Employment Act (No. 75 of 1997) appears to resolve this issue by stating that the prescribed periods of notice must be given in the case of a temporary contract of employment "*terminable at the instance of one party to the temporary contract*".

If after the agreed date for the termination of the temporary contract the employee remains in service and the employer continues to pay the agreed remuneration, the temporary contract may be tacitly renewed, provided that this is consistent with the parties' conduct. The renewed temporary contract will continue on exactly the same terms and conditions as the previous temporary contract, except that the duration of the temporary contract need not be the same as that of the original contract. The duration of the renewed contract must be determined in the light of the particular circumstances of each case. Unless otherwise agreed the new temporary contract will be of permanent duration, terminable by reasonable notice given by either party.

The current Labour Relations Act (No. 66 of 1995) implicitly provides that the non-renewal of the temporary contract constitutes a dismissal where the employee reasonably expected the employer to renew it on the same or similar terms but the employer offered to renew it on less favourable terms, or did not renew it at all. Whether non-renewal of a temporary contract is unfair will therefore depend on the surrounding circumstances, including, but not limited to, the number of previous renewals. However, where the contract clearly indicates that it is of a temporary nature, or where adequate notice was given of the termination of a temporary contract, such termination will not normally be regarded as unfair.

Where the parties do not specify a date of termination, the contract is for a *permanent* period, and endures until it is terminated by agreement, by the giving of the contractually stipulated or reasonable notice of termination, until either party elects to terminate on fundamental breach by the other, on retirement at the agreed age, or on one of the grounds set out in the Labour Relations Act (No. 66 of 1995). The parties are free to agree on a mandatory retirement age, and when that age is reached the employer is entitled to demand that the employee actually take his or her retirement. All of the implicit rights mentioned, protected by related legislation (Labour Relations Act (No. 66 of 1995) and Basic Conditions of Employment Act (No. 75 of 1997)), do apply to the temporary employee as well, except for the period of employment.

Explicit rights

Pearce and Robinson (1991, p.14) state that policy (explicit regulations) "guide(s) the thinking, decisions, and actions of managers and their subordinates in implementing the organisation's strategy". Policy formulation is the summarising and consolidation of the important long-term aspects of the strategic plan and it rounds off preparations for the formulation and implementation of strategy (Slabbert & Swanepoel, 2001).

According to Thurley and Wood (1983) the nature and importance of an employment relations policy are illustrated when managers experience labour relations problems as a result of uncertainty about what precisely they should be doing if there exists ambiguity in the extent to which they should negotiate, consult or simply inform workers, and if it is felt that their organisations did not communicate or develop clear guidelines on such matters.

Hawkins (1971) also mentions that one of the main objectives of an organisation's explicit regulations would be to lay down the principles or set rules of action to which operating management is subject. Gill (1974) argues that the realisation of the organisation's objectives is heavily dependent on a consistent approach. Without a set of guidelines, consistency in day-to-day management can be very difficult to achieve unless there is a tight central control of decision-making. Policy should therefore in particular facilitate uniform implementation of strategy (Slabbert & Swanepoel, 2001).

Slabbert, Prinsloo and Backer (1990, p. 111) distinguish policy from concepts such as principals, philosophy and procedures, in that, philosophy refers to "a generic statement that reflects certain basic beliefs or values held by management, and is therefore in general the nature. Policies normally start with an expression of such philosophy". Slabbert *et al.* (1990) further point out that although

principles are part of a policy, they cannot be labelled in an isolated form as policy. Policy is interspersed with broad, general principles, but is also more specific with a view to establish guidelines for the implementation of management's strategy in respect of employment relations.

According to Slabbert & Swanepoel (2001) further aspects which illustrate the importance of a policy in general, and that of a written employment relations policy in particular, includes that policy:

- promotes delegation of authority and facilitates decentralisation;
- promotes flexible management without sacrificing optimum uniformity;
- promotes continuity without implementing rigid uniformity;
- promotes planning, facilitates co-ordination and promotes teamwork;
- promotes better understanding, training and development, operations and relations in general;
- reduces uncertainty and promotes optimum uniformity;
- helps in setting and achieving the required standards of performance;
- facilitates a balance between strategic thinking and operational skills in the management of employment relations;
- promotes the implementation of fair and reasonable employment practices;

- promotes consistency in behavioural patterns of management and employees; and
- can promote workplace democracy and participation.

It is important, however, to note that an effective employment relations policy is a prerequisite for the acquisition of the above mentioned advantages.

Prerequisites for effective explicit regulations and best practice (employment policy)

Slabbert & Swanepoel (2001) believe that in the development, implementation and maintenance of an employment relations policy, the following guidelines should be used:

- The policy must serve as a frame of reference for both strategic and operational management in respect of all matters concerning employment relations in the organisation.
- The policy must be simple, clear and unambiguous.
- The policy must be dynamic and adaptable to change.
- The policy must be in writing.

- The policy must be in accordance with the relevant statutory and government requirements.
- The basic principles of the policy must be clear and well understood.
- The policy must form an integral part of the overall business strategy.
- The policy must be positively worded.
- The policy must spell out clearly the margins of discretion.

Horwitz (1991: 220-221) is further of opinion that an employment relations policy:

- must emphasise general rather than specific rules or specific situations;
- must have a holistic and long-term focus;
- must be implemented through a process of participation and involvement;
- must have the approval and support of the highest authority in the organisation; and
- must not be in conflict with the policy statements or statements in any other policy.

Typical examples of policies and procedures in organisations are the employment policy, recruitment policy, the contract of employment itself, performance appraisal procedure, disciplinary and grievance procedure. It must be

remembered that organisations are not just limited to these policies and procedures mentioned, but can establish policy and procedure (in line with implicit State regulations and in agreement with necessary stakeholders) as needed.

Critical aspects for testing the validity and consistency of the experience of the employment relationship and the explicit regulations

To test the experience of the employment relationship the article will make use of a model developed by Linde, Schalk and Linde (2005). According to Linde *et al.* (2005) the model is composed of two independent topics; *clarity* of the regulation and *trust* in its application.

The model for testing the validity and consistency of the experience of the employment regulations can be illustrated as follows:

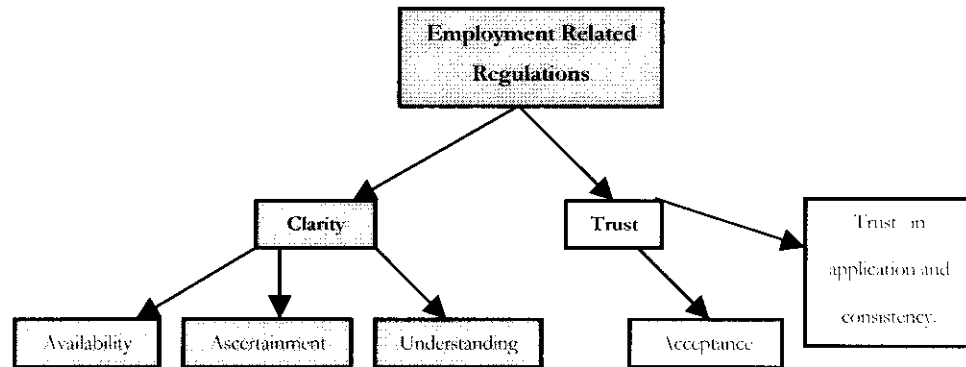


Figure 2. Integrated model for testing validity and consistency of employment regulations (Linde, Schalk & Linde, 2005).

As illustrated in the model clarity can be divided into three inter-related dependants. The three dependants are as follows:

- **Availability:** The organisation must ensure that all policies, procedures, processes or systems are properly communicated (Slabbert & Swanepoel, 2001; Nel, 2002). By means of proper communication all policies, procedures, processes all systems are readily available for all the relevant stakeholders in the organisation to familiarise themselves thereof.

- **Ascertainment:** According to Nel (2002) ascertainment of such policies, procedures, processes or systems are possible by means of relevant representation from the employee's side, ensuring participation from the employer's side, and joint consultation by both parties. Without availability of information, it would be most difficult to familiarise oneself with information. Therefore, ascertainment is dependent on availability.
- **Understanding:** According to Yong and Post (1993); Shani and Lau (1996) proper communication and familiarising the primary factors for understanding. Therefore, it is most unlikely for an employee to understand something he or she had no access to and could not familiarise themselves with. Understanding is the last part of clarity, but cannot be achieved if the policies, procedures, processes or systems are not readily available and the employee had sufficient time to familiarise him or herself to it.

With the presence of all these dependants, the employee will experience clarity and the process of experiencing the employment relationship in total can move to the next phase. Once the employee reaches the first phase of clarity, the next phase will kick into motion.... trust. Although, the possibility of an employee experiencing trust without clarity is not entirely ruled out. According to Linde,

Schalk and Linde (2005) trust can also be divided into two inter-related dependants, namely:

- **Acceptance:** According to Nel (2002) the foreign labour relations policy, procedure, process or system to be easily adopted, consultation must be ensured with the relevant representative parties. After consultation was done and all clear; the policy, procedure, process or system is accepted. Usually after acceptance the organisation will forward and implement such policies, procedures, processes or system (Slabbert & Swanepoel, 2001).
- **Consistency in application:** For an employee to have full trust in the application of a policy, procedure, process or system- it must be applied consistently (Nel, 2002). Aspects such as eradication of unfair discriminatory labour practices, establishment of employment equity, and all other issues related to fairness in employment relations practices are taken into consideration. Once a policy, procedure, process or system is fully accepted and the consistency thereof is believed, only then will the employee experience a feeling of trust in the application thereof.

The study up to so far, has shed light on the literature regarding the employee-organisation relationship, by focussing on the employment relationship. How it is

linked to the psychological contract and how to test the experience of employment regulations. To give meaning to the stream of literature provided, empirical investigation should be implemented. What follows is an empirical investigation to confirm and expand on existing literature on the employment relationship. The significant empirical findings will also be discussed and explained.

EMPIRICAL STUDY

The study made necessary reference to relevant aspects of research and the employment relationship literature. The employment relationship literature were discussed, defined and expanded. From the literature discussion it seems that the nature of the employment relationship have changed. More and more mining organisations are turning towards the use of temporary employment, in addition to the use of permanent employment (dual approach). The mentioned changes to employment relations in the mining sector, the type of employment and the employment relationship must have had an impact on the employee itself and the relationship with the organisation. To affirm the meaningfulness of the research and measure the impact of the changes, one should perform empirical investigation to determine the validity thereof. In this discussion the underlying literature (employment relationships) are made valid, reaffirmed and further

expanded. Furthermore, the significance of the impact on the experience of the employment relations regulations is highlighted and discussed. Not only for the whole sample, but also for the different study groups as well.

Research design

In this article the sample method was used to achieve the research objectives. The literature was followed-up, expanded and supported by an empirical investigation. This was done by means of a questionnaire. For this purpose access was obtained to the permanent and temporary personnel at a South African mining organisation. The first part of the questionnaire tests the experience of the employment relationship and its regulations. The sampling method used for the empirical study was a random sample, where every permanent and temporary employee had an equal opportunity of being selected to complete the questionnaire (Sprinthall, 2003) According to Steyn, Smit, Du Toit and Strasheim (1994) if the method for gathering information is the use of a questionnaire, the following is essential: (1) to get the desired information from the population as accurate as possible, (2) to achieve the maximum co-operation from the respondents in the target population, and (3) to facilitate the data collection and data analysis.

Study population

The target population comprises of 600 employees in a mining organisation. A stratified random sample of permanent and temporary employees was used. The total sample comprised 200 respondents, where 100 are temporary employees and 100 permanent employees. A response rate of 89% was achieved (86% permanent employees and 91% temporary employees), of which all respondents could be utilised.

Descriptive information of the sample is given in Table 1.

Table 1

Characteristics of the Participants

Item	Category	Frequency (Percentage)
Education	Grade 10 (Standard 8)	12,5
	Grade 11	14,2
	Grade 12 + Diploma	0,0
	Grade 12 + Higher Diploma or Degree	0,0
	Grade 12 + Higher Diploma or Degree (Honours)	0,0
	Grade 12 + Higher Diploma or Degree (Masters)	0,0
Role	Clerical	0,0
	Professional	84,1
	Management: Gr. 12-11	14,2
	Management: Gr. 10-8	1,7
	Management: Gr. 7-5	0,0
	Management: Gr. 4-3	0,0
Gender	Management: Gr. 2-1	0,0
	Male	100

Race	Female	0,0
	Black	7,39
	White	92,6
	Coloured	0,0
	Asian	0,0
Marital status	Single	10,2
	Engaged or in close relationship	5,1
	Married	75
	Divorced	7,39
	Separated	0,6
	Remarried	1,1
Home Language	Afrikaans	79,0
	English	13,6
	Other	7,4

Measuring battery

Experience of employment relations questionnaire (Linde, Schalk & Linde, 2005)

This questionnaire assesses the employees' experience of employment relations in the organisation with 61 items. The items are divided in two subscales: clarity (39 items) of and trust (22 items) in explicit employment regulations.

Clarity of explicit employment regulations

Items in this subscale assess the clarity in which the employees have knowledge regarding the explicit employment regulations and the accessibility thereto.

Trust in explicit employment regulations

This subscale assesses the employees' experience in the fairness of the explicit employment regulations of the organisation, as well as the trust in the application of it in the workplace. The employees' experience of consistency in the application of explicit employment regulations is also tested.

Statistical analysis

The statistical analysis was done by means of the SPSS-program (SPSS, 2004). Principal factor extraction with varimax rotation was carried out on 61 measuring instruments, which had no confirmed factor structure, in the questionnaire on the sample of 176. Principal component extraction was carried out prior to principal factor extraction to estimate the number of factors, presence of outliers and factorability of the correlation matrices. The eigenvalues and scree plot was studied to determine the number of factors underlying a specific measuring instrument. Cronbach's Alpha-coefficient (α) and inter-item correlation was used to determine the internal consistency of the measuring instruments (Clarke & Watson, 1995). The mentioned Alpha-coefficient highlights important information regarding the proportion of fault-variation within the boundaries of a specific scale.

According to Clarke and Watson (1995, p.53) the average inter-item correlation-coefficient (r_{Avg}) (which is a determinant of internal consistency) is a usable index to support information which were provided by the Alpha-coefficient (α). Because the unit-dimension of a scale cannot be determined by simply focusing on the average inter-item correlation, it is necessary to investigate the range and the distribution of the correlations. Descriptive statistics (i.e. averages, standard deviations, skewness and kurtosis) was used to analyse the data. Differences between the experiences of permanent and temporary personnel were determined by means of T-tests (two variables). The T-test is an excellent testing mechanism to indicate different correlations between groups. This mechanism's formula and application will be discussed later on where applicable.

RESULTS

The aim of this discussion is to investigate the objectives of this study and to discuss it according to relevant research outcomes from empirical investigation. The primary research objective of this study is to determine how the personnel of a South African mining organisation experience the explicit employment relations regulations. The secondary objective of this study is to determine the cross correlation in the experience of the explicit employment relations regulations between permanent and temporary personnel in a South African mining

organisation. In other words, whether or not there exists a difference in the experience between permanent and temporary personnel.

In the discussion of the significant findings, attention will be given to both the primary and secondary objective. This will be done by focusing on the factors, which were identified by the factor analysis, together with the measuring instruments clustered under these factors. The measuring instruments, which could not be successfully clustered, will also be discussed. Furthermore, measuring items will be identified, on which the permanent and temporary personnel differ. Differences in response of permanent and temporary personnel will be investigated with regard to the explicit employment relations regulations. This will determine whether permanent and temporary personnel experience the explicit employment relations regulations differently.

Factor Loadings, Communalities (h^2), Percentage Variance and Covariance for Principal Factors Extraction and Varimax Rotation on the Explicit Employment Regulations Items

Table 2

Factor loadings

Component Matrix(a)

	Component	
	1	2
FEERR1	.485	.175
FEERR2	.588	.271
FEERR3	.633	.238
FEERR4	.524	.193
FEERR5	.481	.389
FEERR6	.480	.394
FEERR7	.559	.389
FEERR8	.542	.389
FEERR9	.511	.458
FEERR10	.486	.349
FEERR11	.589	.390
FEERR12	.362	.073
FEERR13	.503	.129
FEERR14	.604	.280
FEERR15	.605	.219
FEERR16	.523	.259
FEERR17	.566	.315
FEERR18	.625	.357
FEERR19	.571	.251
FEERR20	.173	.240
FEERR21	.176	.043
FEERR22	.505	.080
FEERR23	.710	.293
FEERR24	.734	.140
FEERR25	.734	.155
FEERR26	.614	.083

FEERR27	.711	-.028
FEERR28	.692	.240
FEERR29	.636	.206
FEERR30	.676	.201
FEERR31	.667	.219
FEERR32	.716	.270
FEERR33	.669	.213
FEERR34	.621	.090
FEERR35	.599	.064
FEERR36	.591	.026
FEERR37	.616	-.207
FEERR38	.639	-.278
FEERR39	.646	-.274
FEERR40	.660	-.041
FEERR41	.688	.013
FEERR42	.712	-.054
FEERR43	.666	.154
FEERR44	.685	-.327
FEERR45	.663	-.313
FEERR46	.686	.378
FEERR47	.679	-.341
FEERR48	.729	-.217
FEERR49	.724	-.169
FEERR50	.719	-.179
FEERR51	.730	-.243
FEERR52	.747	-.286
FEERR53	.657	.272
FEERR54	.645	-.317
FEERR55	.652	.339
FEERR56	.699	-.354
FEERR57	.696	-.337
FEERR58	.684	-.396
FEERR59	.672	-.518
FEERR60	.660	-.420
FEERR61	.655	-.347

Extraction Method: Principal Component Analysis.
a. 2 components extracted.

Table 3

Communalities b^2

	Initial	Extraction
FEERR1	1.000	.266
FEERR2	1.000	.420
FEERR3	1.000	.457
FEERR4	1.000	.311
FEERR5	1.000	.382
FEERR6	1.000	.386
FEERR7	1.000	.464
FEERR8	1.000	.445
FEERR9	1.000	.471
FEERR10	1.000	.358
FEERR11	1.000	.499
FEERR12	1.000	.137
FEERR13	1.000	.270
FEERR14	1.000	.443
FEERR15	1.000	.413
FEERR16	1.000	.341
FEERR17	1.000	.420
FEERR18	1.000	.519
FEERR19	1.000	.389
FEERR20	1.000	.088
FEERR21	1.000	.033
FEERR22	1.000	.262
FEERR23	1.000	.590
FEERR24	1.000	.559
FEERR25	1.000	.563
FEERR26	1.000	.383
FEERR27	1.000	.507
FEERR28	1.000	.537
FEERR29	1.000	.447
FEERR30	1.000	.497
FEERR31	1.000	.492
FEERR32	1.000	.585
FEERR33	1.000	.493
FEERR34	1.000	.593
FEERR35	1.000	.363

EFERR36	1.000	.351
EFERR37	1.000	.422
EFERR38	1.000	.485
EFERR39	1.000	.492
EFERR40	1.000	.437
EFERR41	1.000	.474
EFERR42	1.000	.510
EFERR43	1.000	.467
EFERR44	1.000	.575
EFERR45	1.000	.537
EFERR46	1.000	.614
EFERR47	1.000	.578
EFERR48	1.000	.579
EFERR49	1.000	.553
EFERR50	1.000	.550
EFERR51	1.000	.592
EFERR52	1.000	.640
EFERR53	1.000	.506
EFERR54	1.000	.517
EFERR55	1.000	.541
EFERR56	1.000	.614
EFERR57	1.000	.598
EFERR58	1.000	.625
EFERR59	1.000	.720
EFERR60	1.000	.612
EFERR61	1.000	.549

Extraction Method: Principal Component Analysis.

Table 4

Variance and covariance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings(a)
	% of		Cumulative %	% of		Cumulative %	Total
	Total	Variance		Total	Variance		
1	23.813	39.038	39.038	23.813	39.038	39.038	19.065
2	4.505	7.385	46.423	4.505	7.385	46.423	19.984
3	4.100	6.721	53.144				

4	2.813	4.612	57.756
5	2.230	3.655	61.411
6	2.049	3.359	64.770
7	1.706	2.797	67.567
8	1.595	2.614	70.181
9	1.376	2.256	72.436
10	1.257	2.060	74.496
11	1.168	1.915	76.411
12	1.024	1.678	78.090
13	.957	1.568	79.658
14	.916	1.502	81.160
15	.792	1.298	82.458
16	.710	1.164	83.622
17	.690	1.130	84.752
18	.665	1.090	85.842
19	.652	1.069	86.911
20	.593	.972	87.883
21	.541	.886	88.769
22	.520	.852	89.622
23	.461	.756	90.378
24	.410	.671	91.049
25	.403	.660	91.709
26	.376	.616	92.325
27	.351	.576	92.901
28	.336	.552	93.453
29	.309	.507	93.959
30	.276	.453	94.413
31	.252	.413	94.826
32	.237	.388	95.214
33	.227	.373	95.586
34	.207	.339	95.925
35	.191	.313	96.239
36	.185	.304	96.543
37	.164	.268	96.811
38	.158	.260	97.070
39	.149	.244	97.314
40	.140	.229	97.543
41	.137	.224	97.768
42	.123	.202	97.970
43	.119	.194	98.164
44	.110	.181	98.345
45	.098	.161	98.506

46	.097	.159	98.665		
47	.090	.147	98.812		
48	.080	.132	98.944		
49	.076	.125	99.069		
50	.072	.119	99.187		
51	.068	.111	99.298		
52	.066	.109	99.407		
53	.065	.106	99.513		
54	.056	.092	99.605		
55	.049	.080	99.685		
56	.044	.073	99.758		
57	.040	.066	99.821		
58	.034	.055	99.879		
59	.028	.046	99.925		
60	.023	.038	99.963		
61	.022	.037	100.000		

Extraction Method: Principal Component Analysis.

When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

A factor analysis was used to determine the patterns of change in values of various variants (Bless & Kathuria, 1993). On the Tables above the following are indicated: loadings of variants underlying a factor; cumulative and percentage of variants and co-variants. From the 40 measuring items underlying the one factor, 27 had a loading above 0.5, and was therefore successfully clustered. In this regard 13 of the measuring items loaded below 0.5, were ignored and not clustered under the factors. From the 21 measuring items underlying the other factor, 20 had a loading above 0.5, and were therefore successfully clustered. In this regard only one item loaded below 0.45. This indicates that the measuring items were successful. The 2 (two) factors identified, coincided well with the model of Linde, Schalk and Linde (2005).

Closer investigation of Table 2 indicates that there are 2 (two) underlying factors: clarity and trust. Out of the 40 measuring items, 27 of the measuring items could successfully be clustered under clarity. A validity test for this was done and Cronbach's Alpha (α) test produced a validity result of ($\alpha=0.95$), see Table 5.

Table 5

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.947	.950	27

Out of the 21 measuring items, 20 of the measuring items could successfully be clustered under trust. A validity test for this was done and Cronbach's Alpha test produced a validity result of ($\alpha=0.98$) 98 per cent, see Table 6.

Table 6

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.976	.976	43

This provides a strong correlation between the literature and the expected findings of the empirical research.

Descriptive Statistics, Alpha Coefficients and Inter-Item Correlation of the Employment Regulations (Clarity)

Table 7
Descriptive statistics: Clarity

Descriptive Statistics						
	N	Mean	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Clarity	176	98.7955	-.306	.183	-.589	.364
Valid N (listwise)	176					

SOURCE: SPSS, 2004

Table 7 provides a summary of the descriptive statistics of the factor (clarity). The mean for the total sample resulted to ($M= 0.987955$). For the total sample the majority of the response resulted to a skewness of ($Sk=-0.3$) on the scale. This means that the graph on the scale would lean to the left. Most of the measuring items according to the guideline of $0.15 < r < 0.50$ (Clark and Watson, 1995) is collinear. It is suggested that for future research using the same questionnaire the items, which did not meet the criteria, be merged with other items strongly correlated to or be rephrased in the questionnaire so as to measure correctly. Acceptable levels of internal consistency can be seen from the responses, which underlies the factor.

Although some of the items strongly correlate (orthogonal items) and therefore did not meet the requirement, there still are enough acceptable items to state consistency and validation of the factor. 27 of the measuring instruments complied with the criteria of the Alpha Coefficient (α). Therefore 27 measuring instruments could be clustered successfully under *clarity*.

Descriptive Statistics, Alpha Coefficients and Inter-Item Correlation of the Employment Regulations (Trust)

Table 8
Descriptive statistics: Trust

Descriptive Statistics						
	N	Mean	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Trust	176	73.0511	-.256	.183	-.775	.364
Valid N (listwise)	176					

SOURCE: SPSS, 2004

Table 8 provides a summary of the descriptive statistics of the factor (trust). The mean for the total sample resulted to ($M= 0.730511$). For the total sample the majority of the response resulted to a skewness of ($Sk= -0.2$) on the scale. This means that the graph on the scale would lean to the left. Table 3 indicates that most of the measuring items according to the guideline of $0.15 < r < 0.50$ (Clark and Watson, 1995) is collinear. It is suggested that for future research using the same questionnaire the items, which did not meet the criteria (items which are

orthogonal), be merged with other items strongly correlated to or be rephrased in the questionnaire so as to measure correctly.

Acceptable levels of internal consistency can be seen from the responses, which underlies the factor. Although some of the items strongly correlate and therefore did not meet the requirement, there still are enough acceptable items to state consistency and validation of the factor. Twenty of the measuring instruments complied with the criteria of the Alpha Coefficient (α). Therefore a total of 20 measuring instruments could be clustered successfully under *trust*.

Descriptive Group Statistics (Permanent and temporary personnel)

Up to now, the empirical study has highlighted the factors for employment relations and its regulations in the questionnaire. The study showed that the two underlying factors for the employment relationship and its regulations questionnaire were clarity and trust. The research will now attempt to differentiate between the experiences of the two groups (permanent and temporary personnel) for each of these factors. The sample sizes of the groups were as follows: 86 were permanent respondents (49 per cent of total sample) and 90 were temporary respondents (51 per cent of total sample). The total sample consisted of 176 employees ($N=176$).

Explicit employment relations and regulations- Clarity

Permanent personnel

As mentioned previously one of the factors underlying the measuring instruments in this questionnaire was clarity. The sum of the averages of the response from the permanent personnel was ($M= 1.04$). Thus, the mean of the permanent personnel's response was 104 per cent. Taken into account by how much all of the scores in the distribution deviate or differentiate from the mean, the standard deviation resulted to ($SD= 0.22$). This shows that the majority of the permanent respondents deviated or varied from the mean by 22 per cent. The larger the value of the standard deviation, the more the scores of the permanent respondents are spread out around the mean. The smaller the value of the standard deviation, the less the scores are spread out around the mean. The response of the permanent respondents indicated that they could be measured as homogeneous; their scores are clustered very close to the mean. The standard deviation of the distribution of means provides a measure of sampling error variability (Sprinthall, 2003). One expects sample means to deviate from the population mean, but precisely how much depends on the standard deviation.

This particular standard deviation is thus called the standard error of the mean (SE_M), since it expresses the amount of variability being displayed between the

various sample means and the true population mean. The standard error from the mean for the permanent personnel resulted to ($SE_M = 2.3$). The greater the error, the greater is the variation from the mean, *and the lower is the frequency of occurrence*. This can be interpreted that the scores of the permanent respondents are similar to those of the total population, because of the smallness of the standard error from the mean.

Temporary personnel

The sum of the averages of the response from the temporary personnel was ($M = 0.94$). Thus, the mean of the temporary personnel's response was 94 per cent. Taken into account by how much all of the scores in the distribution deviate or differentiate from the mean, the standard deviation resulted to ($SD = 0.22$). This shows that the majority of the temporary respondents deviated or varied from the mean by 22 per cent. The response of the temporary respondents indicated that they could be measured as homogeneous; their scores are clustered very close to the mean. The standard error from the mean for the temporary personnel resulted to ($SE_M = 2.3$). This can be interpreted that the scores of the temporary respondents are similar to those of the total population, because of the smallness of the standard error from the mean. The standard error from the mean for the permanent and the temporary personnel is very much

similar. Therefore, their scores are distributed very much alike and the frequency of occurrence is high.

ANOVA for both permanent and temporary personnel

A statistical test of significance or ANOVA was done to assess whether or not a significant (no chance) difference exists among several sample means. Statistically, it is the ratio of the variance occurring between the sample means to the variance occurring within the sample groups. A large F ratio (when the variance between is larger than the variance within) usually indicates a no chance or significant difference. One of the factors identified for the questionnaire was *clarity*. Table 9 indicates that the F ratio= .274 (significant at $p < .01$). The mentioned Table also indicates a significance of ($S = .601$). This indicates that the permanent personnel had a stronger feeling of clarity about management's regulation of the employment relationship than that of the temporary personnel.

Table 9

Independent sample tests: clarity

		Levene's Test for Equality of Variances		Equality of Means
		F	Sig.	df
Clarity	Permanent personnel	.274	.601	173.686
	Temporary personnel			174

SOURCE: SPSS, 2004

The degrees of freedom were also tested for these two samples. With interval (or ratio) data, degrees of freedom refer to the number of scores free to vary after certain restrictions have been placed on the data. In inferential statistics, the larger the size of the sample, the larger is the number of degrees of freedom. With nominal data, degrees of freedom depend *not on the size of the sample*, but on the number of categories in which the observations are allocated (Sprinthall, 2003). Therefore Table 9 coincides with the statistical literature that the degrees of freedom for the sample of temporary personnel are larger than that of the permanent personnel. The degrees of freedom for the temporary personnel are ($df= 174$) and for permanent personnel ($df= 173.686$). This is because the sample of the permanent personnel is smaller than that of the temporary personnel. According to Sprinthall (2003) the rule applies to inferential statistics only.

Explicit employment relations regulations- Trust

Permanent personnel

As mentioned previously the other factor underlying the measuring instruments in this questionnaire was trust. The sum of the averages of the response from the permanent personnel was ($M= 0.74$). Thus, the mean of the permanent personnel's response was 74 per cent. Taken into account by how much all of the scores in the distribution deviate or differentiate from the mean, the standard

deviation resulted to ($SD= 0.18$). This shows that the majority of the permanent respondents deviated or varied from the mean by 18 per cent.

The larger the value of the standard deviation, the more the scores of the permanent respondents are spread out around the mean. The smaller the value of the standard deviation, the less the scores are spread out around the mean. The response of the permanent respondents indicated that they could be measured as homogeneous; their scores are clustered very close to the mean. The standard deviation of the distribution of means provides a measure of sampling error variability (Sprinthall, 2003). One expects sample means to deviate from the population mean, but precisely how much depends on the standard deviation.

This particular standard deviation is thus called the standard error of the mean (SE_M), since it expresses the amount of variability being displayed between the various sample means and the true population mean. The standard error from the mean for the permanent personnel resulted to ($SE_M= 1.9$). The greater the error, the greater is the variation from the mean, *and the lower is the frequency of occurrence*. This can be interpreted that the scores of the permanent respondents are similar to those of the total population, because of the smallness of the standard error from the mean.

Temporary personnel

The sum of the averages of the response from the temporary personnel was ($M=0.73$). Thus, the mean of the temporary personnel's response was 73 per cent. Taken into account by how much all of the scores in the distribution deviate or differentiate from the mean, the standard deviation resulted to ($SD=0.17$). This shows that the majority of the temporary respondents deviated or varied from the mean by 17 per cent. The response of the temporary respondents indicated that they could be measured as homogeneous; their scores are clustered very close to the mean. The standard error from the mean for the temporary personnel resulted to ($SE_M=1.8$). This can be interpreted that the scores of the temporary respondents are similar to those of the total population, because of the smallness of the standard error from the mean. The standard error from the mean for the permanent and the temporary personnel is very much similar. Therefore, their scores are distributed very much alike and the frequency of occurrence is high.

ANOVA for both permanent and temporary personnel

A statistical test of significance or ANOVA was done to assess whether or not a significant (no chance) difference exists among several sample means. Statistically, it is the ratio of the variance occurring between the sample means to the variance occurring within the sample groups. A large F ratio (when the variance between is larger than the variance within) usually indicates a no chance or significant

difference. One of the factors identified for the questionnaire was *trust*. Table 10 indicates that the F ratio= .897 (significant at $p < .01$). The mentioned Table also indicates a significance of ($S= .345$). This indicates that the permanent personnel had a stronger feeling of trust in management with regard to the regulation of the employment relationship than that of the temporary personnel.

Table 10

Independent sample tests: trust

		Levene's Test for Equality of Variances		Equality of Means
		F	Sig.	df
Trust	Permanent personnel	.897	.345	172.768
	Temporary personnel			174

SOURCE: SPSS, 2004

The degrees of freedom were also tested for these two samples. With interval (or ratio) data, degrees of freedom refer to the number of scores free to vary after certain restrictions have been placed on the data. In inferential statistics, the larger the size of the sample, the larger is the number of degrees of freedom. With nominal data, degrees of freedom depend *not on the size of the sample*, but on the number of categories in which the observations are allocated (Sprinthall, 2003). Therefore Table 10 coincides with the statistical literature that the degrees of freedom for the sample of temporary personnel are larger than that of the

permanent personnel. The degrees of freedom for the temporary personnel are ($df = 174$) and for permanent personnel ($df = 172.768$). This is because the sample of the permanent personnel is smaller than that of the temporary personnel.

Conclusion and recommendations

In this article, attention was given to the literature regarding the employment relationship. It provided the reader with the historical origin of employment relations and the development of employment relations in South Africa. From the discussion it seems clear that employment relations has changed its face during the past century, with the change in employment approach used by organisations. A recommendation for future research would be the adaptation of a permanent employee, becoming a temporary employee. The article attempted to shed light on the link between the psychological contract and the employment relationship.

It provided the reader with insight regarding the implicit employment regulations regarding the different employment approaches in a South African context. In addition to this it facilitated the importance and best practice aspects for explicit employment regulations. Models were provided to assist future researchers with assessing the type of employment relationship and the testing of the experience

of the employment relationship and its regulations. Empirically, the research design was focused on by discussing the research method, the sample and the analysis techniques. The significant findings of the empirical investigation were highlighted and analysed. The findings supported and represented the primary and secondary research objectives. In this discussion the factors and the different items were simplified by means of descriptive statistics. References to literature were made where necessary. The use of Tables in the empirical study simplified the statistical results and helped better explain and analyse some of the data gathered from the questionnaires. The core of the empirical findings as well as the applicable comments are summarised in the following discussion.

Two factors (clarity and trust) were identified in the employment relationship and its regulations questionnaire. The response from the total sample indicated that most of the personnel ($M= 0.99$) have a fair amount of clarity regarding the employment relationship and its explicit regulations. To impose better clarity among the workforce, the organisation can improve on their communication channels of the implicit and explicit regulations regarding the employment relationship. Effective communication of the employment relationship and its implicit and explicit regulations provides knowledge to the workforce, which will entice understanding and clarity. A weaker response ($M= 0.73$) from the total

sample indicated that there is not much trust regarding the organisations' application of implicit and explicit regulations in the employment relationship.

This can be attributed to the lack of sufficient clarity regarding the employment relationship and its regulations. Once the personnel experience sufficient clarity, their levels of trust in the application will automatically improve. The organisation must attempt to be transparent in the application of implicit and explicit regulations in the employment relationship. Ensuring access to policy (i.e. employment policy) and procedures (i.e. corrective action procedure and grievance procedure) will provide understanding of, as well as reasons for the application and bring about trust. For future research purposes, it would be interesting to determine the facilitation processes organisations implement to communicate explicit regulations.

The empirical study went ahead and analysed the difference in experience between permanent and temporary personnel in the organisation. This was identified as one of the secondary objectives of the research. With regard to clarity of the employment relationship and its explicit regulations, the permanent personnel had a strong belief ($M= 1.04$) that they understand the relationship and its regulations. The temporary personnel had a less strong belief ($M= 0.94$) that they understand the employment relationship and its regulations. It seems clear that the permanent personnel have a better understanding of the relationship and

its regulations than the temporary personnel. This can be attributed to the organisation going to greater lengths to ensure that their permanent personnel understand the employment relationship and better communicate the regulations.

What was interesting was that the level of trust in the organisations' application of the explicit regulations in the employment relationship between permanent and temporary personnel did not differ that much. The permanent personnel had trust to some extent ($M= 0.74$) in the organisations' application. The temporary personnel had more or less the same level ($M= 0.73$). The permanent personnel had a slightly higher level of trust in the organisations' application. This small difference can be attributed to the temporary personnel having better understanding of the employment relationship and its regulation than they perceive or it can be attributed to ignorance. Trusting a system they don't understand.

From the response of the questionnaire that tested the experience of the employment relationship and its explicit regulations, it seems that the personnel did not experience either as negative. It shows significantly that the personnel did not have an overwhelming positive experience towards the employment relationship and its explicit regulations. The experience of the employment relationship and its explicit regulations can be improved by reevaluating the

current situation and better communication. Training in employment relations, specifically in policies and procedures, can also make progress towards a much healthier experience. When looked at the difference in experience, it seemed clear that the permanent personnel do experience the employment relationship and its relations more positively than the temporary personnel. Another two recommendations for future research would be to assess the employees' level compliance with regard to the explicit regulations in the organisation and then comparing the compliance to the employee's understanding and trust, so as to determine whether understanding and trust do play a role in the compliance to these regulations.

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CONCLUSIONS AND RECOMMENDATIONS

4 . 1 Several conclusions and recommendations

Chapter 1 of this study provided an overview of the nature and extent of the research problem. It gave direction of what the study aims to achieve. It furthermore provided an overview of the primary and secondary objectives of this study and the method of research and the analysis of data were discussed as to explain to the reader how the researcher intends to achieve these objectives. The division of chapters indicated to the reader how the study will follow and indicated more or less the topics for discussion. The research findings, as discussed in each of the articles, seem to achieve these set objectives. To affirm the research findings, the necessity exists to come to a closing perspective and provide several conclusions and recommendations.

Chapter 2 and *Chapter 3* of the study consulted literature that has more authority, hence, to provide a solid theoretical understanding. *Chapter 2* of this study provided a stream of literature on the psychological contract. From this, it became apparent that organisations (such as a mining organisation) are

reengineering themselves for greater speed, efficiency and flexibility. The South African mining organisations were seen as vehicles for exploiting cheap docile labour. There has been a major decrease in permanent employment in the mining industry since 1988 and the trend is still continuing. The Chamber of Mines published data that shows an increase in the usage of temporary employment.

The discussion on the psychological contract indicated that the contract of employment has also been altered to be more streamline and just for the use of temporary employment. Therefore, the psychological contract transformed from a relational contract to a purely transactional contract, where remuneration is linked to performance. The contract of employment was identified as a legal “guideline” of certain duties and obligations of either party to the contract. It must be remembered that certain criteria must be met, so as to negotiate and take up a contract. It was discovered that more and more organisations focus on the psychological and sociological aspects of the contract, rather than the legal and economical aspects. This led to birth of the concept- “psychological contract”.

The psychological contract came to life as a result of an effort to explore the tacit understandings between an employer and the employee. The psychological contract is a set of mutual expectations and obligations between the employer and the employee. This, however, forms the stream for many an organisational

behaviour. The obligations and expectations of the psychological contract differ according to the extent to which the contract is relational or transactional.

The study identified four types of psychological contracts, but most types of psychological contract do contain certain elements or criteria of the other. The “old” psychological contract was seen as purely relational. The “new” psychological contract is seen to have more of a transactional character. This is to accommodate organisations’ increased use of temporary employment. The result of the transactional contract is a “trust gap” between the organisation and the employee. Therefore, organisations need to find and implement new ways of motivating employee loyalty. The “new” psychological contract can be seen as a partnership relationship between the employer (organisation) and the employee. The partnership consists of a transaction between what needs to be done (temporary employee) and what the organisation (employer) owes for the effort. Again, it highlights the performance-based remuneration concept. This calls for organisations to have a constant short-term strategy. The ideal psychological contract would be one where the obligations and the expectations from either party are exactly equal.

In the discussion, the many features of the psychological contract came to light. This was done purposefully to illustrate the multi-dimensional character of the psychological contract. For this reason, it must be understood that although all

psychological contracts do have some of these features within, each will be unique. Another interesting aspect that came to light is that the expectations from both parties are not always clear and contract breach or violation takes place as a result of this misinterpretation.

Contract breach or violation is a common phenomenon in organisations, which is usually short-lived. It can simply be put as the failure to comply with certain expectations and obligations. It occurs from the employer's side as well as the employee's side. An interesting aspect to take note of is that it seems when an individual's contract has been breached or violated; the relationship becomes more calculated and more transactional.

Chapter 3 starts off by discussing the historical development of employment relations in South Africa as a result of economical and political changes. It also provides literature on the birth of employment relations as a field of study to where it is today. Employment relations today, are a field of study, which combine labour relations and human resource management. A definition of employment relations was formulated from previous definitions so as to illustrate that employment relations do in fact combine two fields of study.

Against the backdrop of *Chapter 2*, the link between the psychological contract and the employment relationship was discussed. Furthermore, the discussion provided similarities and differences between the psychological

contract literature and that of the employment relationship. This highlighted that the psychological contract must be viewed in the context of the employment relationship and *vice versa*.

In today's mining organisations, employment relationships seem to be characterised by fewer long-term and more temporary relationships. A model was developed for employment relationships in the mining organisation and discussed. It provided a scope of the status of employment relationships as well as the type of relationship the organisation will most likely have with their personnel. The increase in the usage of temporary relationships seem to resemble the birth of a new type of relationship, that of a partnership. What was clear is that not all organisations lean towards temporary employment. Some organisations have a dual-approach to employment. This entails the use of both permanent and temporary employment. The study concluded that four factors (the structure of the organisation, job nature, uniqueness of the human capital and the strategic value added) decide the nature of the employment relationship (permanent or temporary).

The identification of these four factors necessitated the differentiation between permanent and temporary employment. The study provided a scope on both forms of employment from a South African context. It seemed fundamental as

well to make provision for a discussion on the implicit regulations laid down by the government and the importance of explicit employment regulations formulated by organisations. The discussion of the implicit regulations facilitates a better understanding of the use of a dualistic approach by organisations in terms of their employment relationships. The importance of explicit regulations was discussed as a tool to facilitate best practice in organisations.

The last part of the literature in *Chapter 3* was devoted to the testing of the validity and consistency of the experience regarding the employment relationship and its regulations. From the model of Linde, Schalk and Linde (2004) it showed that two main factors comprise the experience; clarity regarding the regulations and trust in the application of the regulations. The addition of the model and its discussion seemed necessary for superior understanding regarding the discussion of the empirical findings.

To make the literature study meaningful, a discussion in each article was devoted to empirical investigation to verify certain aspects of the research. The method of data gathering was the use of a questionnaire, which was completed by permanent and temporary personnel in a South African mining organisation. A response of 89 per cent from the target population was achieved. Principal component extraction was carried out prior to principal factor extraction. This

was done to estimate the number of factors, presence of outliers and factorability of the correlation matrices.

Factor analysis revealed patterns of change in the values of the various measuring instruments. The measuring instruments were clustered by means of loading size to facilitate interpretation. From this, the different sections of the questionnaire revealed the following: (1) Part A of the psychological contract questionnaire had only one underlying factor (employer obligations). (2) Part B of the psychological contract questionnaire also revealed only one underlying factor (employee obligations). (3) The Experience of the employment relationship and its regulations questionnaire revealed two underlying factors (clarity and trust). This confirms the model taken from Linde, Schalk and Linde (2005).

The core of the empirical findings as well as the applicable comments are summarised in the following discussion. A strong response from the respondents (personnel) in the total sample ($M= 1.41$) indicates that the respondents feel that the organisation (employer) did meet its obligations towards the personnel to an extent. This means that the organisation should attempt to reevaluate their obligations towards their personnel. They must strive to meet these obligations to the full to ensure a healthy employment relationship with their personnel. Once the personnel experience a feeling of obligations not met or partially not met,

they may experience breach or violation of contract and become dissatisfied with their current situation. Acknowledging the obligations towards the personnel and achieving them, will lead to a much more positive experience regarding the psychological contract and personnel will be more loyal towards the organisation.

The total sample of respondents (personnel) indicated a relatively strong experience ($M= 0.83$) that they did not entirely meet their obligations towards the organisation (employer). This is most probably because they experience a slight feeling of contract breach or violation. This is a result of the organisation not entirely meeting its obligations and therefore the personnel, themselves, will not be that loyal to the organisation. The personnel need to voice their concerns regarding their current employment relationship. This will be an indication to the organisation that all is not well in the employment relationships with their personnel. It seems clear that the psychological contract between employer and employee must be reevaluated and necessary changes be made from both parties to promote the experience.

Two factors (clarity and trust) were identified in the employment relationship and its regulations questionnaire. The response from the total sample indicated that most of the personnel ($M= 0.99$) have a fair amount of clarity regarding the employment relationship and its regulations. To impose better clarity among the

workforce, the organisation can improve on their communication channels of the implicit and explicit regulations regarding the employment relationship. Effective communication of the employment relationship and its implicit and explicit regulations provides knowledge to the workforce, which will entice understanding and clarity. A weaker response ($M= 0.73$) from the total sample indicated that there is not much trust regarding the organisations' application of implicit and explicit regulations in the employment relationship.

This can be attributed to the lack of sufficient clarity regarding the employment relationship and its regulations. Once the personnel experience sufficient clarity, their levels of trust in the application will improve. The organisation must attempt to be transparent in the application of implicit and explicit regulations in the employment relationship. Ensuring access to policy (employment policy) and procedures (corrective action procedure and grievance procedure) will provide understanding of, as well as reasons for the application and bring about trust.

The empirical study went ahead and analysed the difference in experience between permanent and temporary personnel in the organisation. This was identified as one of the secondary objectives of the research. The permanent personnel had a strong experience ($M= 1.44$) that the organisation had not entirely met its obligations towards the personnel. The temporary personnel had a

slightly less strong response ($M= 1.39$). This indicates that the responses between the two types of employment varied slightly from each other. It seems clear that the permanent personnel had a slightly stronger experience in terms of employer obligations met. This indicates that the organisation has gone to some extent to ensure it meets the obligations towards its permanent personnel.

The permanent personnel had a relatively strong belief ($M= 0.85$) that they did meet their obligations towards the organisation. On the other hand the temporary personnel also had a relatively strong belief ($M= 0.83$) that they did comply with their obligations towards the organisation. There isn't much of a difference between the two types of employment, but it seems clear that the permanent personnel went to a greater extent in complying with their obligations towards the organisation. This is most likely because the permanent personnel had a stronger belief that the organisation met its obligations towards them.

With regard to clarity of the employment relationship and its regulations the permanent personnel had a strong belief ($M= 1.04$) that they understand the relationship and its regulations. The temporary personnel had a much less strong belief ($M= 0.94$) that they understand the employment relationship and its regulations. It seems clear that the permanent personnel have a better understanding of the relationship and its regulations than the temporary

personnel. This can be attributed to the organisation going to greater lengths to ensure that their permanent personnel understand the employment relationship and better communicate the regulations.

What was interesting was that the level of trust in the organisations' application of the regulations in the employment relationship between permanent and temporary personnel did not differ that much. The permanent personnel had trust to some extent ($M= 0.74$) in the organisations' application. The temporary personnel had more or less the same level ($M= 0.73$). The permanent personnel had a slightly higher level of trust in the organisations' application. This small difference can be attributed to the temporary personnel having better understanding of the employment relationship and its regulation than they perceive or it can be attributed to ignorance. Trusting a system they don't understand.

From the response of the questionnaire that tested the experience of the psychological contract and the experience of the employment relationship and its regulations, it seems that the personnel did not experience either as negative. It shows significantly that the personnel did not have an overwhelming positive experience towards the psychological contract or employment relationship and its regulations. The experience of both can be improved by reevaluating the current

situation and better communication. Training in employment relations, specifically in policies and procedures, can also make progress towards a much healthier experience. When looked at the difference in experience, it seemed clear that the permanent personnel do experience the psychological contract and the employment relationship and its relations more positively than the temporary personnel. The route to healthy employment relations and successful application of employment regulations can only be achieved through a psychological contract that gives as much as it takes.

During the empirical investigation the researcher encountered some concerning elements which will now be discussed. The study was dominated mainly by male respondents. The researcher would have liked to include female respondents in the study, but the demography of the employees (where the research was conducted) did not allow it. Not only can the study be seen as slightly rigid, with regard to gender, but also in respect to the diversity of the employees. The researcher initially set out to have a multi racial study (seeing that South Africa is comprised of so many different cultures and races), but the literacy levels of the employees limited such a study. A comparative study between one mining organisation and other alike, would have been a great prospect, but due to the lack of similar studies in the mining sector, it was impossible. With regard to the questionnaire used for the empirical investigation, some of the questions

correlated too closely together. It is therefore recommended for future research that some of the questions be merged together or totally rephrased.

4.2 Recommendations for future studies

The researcher identified the following possibilities for future research from this study:

- ❑ Conducting a study, focusing on the psychological contract and not jobs, but careers.
- ❑ Future research can construct test models for best practice with regard to the psychological contract, therefore, to correlate employee' and employer expectations.
- ❑ Another interesting prospect for future research would be a comparative study so as to estimate the difference or correlation in experience of the psychological contract between personnel in the mining sector and personnel in other sectors.
- ❑ With regard to the employment relationship, future research could focus on the adaptation process of a permanent employee becoming a temporary employee.
- ❑ Also interesting for future research purposes would be the facilitation processes organisations implement to communicate explicit regulations.

- ❑ Further recommendations for future research would be, to assess the employee's level of compliance with regard to the explicit regulations in the organisation, and then, comparing the compliance to the employee's understanding and trust, so as to determine whether understanding and trust do play a role in the compliance to these regulations.

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How we would like you to complete the questionnaire:

- ⇒ Please read through all questions or statements and please do answer all the questions
- ⇒ In cases where you have to print the information, please print text clearly.
- ⇒ Please use a **black pen**.
- ⇒ Please give your first and natural answer –try not to dwell too long on each question.
- ⇒ Please base your answers on how you most recently felt (+/- the last 3 months), unless the question asked you to do otherwise.

Furthermore, all information will be treated confidentially and will for no other reason other than the purpose of this study be distributed or used. We function under a code of ethics that forbids us to distribute or use information otherwise. So please be honest with your responses, as it will help to ensure the success of this project.

Biographical Questionnaire

1. Please state the company where you are working:

2. Gender:

Male ☐

Female ☐

3. Marital status:

Single/ widow/
widower ☐

Engaged/in a
relationship ☐

Married ☐

Divorced ☐

Separate ☐

Remarried ☐

4. Please rate your satisfaction with your current relationship/marriage/single status:

Very dissatisfied

Dissatisfied

Not satisfied nor
dissatisfied

Satisfied

Very satisfied

5. Please indicate your home language:

Afrikaans ☐

English ☐

Other ☐

6. Please state your age: (in years)

7. Please indicate your highest level of education/qualifications:

Highest grade/ standard

Gr: Std:

8. Please indicate your job title:

Shift Supervisor ☐ Mine Overseer ☐ Site Manager ☐

9. As a member of your company, how would you categorise your main job? Please put a cross in one box only which best described the type of work you do.

Production ☐ Personnel ☐ Or both production and Personnel? ☐

10. Which of these functions can be included in your main job? Please put a cross in one box only which best describe the type of work you do.

Management ☐ Secretarial ☐ Clerical ☐
 Administrative ☐ Health and safety ☐ Technical ☐
 Information technology (IT) ☐ Computing ☐
 Security ☐ Other not listed, please specify: _____

11. If you manage/supervise other people (e.g. head of department, supervisor)

How many staff are you responsible for?

Are you a budget/cost centre manager?

12. Please indicate your job title: _____

13. How many years have you been working at your current workplace?

14. How many years have you been working in your current job?

15. How many chances of job promotions have you had in the past five years in your current institution?

16. On what basis are you employed?

Permanent	Temp (with benefits)	Temp (without benefits)	Temporary / Ad Hoc
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17. Are your working hours:

Full-time	Part-time
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18. Please give a rough estimate of the total number of hours you work in a typical week:

Up to 10	11 - 20	21 - 30
31 - 40	41 - 50	51 or more

19. Please give a rough estimate of the number of hours you work in a typical workweek outside of your normal 'office'/contracted hours:

Up to 10	11 - 20	21 - 30
31 - 40	41 - 50	51 or more

20. To what degree do you agree with the statement: "I consider quitting my job?"

Disagree				Agree
1	2	3	4	5

21. How frequent do you consider quitting your job?

Frequently				Never
1	2	3	4	5

Experience of Employment Relations Regulations

Indicate your answer on a continuum of 1 to 5, with 1 being <i>Definitely not</i> and 5 being <i>Definitely</i> for each statement as it applies to you:						
Statements		Definitely not			Definitely	
		1	2	3	4	5
1.	I received a copy of my conditions of employment when I was employed	1	2	3	4	5
2.	I know where my copy of my conditions of employment currently is	1	2	3	4	5
3.	I know how to get another copy of my conditions of employment	1	2	3	4	5
4.	I received a copy of the disciplinary procedure when I was employed	1	2	3	4	5
5.	I know where to find the disciplinary procedure	1	2	3	4	5
6.	I know that the disciplinary procedure can be found on my employer's website	1	2	3	4	5
7.	I am sure that I have been informed of any changes regarding the disciplinary procedure	1	2	3	4	5
8.	I received a copy of the grievance procedure when I was employed	1	2	3	4	5
9.	I know where to find the grievance procedure	1	2	3	4	5
10.	I know that the grievance procedure can be found on my employer's website	1	2	3	4	5
11.	I am sure that I have been informed of any changes regarding the grievance procedure	1	2	3	4	5
12.	I received a copy of the performance appraisal procedure	1	2	3	4	5
13.	I know how to get another copy of the performance appraisal procedure	1	2	3	4	5
14.	I am aware of all the other employment related policies	1	2	3	4	5
15.	I know how to find other employment related policies	1	2	3	4	5
16.	I read my conditions of employment when employed	1	2	3	4	5
17.	My contract of employment is clear to me	1	2	3	4	5
18.	I know whom to contact in the personnel department if I would like more clarity concerning my conditions of employment	1	2	3	4	5
19.	I have contacted the person in the personnel department who can give me clarity concerning my conditions of employment	1	2	3	4	5

	Statements	Definitely not				Definitely	
		1	2	3	4	5	
20	I will contact my labour union for clarity concerning my conditions of employment	1	2	3	4	5	
21	I have contacted my labour union for clarity concerning my conditions of employment	1	2	3	4	5	
22	The conditions of employment was explained to me by the personnel department or my supervisor when I was employed	1	2	3	4	5	
23	I know the disciplinary procedure	1	2	3	4	5	
24	The disciplinary procedure is clear to me	1	2	3	4	5	
25	The grievance procedure is clear to me	1	2	3	4	5	
26	The performance appraisal procedure is clear to me	1	2	3	4	5	
27	The other employment related policies are clear to me	1	2	3	4	5	
28	I understand the contents of my conditions of employment	1	2	3	4	5	
29	I understand how my conditions of employment is applied (e.g. when and how my salary is paid)	1	2	3	4	5	
30	I understand the contents of the disciplinary procedure	1	2	3	4	5	
31	I understand why the disciplinary procedure is used	1	2	3	4	5	
32	I understand the contents of the grievance procedure	1	2	3	4	5	
33	I understand the reason for the grievance procedure	1	2	3	4	5	
34	I understand the process of performance appraisal	1	2	3	4	5	
35	I understand the reason for performance appraisal	1	2	3	4	5	
36	I understand the outcomes of the performance appraisal procedure	1	2	3	4	5	
37	I understand the other employment related policies	1	2	3	4	5	
38	I understand the reason for other employment related policies	1	2	3	4	5	
39	I understand the outcomes of the other employment related policies	1	2	3	4	5	
40	I accept my conditions of employment as fair	1	2	3	4	5	
41	I trust the application of my conditions of employment	1	2	3	4	5	
42	I trust and believe that the conditions of employment is applied consistently fair in the workplace	1	2	3	4	5	
43	I accept the disciplinary procedure as fair	1	2	3	4	5	
44	I agree with the process associated with the disciplinary procedure as fair	1	2	3	4	5	
45	I perceive the use and outcomes of the disciplinary procedure as fair	1	2	3	4	5	
46	I trust the application of the disciplinary procedure	1	2	3	4	5	
47	I trust and believe that the disciplinary procedure is applied consistently fair in the workplace	1	2	3	4	5	
48	I accept the grievance procedure as fair	1	2	3	4	5	
49	I agree with the process associated with the grievance procedure as fair	1	2	3	4	5	

	Statements	Definitely not		3	4	Definitely
		1	2			5
50	I perceive the outcomes of the grievance procedure as fair	1	2	3	4	5
51	I trust the application of the grievance procedure	1	2	3	4	5
52	I trust and believe that the grievance procedure is applied consistently fair in the workplace	1	2	3	4	5
53	I agree with the process associated with the performance appraisal procedure as fair	1	2	3	4	5
54	I perceive the outcomes of the performance appraisal procedure as fair	1	2	3	4	5
55	I trust the application of the performance appraisal procedure	1	2	3	4	5
56	I trust and believe that the performance appraisal procedure is applied consistently fair in the workplace	1	2	3	4	5
57	I accept the other employment related policies as fair	1	2	3	4	5
58	I agree with the other employment related policies as fair	1	2	3	4	5
59	I perceive the use and outcomes of the other employment related policies as fair	1	2	3	4	5
60	I trust the application of the other employment related policies	1	2	3	4	5
61	I trust and believe that the other employment related policies are applied consistently fair in the workplace	1	2	3	4	5

Experience of the Psychological Contract

The purpose of this part is to establish your experience of **expectations** and **obligations** associated with your employment.

A) Employer obligations							
Indicate if the following promises were made to you with employment and in what way were they kept. Please make a visible and clear mark over 0, 1, 2, 3, 4 or 5, with:							
0 = No	1 = Yes, promise not kept at all	2 = Yes, promise only kept a little	3 = Yes, promise half- kept	4 = Yes, promise largely kept	5 = Yes, promise fully kept		
1.	To have work that is varied	0	1	2	3	4	5
2.	To be able to work without being disturbed too much	0	1	2	3	4	5
3.	To be able to do my work in my own fashion	0	1	2	3	4	5
4.	To be able to produce quality goods and/or services	0	1	2	3	4	5
5.	To have some responsibility within my field of work	0	1	2	3	4	5
6.	To be able to meet the wishes of customers/clients	0	1	2	3	4	5
7.	Reasonable work pressure	0	1	2	3	4	5
8.	To be able to show my true potential	0	1	2	3	4	5
9.	To supervise other people	0	1	2	3	4	5
10	To do work that stimulates my mind	0	1	2	3	4	5
11	To be allowed to take initiative	0	1	2	3	4	5
12	To do work that suits my knowledge and skills	0	1	2	3	4	5
13	Achieve progress in my field of work	0	1	2	3	4	5
14	To get promoted from time to time	0	1	2	3	4	5
15	To acquire more knowledge and skills	0	1	2	3	4	5
16	To be able to change jobs within the organization	0	1	2	3	4	5
17	To be trained	0	1	2	3	4	5
18	To have colleagues whom I like, and who like me	0	1	2	3	4	5
19	A good working atmosphere	0	1	2	3	4	5
20	Possibilities to work together in a pleasant way	0	1	2	3	4	5
21	To be able to get to know more people through my work	0	1	2	3	4	5
22	To receive support and help from colleagues when necessary	0	1	2	3	4	5
23	Appreciation for my work	0	1	2	3	4	5
24	To be able to give your own opinion	0	1	2	3	4	5
25	To have influence on how things go within your department	0	1	2	3	4	5

	0 = No	1 = Yes, promise not kept at all	2 = Yes, promise only kept a little	3 = Yes, promise half- kept	4 = Yes, promise largely kept	5 = Yes, promise fully kept		
26	That I am allowed to deviate from the rules when necessary		0	1	2	3	4	5
27	To get feedback on the tasks that I have completed		0	1	2	3	4	5
28	Righteous manager or supervisor		0	1	2	3	4	5
29	To be able to have trust in the management		0	1	2	3	4	5
30	Clearness and righteousness of measures and procedures		0	1	2	3	4	5
31	That the organization acts flexible in the application of rules and regulations		0	1	2	3	4	5
32	That communications channels are open, clear, and direct		0	1	2	3	4	5
33	That people receive information needed		0	1	2	3	4	5
34	This organization is efficient		0	1	2	3	4	5
35	Good physical working conditions (for example light, temperature, hygiene, noise, smell, comfort, aides)		0	1	2	3	4	5
36	Good HRM-practices (appraisal interviews; career guidance; special opportunities for specific categories of employees, like women, foreign workers, older employees, people with disabilities, pregnant women, parents)		0	1	2	3	4	5
37	Flexibility of the organization in matching demands of non-work roles with work, commitment of the organization with your personal circumstances		0	1	2	3	4	5
38	Good working time arrangements and taking days off from work is usually no problem		0	1	2	3	4	5
39	A good salary		0	1	2	3	4	5
40	Reimbursement of costs for training, education, childcare and travel		0	1	2	3	4	5
41	Job security		0	1	2	3	4	5
42	(Financial) additional rewards for performance or special occasions, bonuses and advantages		0	1	2	3	4	5
43	Good additional allowances		0	1	2	3	4	5
Overall, how well has the organisation fulfilled its commitments to you?								

B) Employee obligations

Indicate if the following promises were made by you to the employer and in what way were they kept. Please make a visible and clear mark over 0, 1, 2, 3, 4 or 5, with:

0 = No	1 = Yes, promise not kept at all	2 = Yes, promise only kept a little	3 = Yes, promise half- kept	4 = Yes, promise largely kept	5 = Yes, promise fully kept		
1.	Be a good team player	0	1	2	3	4	5
2.	Protect the organization's image	0	1	2	3	4	5
3.	Accept a transfer to another geographical location if necessary	0	1	2	3	4	5
4.	Deal honestly with the organization	0	1	2	3	4	5
5.	Provide advance notice if taking a job elsewhere	0	1	2	3	4	5
6.	Provide good service	0	1	2	3	4	5
7.	Assist others with their work	0	1	2	3	4	5
8.	Behave and dress in a professional manner	0	1	2	3	4	5
9.	Protect confidential information	0	1	2	3	4	5
10	Provide the organization with innovative suggestions for improvement	0	1	2	3	4	5
11	Volunteer to do non-required tasks if necessary	0	1	2	3	4	5
12	Work extra hours if that's what is needed to get the job done	0	1	2	3	4	5
13	Develop new skills, and improve your current skills, as needed	0	1	2	3	4	5
14	Accept a job change within your unit	0	1	2	3	4	5
15	Not support the organization's competitors	0	1	2	3	4	5
16	Follow the organizations norms and policies	0	1	2	3	4	5
17	Meet the performance expectations for your job	0	1	2	3	4	5
18	Only taking sick-leave when you are really ill	0	1	2	3	4	5
19	Being cautious and keen on costs with respect to properties of the organization	0	1	2	3	4	5
20	Dealing with organizational affairs instead of private issues during work (no long private phone calls, reading the paper or playing computer games during work time, etc.)	0	1	2	3	4	5
21	Participate in social activities of the organization	0	1	2	3	4	5

Overall, how well have you fulfilled your commitments to this organisation?
